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Post Hearing Information Pack of

Chery Automobile Co., Ltd.
奇瑞汽車股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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奇瑞汽車股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any investment. Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set forth in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

Who We Are

We are a passenger vehicle company headquartered in Wuhu, China. We design, develop, manufacture and sell a diverse and expanding portfolio of passenger vehicles, including internal combustion engine (ICE) vehicles and new energy vehicles (NEVs), to cater to the distinct and evolving needs and preferences of customers in both the domestic and overseas markets. Since our founding in 1997, with a commitment to leading industrial innovation and engaging in the global market, we offer high quality passenger vehicles to users worldwide. We are the second largest Chinese domestic brand passenger vehicle company, and the 11th largest passenger vehicle company globally, in terms of global sales volume of passenger vehicles in 2024, according to Frost & Sullivan.

The following chart highlights our business achievements:

Size

2,295,000+
2024 Global Sales Volume(1)

No. 2
Chinese Domestic Brand Passenger Vehicle Company(2)

Global Coverage

Sales to
100+
Countries and Regions(3)

13,000,000+
Cumulative Global Sales Volume(3)

Leadership

No. 1 Exporter for 22 consecutive years since 2003
Among Chinese Domestic Brand Passenger Vehicle Companies(4)

11th Largest
Passenger Vehicle Company Globally(5)

Rapid Development

No. 1 Among Global Top 20 Passenger Vehicle Companies
49.4%: 2024 YoY Growth(6)

Only Global Top 20 Passenger Vehicle Company
With 25.0%+ YoY Growth for each NEV Sales, ICE vehicle Sales, Domestic Sales and Overseas Sales(6)

265%+	29%+	55%+	35%+
NEV Sales YoY Growth(6)	ICE Vehicle Sales YoY Growth(6)	Domestic Sales YoY Growth(6)	Overseas Sales YoY Growth(6)

Financial Performance

RMB269,897 million & 65.4% YoY Growth(7)
2024 Revenue

RMB14,334 million & 37.2% YoY growth(7)
2024 Net Profit

Notes:

(1) For the year ended December 31, 2024.

(2) In terms of sales volume in 2024 (excluding sales volumes of brands acquired from overseas by Chinese companies for the purpose of comparison of sales volume of Chinese domestic brands only), according to Frost & Sullivan (hereinafter the same).

(3) As of the Latest Practicable Date.

(4) In terms of export volume of Chinese domestic brands from 2003 to 2024 (excluding export volume of brands acquired from overseas by Chinese companies for the purpose of comparison of export volume of Chinese domestic brands only), according to the same source (hereinafter the same).

(5) In terms of sales volume of the global top 20 passenger vehicle companies in 2024, according to the same source.

(6) In terms of sales volume from 2023 to 2024.

(7) From 2023 to 2024.

Our Business and Sales Performance

According to Frost & Sullivan, we are the only passenger vehicle company among the global top 20 to achieve a sales volume increase over 25.0% for both NEVs and ICE vehicles and in both China and overseas markets in 2024, compared to 2023. Our sales volume of passenger vehicles increased by 49.4% in 2024, compared to 2023, the largest growth among the top global 20 passenger vehicle companies, according to the same source. We continually roll out models that enjoy popularity in the market. There were eight models, each achieving an average monthly sales of over 10,000 units in 2024. We have to date achieved success in China and overseas markets.

- ***Domestic Market***. Both of our business scale and sales revenue grew rapidly with increasing market share, fueled by industry-leading technologies, a diversified product portfolio, strong brand equity and an extensive sales and distribution network. In 2024, our sales volume of passenger vehicles in China increased by 56.0%, while the sales volume of NEVs increased by 277.3%, compared to 2023. In 2024, we ranked first among the top 10 Chinese passenger vehicle companies in terms of sales volume growth of both ICE vehicles and NEVs in China, according to the same source. With products featuring high performance and safety, and technological innovation capabilities driven by cutting-edge intelligentization, we believe we can continue to drive sales growth going forward.

- ***Overseas Market***. We exported our first vehicle in 2001. Through the 24 years thereafter, we sold over 13 million passenger vehicles globally to more than 100 countries and regions as of the Latest Practicable Date. Leveraging first-mover advantage, we achieved success in overseas markets with a diverse brand portfolio, multi-tier sales networks, a robust supply chain, localized R&D capabilities and a stellar reputation among consumers. All these factors made our passenger vehicles

popular in overseas markets and empowered a strong growth of business amidst downturn of the global ICE vehicle market. We are the No. 1 exporter among Chinese domestic brand passenger vehicle companies in terms of export volume of passenger vehicles for 22 consecutive years since 2003, according to Frost & Sullivan. In addition, we are a leader in many major passenger vehicles markets. For example, we ranked first among Chinese domestic brand passenger vehicle companies in Europe, South America, and Middle East and North Africa, and second in North America and Asia (excluding China) in terms of sales volume in 2024, respectively, according to the same source.[(1)]

Our Brands and Products

We have five major brands, CHERY, JETOUR, EXEED, iCAR and LUXEED. Each of our five major brands presents a distinct positioning, modality style and aesthetic experience to satisfy the needs of target customers and capture the significant growth potentials across market segments. During the Track Record Period, the revenue generated from our five major brands accounted for 89.1%, 92.7%, 91.5% and 90.3% of our total revenue in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively.

CHERY — Mass market brand



As our signature brand, CHERY is positioned as a first-rated car brand of safety, comfort and quality for the mass market and family use. CHERY was the first Chinese domestic passenger vehicle brand to achieve an accumulated sales of one million units, according to Frost & Sullivan. We sold more than 10 million units of CHERY brand vehicles as of the Latest Practicable Date.

- The CHERY brand consists of core product series of Tiggo, Arrizo and Fulwin, as well as OMODA and JAECOO, which mainly target overseas markets. Major models include Tiggo 8, Tiggo 7, Tiggo 5x, Arrizo 8, OMODA 5 and Fulwin T9, with each of the first five models achieving an average monthly sales volume of over 10,000 units in 2024 and Fulwin T9 recording a robust sales during the same year. In particular, Tiggo 8 ranked No. 1 and No. 3 in the global and China markets, respectively, among ICE vehicle models of Chinese domestic brand passenger vehicles companies by sales volume of ICE vehicles in 2024, according to Frost & Sullivan.

Note:

1 Rankings exclude sales volume of brands acquired from abroad by Chinese companies to compare sales volumes of Chinese domestic brands only in the relevant local markets (hereinafter the same).

- We sold 813.1 thousand units, 1,141.2 thousand units and 1,523.3 thousand units of CHERY brand vehicles, respectively, in 2022, 2023 and 2024, representing a CAGR of 36.9%. We sold 358.7 thousand units of CHERY brand vehicles in the three months ended March 31, 2025.

JETOUR — Brand for off-road travel

JETOUR targets customers who are passionate about family travel and outdoor leisure. In January 2024, JETOUR brand vehicles quickly achieved an accumulated sales of one million units since their launch in 2018.

- In 2024, the sales volume of JETOUR X70 ranked No. 4 among all B-class SUV models globally, according to Frost & Sullivan.

- We sold 164.7 thousand units, 285.3 thousand units and 533.7 thousand units of JETOUR brand vehicles, respectively, in 2022, 2023 and 2024, representing a CAGR of 80.0%. We sold 148.0 thousand units of JETOUR brand vehicles in the three months ended March 31, 2025.

EXEED — Tech-luxury vehicle brand

EXEED targets customers who value performance and elegance, and provides them with a smooth and sophisticated travel experience.

- EXLANTIX ET (range-extended electric vehicle (REEV) version), a major model of the EXEED brand, is equipped with our REEV powertrain, the first of this kind in China that obtained technical validation by China Automotive Technology and Research Center (CATARC) as "Premium Drive — High-Quality Range Extender", according to Frost & Sullivan.

- In 2022, 2023 and 2024, we sold 47.1 thousand units, 109.5 thousand units and 135.8 thousand units of EXEED brand vehicles, respectively, representing a CAGR of 69.7%. In 2024, the export volume of EXEED brand vehicles ranked No. 1 among high-end Chinese domestic brands, according to the same source. We sold 22.0 thousand units of EXEED brand vehicles in the three months ended March 31, 2025.

iCAR — Brand for young generation

iCAR, targeting Generation Z customers who are keen on technology and value freedom, is designed to bring in contemporary and smart travel experience.

- In 2024, iCAR 03 ranked fifth in terms of sales volume of A-class pure electric SUVs in China, according to Frost & Sullivan. Launched in December 2024, iCAR V23 ranked seventh in terms of sales volume of pure electric SUVs in China in January 2025, according to the same source.

- In 2024, the sales volume of iCAR brand vehicles amounted to 64.5 thousand units, ranking fourth among Chinese domestic brand A-class pure electric SUVs, according to the same source. Since the pre-sale release in late 2023 of iCAR 03, the first model under iCAR, we sold around 1,000 units of iCAR brand vehicles in 2023. In the three months ended March 31, 2025, we sold 18.4 thousand units of iCAR brands vehicles.

LUXEED — Brand for superior and intelligent NEVs

LUXEED, targeting customers who pursue intelligence, performance and innovation, is designed to provide them with a transformative and smart driving experience.

- As of the Latest Practicable Date, we launched two models under the LUXEED brand, namely S7, a smart sedan, and R7, a smart coupe SUV. In terms of sales volume in China in January 2025, R7 ranked No. 1 among all mid- to large-sized pure electric SUV models, according to Frost & Sullivan.

- In 2024 and the three months ended March 31, 2025, we sold 38.5 thousand units and 33.0 thousand units of LUXEED brand vehicles.

Our ESG Initiatives

Adhering to the philosophy of "In somewhere, For somewhere," we are committed to providing green products to users worldwide and contributing to the sustainable development of the society.

- ***Sustainable Development***. We implement full value-chain carbon reduction management. In 2024, renewable energy constituted 17% of our total energy consumption, which increased by 9.4 percentage points compared to 2023. In the same year, renewable electricity accounted for approximately 30% of our total electricity usage, increased by 15.3 percentage points compared to the counterpart in 2023.

- ***Green Operations***. We have received national "Green Factory" certifications for our five production plants in China. In 2024, we launched 10 new models, nine of which were NEV models, to continuously increase the proportion of NEVs in our product portfolio.

Our ESG initiatives have won numerous accolades. We were named in the 2024 Fortune China ESG Impact List by Fortune China, and recognized as a Green Supply Chain Management Enterprise by the MIIT and Excellent Sustainable Development Practice Case by the China Automotive Industry Association in 2024.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success:

- Diversified products and brand portfolio to maximize brand equity;
- Comprehensive technological expertise underpinned by robust R&D capabilities to achieve future technological breakthrough;
- Most globalized Chinese passenger vehicle company endeavoring to expand overseas markets;
- Collaborative industry ecosystem to drive upstream advancement along the value chain; and
- Capable management team and efficient organization contributing to corporate success.

OUR STRATEGIES

We are committed to becoming an innovation-driven, globally trusted player in the intelligent mobility ecosystem. To achieve this goal, we intend to steadfastly implement the following strategies, continuously enhance corporate value, actively fulfill environmental and social responsibilities and strengthen our brand awareness globally:

- To further expand product lineup and sharpen brand positioning to enhance our brand equity;
- To continue to invest in R&D on next-generation technologies to strengthen our competencies;
- To continue to enhance vehicle electrification and intelligentization to embrace global mobility transformation; and
- To expand our international footprints with globalization strategy to solidify overseas market leadership.

OUR PRODUCTS

Passenger Vehicles

During the Track Record Period, we sold passenger vehicles mainly in two product categories, namely sedans and SUVs, with multiple powertrain options targeting mass market, mid- to high-end and premium segments, to cater to the distinct and evolving needs and preferences of customers. The following table illustrates the market positioning, product category, powertrain option and MSRP range of major product series available for sale under our five major brands as of the Latest Practicable Date:

	Market positioning[(1)]	Product category	Powertrain	MSRP range in the PRC[(3)]
				(RMB)
CHERY				
– Tiggo series	Mass market and mid- to high-end	SUV	ICE/PHEV	57,900-203,900
– Arrizo series	Mass market and mid- to high-end	Sedan	ICE	59,900-148,900
– Fulwin series	Mid- to high-end	Sedan/SUV	PHEV	99,900-229,900
– OMODA and JAECOO	—[(2)]	SUV	ICE/PHEV/BEV	—[(2)]
JETOUR				
– JETOUR series	Mid- to high-end	SUV	ICE	93,900-191,900
– Shan Hai series	Mid- to high-end	SUV	PHEV	123,900-234,900
EXEED				
– EXEED series	Mid- to high-end	SUV	ICE/PHEV	109,900-233,900
– EXLANTIX series	Mid- to high-end and premium	Sedan/SUV	REEV/BEV	152,800-319,800
iCAR				
– iCAR 03	Mid- to high-end	SUV	BEV	109,800-169,800
– iCAR V23	Mid- to high-end	SUV	BEV	99,800-149,800
LUXEED				
– S7	Mid- to high-end and premium	Sedan	BEV	229,800-329,800
– R7	Mid- to high-end and premium	Coupe SUV	REEV/BEV	249,800-339,800

Notes:

1. According to Frost & Sullivan, China's passenger vehicle market can be categorized into mainly three market segments primarily in terms of selling prices, namely (i) mass market segment (below RMB80,000), (ii) mid- to high-end segment (RMB80,000-RMB300,000) and (iii) premium segment (above RMB300,000).

2. OMODA & JAECOO mainly target overseas markets with a mid- to high-end positioning.

3. We routinely publish MSRPs on our websites. The retail selling prices of our vehicles vary in different markets.

Automotive Parts and Components

In addition to sales of passenger vehicles, we sell (i) engines, transmissions and automotive parts and components primarily to third-party vehicle manufacturers and (ii) spare parts and components in support of our after-sales services. For the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our revenue derived from sales of automotive parts and components was RMB8,675 million, RMB8,904 million, RMB15,864 million, RMB2,936 million and RMB5,743 million, respectively, accounting for 9.4%, 5.5%, 5.9%, 5.3% and 8.4% of our total revenue for the same periods, respectively.

OUR TECHNOLOGICAL PROWESS

Technological prowess lies at the core of our vehicle development and witnesses our success to date. Through years, we have built a full-range technology stack including (i) Chery Power, our powertrain systems; (ii) Mars Architecture, our vehicle development platform; (iii) Lion Intelligent Cockpit, our intelligent cockpit system; and (iv) Our driving assistance system.

Chery Power — Our Powertrain Systems

Chery Power covers four core technologies, namely engine, transmission, electric drive, and battery safety system. We are a frontrunner in the development and manufacturing of engine and transmission systems in China automotive industry, according to Frost & Sullivan. With industry-leading ICE and hybrid powertrain technologies, our powertrains are designed to deliver driving experience in terms of energy efficiency, longest possible range and acceleration. As of the Latest Practicable Date, our eight types of fuel engines and our hybrid engines and hybrid DHT have been acclaimed as "China Top Ten" by Automobile and Sports, a magazine hosted by the China Automotive News.

Mars Architecture — Our Vehicle Development Platform

Mars Architecture, mainly consisting of two core technologies — the vehicle platform and the E/E architecture, is our platform for the design, development and engineering of our vehicles. With modularized hardware and cross-platform software, Mars Architecture enables us to achieve cost effectiveness in R&D, reduce development risks, and accelerate the launch of new and reliable products, for models across different platforms.

Lion Intelligent Cockpit

Lion OS, our intelligent cockpit system, is designed to enhance the in-cabin experience for both drivers and passengers by providing a safer and more comfortable driving environment and intelligent in-cabin functions. Lion OS is tailored to match individual user preferences leveraging our proprietary operating system and application software. Moreover, with modular design, Lion OS is compatible with our vehicle models with minimal re-configuration.

Our Driving Assistance System

We provide driving assistance system for our passenger vehicles. Our vehicles model that are equipped with our driving assistance system can meet the active safety regulations in both China and EU and are rated five-stars or excellence by various evaluation programs or systems including ENCAP, ANCAP, CNCAP, IVISTA and C-ICAP, adapting well to different road conditions and complex scenarios in both China and overseas markets.

SALES AND MARKETING

Our Sales Network

We sell our passenger vehicles primarily through a network of dealerships in China and overseas markets. The outlets of our dealers are strategically located in the major cities of China and overseas countries and regions for marketing and sales of our vehicles. We have established an extensive network of dealerships globally over the years. As of March 31, 2025, we had 3,663 dealership outlets covering over 310 cities in the PRC and 2,958 overseas dealership outlets in Asia (excluding China), Europe, Africa, Oceania and the Americas. See "Business — Sales and Marketing — Our Sales Network" in this document.

Pricing

Our pricing policy varies among different countries and regions, considering factors such as market maturity, penetration rate, purchasing power, competition landscape and product cost. We provide market-guided price to our dealers for their reference. We usually review our pricing model at the different development stages of a vehicle model, in particular, the beginning of the development, the completion of the development and prior to the formal launch. In addition, we will review and adjust the market-guided price from time to time and taking into prevailing market conditions.

CUSTOMERS AND SUPPLIERS

Our Customers

During the Track Record Period, we sold our passenger vehicles primarily through dealers in domestic and overseas markets. In addition, we also sold to overseas OEMs, overseas joint ventures and trading companies during the same periods. We have a broad base of customers and we do not believe that we have material concentration risks. The revenue generated from our five largest customers in each period during the Track Record Period amounted to

RMB16,035 million, RMB23,799 million, RMB41,698 million and RMB12,989 million accounted for 17.3%, 14.6%, 15.4% and 19.0% of our total revenue in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. We typically settle with our five largest customers with bank transfer or bank acceptance bills. See "Business — Customers" in this document.

Our Suppliers

We procure a wide variety of raw materials mainly including steel products, seats, tires, battery cells and electronic components for our passenger vehicles. We also engage overseas contract manufacturers to assemble our KD kits to passenger vehicles for sales in overseas markets. A localized and stable supply chain is a key focus in production of vehicles. We select suppliers very carefully, taking into account their price, quality, production capacity, financial conditions, delivery scheme, business scale and reputation. In 2022, 2023, 2024 and three months ended March 31, 2025, purchases of raw materials from our five largest suppliers in each period during the Track Record Period amounted to RMB12,096 million, RMB20,503 million, RMB28,672 million and RMB8,903 million, respectively, accounting for 15.8%, 16.9%, 14.4% and 17.1% of our total purchases of raw materials for each of the same periods. We typically settle payments with our five largest suppliers with bank transfer or bank acceptance bills. See "Business — Suppliers" in this document.

COMPETITION

The global and China passenger vehicle markets are highly competitive, driven by key factors including (i) development of products that can meet diverse and evolving customer needs; (ii) technological innovations in electrification and intelligentization; (iii) strong brand equity; (iv) efficient production capabilities with robust and localized supply chain; and (v) an extensive and locally adapted sales network and after-sales services. The competition in the NEV market is increasingly intensified in both domestic and overseas markets. In the China market, as the penetration rate of NEVs continues to rise, both traditional OEMs and emerging NEV brands accelerate the speed of product launches. Competition is also intense in respect of retail price, product design, intelligent cockpit, driving assistance systems, battery performance, and charging efficiency. Meanwhile, competition is escalating in overseas markets. Traditional overseas OEMs are leveraging their established brand recognition, global supply chain systems, and manufacturing expertise to build up their NEV product portfolio whereas Chinese domestic brand passenger vehicle companies are rapidly gaining market shares by optimizing production process to minimize costs and catering to rapid responses to market demands and customer preference. In response to such intense competition in the PRC, China Association of Automobile Manufacturers (CAAM) and MIIT have issued related initiatives, urging for strict adherence to the fair competition principles and implementing strong measures to curb unfair pricing practices within the automotive industry. The competition in the NEV market is no longer solely based on technological superiority or price competitiveness, but increasingly on the overall capabilities including operational efficiency, global expansion and brand building. We primarily compete with global passenger vehicle companies and Chinese domestic brand passenger vehicle companies in both domestic and overseas markets. In the future, we may also face competition from new entrants both in China and globally that will increase the level of competition.

We are the second largest Chinese domestic brand passenger vehicle company and the 11th largest passenger vehicle company globally by sales volume in 2024, according to Frost & Sullivan. We are the only one among the global top 20 passenger vehicle companies to achieve over 25.0% sales volume increases of both NEVs and ICE vehicles and in both China and overseas markets in 2024 compared to 2023, according to the same source. See "Industry Overview — Competitive Landscape of Global Passenger Vehicle Market" for details. Leveraging our cutting-edge technologies, strong R&D and manufacturing capabilities and an extensive sales and distribution network, we believe we can capitalize the market growth opportunities of global and China passenger vehicle markets.

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to [**REDACTED**] in our H Shares. Some of the major risks we face include:

- The automotive market is highly competitive, and we may not be successful in competing in this industry;
- NEV market is highly competitive, and demand for NEVs may be cyclical and volatile;
- Our results of operations during the Track Record Period may not be indicative of our future performance;
- We face risks associated with the international sale of our vehicles and our international operations. If we are unable to effectively manage these risks, our results of operation, financial conditions, business and prospects may be materially and adversely affected;
- Our business is dependent on the strengths and market acceptance of our five major brands. If we fail to maintain and enhance our brands, or if we incur excessive expenses in this regard, our results of operation, financial conditions, business and prospects may be materially and adversely affected;
- We rely on various suppliers to provide raw materials or certain key components of our passenger vehicles. We are subject to the risks associated with volatility in the prices of such raw materials or components. Our suppliers may fail to deliver such raw materials or components as required; and
- Any delay in the launch, manufacture and delivery of our existing or future products could have a material adverse effect on our business.

IMPACT OF COVID-19

The outbreak of COVID-19 has affected the Chinese and global economy. During the COVID-19 outbreak in 2022, we had not experienced material disruptions in our production. Our headquarter in Wuhu was temporarily closed for a short period of time, yet without any material disruptions to our business operations. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, the COVID-19 outbreak did not materially and adversely impact on our business, results of operations and financial condition nor caused material disruption to our supply chain. Our revenue increased from RMB92,618 million in 2022 to RMB163,205 million in 2023 and further to RMB269,897 million in 2024, representing a CAGR of 70.7%. Our revenue increased by 24.2%, from RMB54,910 million for the three months ended March 31, 2024 to RMB68,223 million in the three months ended March 31, 2025.

THE FLATTENING OF SHAREHOLDING STRUCTURE AND OUR SHAREHOLDERS

Prior to the Flattening of Shareholding Structure, Chery Holding had been our controlling Shareholder since its establishment in 2010. Upon completion of the Flattening of Shareholding Structure on January 20, 2025, Chery Holding has no longer held any of our Shares, and the shareholders of Chery Holding has held our Shares directly. As at the Latest Practicable Date, we have a total of 22 Shareholders with a dispersed shareholding structure including certain state-owned enterprises. Pursuant to the Supervision and Administration Measures for the Trading of State-owned Assets of Enterprises (企業國有資產交易監督管理辦法), our Company is not a state-owned enterprise, a state-controlled enterprise (國有控股企業) or a state-actually-controlled enterprise (國有實際控制企業) as defined therein. For further details, see "History, Development and Corporate Structure" in this document.

OUR SINGLE LARGEST SHAREHOLDER

As at the Latest Practicable Date, Wuhu Investment Holding held approximately 21.17% of the issued share capital of our Company. Immediately following completion of the [**REDACTED**] and the conversion of Domestic Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised), Wuhu Investment Holding will hold approximately [**REDACTED**]% of the enlarged issued share capital of our Company, and will continue to be our Single Largest Shareholder. For further details about our Single Largest Shareholder, see "Relationship with our Single Largest Shareholder" in this document.

PRE-[REDACTED] INVESTORS

We completed several rounds of Pre-[**REDACTED**] Investments since our establishment. For further details about our Pre-[**REDACTED**] Investors, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our financial information was prepared in accordance with HKFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth selected items of the consolidated statements of profit or loss of our Group for the years indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB million)		
				(unaudited)	
Revenue	**92,618**	**163,205**	**269,897**	**54,910**	**68,223**
Cost of sales	(79,813)	(137,115)	(233,589)	(46,747)	(59,766)
Gross profit	**12,805**	**26,090**	**36,308**	**8,163**	**8,457**
Other income and gains	3,822	4,232	6,251	1,174	3,652
Selling and distribution expenses	(3,207)	(5,557)	(8,380)	(1,812)	(2,182)
Administrative expenses	(1,934)	(4,070)	(5,999)	(1,887)	(1,140)
Research and development expenses	(3,646)	(6,664)	(9,243)	(2,224)	(2,272)
Impairment (losses)/gains on financial and contract assets, net	(684)	223	258	424	13
Other expenses	(130)	(568)	(1,719)	(421)	(99)
Finance costs	(1,405)	(1,617)	(2,310)	(692)	(872)
Share of profits and losses of					
– Joint ventures	640	854	851	258	112
– Associates	247	382	595	188	98
Profit before tax	**6,508**	**13,305**	**16,612**	**3,171**	**5,767**
Income tax expense	(702)	(2,861)	(2,278)	(695)	(1,041)
Profit for the year/period	**5,806**	**10,444**	**14,334**	**2,476**	**4,726**
attributable to					
– Owners of our Company	6,266	11,953	14,135	2,712	4,650
– Non-controlling interests	(460)	(1,509)	199	(236)	76

Non-HKFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with HKFRSs, we also use adjusted profit (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with, HKFRSs. We believe these measures provide useful information to investors 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 profit (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under HKFRSs.

Adjusted Profit (non-HKFRS measure) and Adjusted EBITDA (non-HKFRS measure)

We define adjusted profit (non-HKFRS measure) as profit for the year/period adjusted by adding equity-settled share-based compensation expenses. We then add back (i) income tax expense, (ii) net finance costs, and (iii) depreciation and amortization to derive adjusted EBITDA (non-HKFRS measure). The following table sets out a reconciliation from profit for the year/period to adjusted profit (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) for the years/period indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB million)		
				(unaudited)	
Reconciliation of profit for the year/period to adjusted profit (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure)					
Profit for the year/period	**5,806**	**10,444**	**14,334**	**2,476**	**4,726**
Add:					
Equity-settled share-based compensation expenses[(1)]	–	–	2,016	1,632	131
Adjusted profit (non-HKFRS measure)	**5,806**	**10,444**	**16,350**	**4,108**	**4,857**
Add:					
Income tax expense	702	2,861	2,278	695	1,041
Net finance costs[(2)]	599	500	1,350	442	658
Depreciation and amortization[(3)]	2,004	2,481	3,849	520	908
Adjusted EBITDA (non-HKFRS measure)	**9,111**	**16,286**	**23,827**	**5,765**	**7,464**

Notes:

(1) Non-cash expenses arising from shares granted to selected employees. See note 37 to the Accountant's Report in Appendix I to this document for details.

(2) Net finance costs represent finance costs less bank interest income.

(3) The amount of depreciation and amortization presented represents the depreciation of property, plant and equipment, the amortization of other intangible assets, and the depreciation of right-of-use assets.

Revenue

During the Track Record Period, we generated a majority of revenue from the sales of passenger vehicles and automotive parts and components. In addition, we also manufacture and sell KD kits, the revenue of which are included in the sales of passenger vehicles. The following table sets forth our revenue breakdown by product type for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	(RMB million)	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*
							(unaudited)			
Passenger vehicles[(1)]										
ICE vehicles	70,258	75.9	143,316	87.8	187,891	69.6	45,951	83.7	42,974	63.0
NEVs	12,253	13.2	7,912	4.9	58,931	21.9	4,596	8.4	18,665	27.3
– PHEVs and REEVs	1,301	1.4	2,727	1.7	35,314	13.1	2,584	4.7	10,709	15.6
– BEVs	10,952	11.8	5,185	3.2	23,617	8.8	2,012	3.7	7,956	11.7
Automotive parts and components[(2)]	8,675	9.4	8,904	5.5	15,864	5.9	2,936	5.3	5,743	8.4
Others[(3)]	1,432	1.5	3,073	1.8	7,211	2.6	1,427	2.6	841	1.3
Total	**92,618**	**100.0**	**163,205**	**100.0**	**269,897**	**100.0**	**54,910**	**100.0**	**68,223**	**100.0**

Notes:

(1) Including sales of (1) passenger vehicles in the domestic and overseas markets; and (2) KD kits to be assembled and sold as passenger vehicles. See "Business — Sales and Marketing — Other Sales Channels" and "Business — Manufacturing — Overseas Production Facilities" in this document.

(2) Mainly including sales of (1) engines, transmissions and other automotive parts and components; and (2) spare parts and components in connection with our after-sales services.

(3) Including automotive business-related procurement, production, technology development and other supporting services.

Our revenue increased from RMB92,618 million in 2022 to RMB163,205 million in 2023, and further to RMB269,897 million in 2024, primarily due to (i) the sales increase of our ICE vehicles driven by (a) the introduction of new ICE models and versions as well as our continuous marketing efforts in both domestic and overseas markets; and (b) our expansion in overseas markets; and (ii) the sales increase of our NEVs as a result of our efforts to optimize our portfolio of NEVs. Our revenue increased from RMB54,910 million for the three months ended March 31, 2024 to RMB68,223 million for the three months ended March 31, 2025, primarily due to the sales volume growth of our NEVs.

Cost of Sales

Our cost of sales mainly comprises cost of materials for manufacturing of our products, manufacturing costs and labor costs, which in aggregate accounted for 92.6%, 86.9%, 87.3%, 86.5% and 88.0% of our cost of sales, respectively, in 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025. During the same periods, the cost of materials constituted the most part of our cost of sales, accounting for 86.6%, 81.9%, 82.4%, 81.8% and 82.9% of our cost of sales, respectively.

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit and gross margin by products for the years/period indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	(RMB million)	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*
							(unaudited)			
Passenger vehicles	10,751	13.0	24,111	15.9	32,572	13.2	7,482	14.8	7,246	11.8
Automotive parts and components	1,678	19.3	1,702	19.1	3,243	20.4	586	20.0	1,175	20.5
Others	376	26.3	277	9.0	493	6.8	95	6.7	36	4.3
Total	**12,805**	**13.8**	**26,090**	**16.0**	**36,308**	**13.5**	**8,163**	**14.9**	**8,457**	**12.4**

For the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our gross profit amounted to RMB12,805 million, RMB26,090 million, RMB36,308 million, RMB8,163 million and RMB8,457 million, respectively, and our overall gross margin was 13.8%, 16.0%, 13.5%, 14.9% and 12.4%, respectively. The majority of our gross profit was from sale of our passenger vehicles, which represented 84.0%, 92.4%, 89.7%, 91.7% and 85.7% of our total gross profit for the same periods, respectively.

The increases in our gross profit throughout the Track Record Period were primarily due to the sales increase of our passenger vehicles. Our gross margin increased from 13.8% in 2022 to 16.0% in 2023, primarily as a result of the sales increase in overseas markets with higher average selling prices and product mix optimization of our passenger vehicles. Our gross margin then decreased to 13.5% in 2024, primarily as a result of (i) intensifying competition in overseas markets in 2024 and the increase of recycling fees imposed on imported vehicles in Russia since the fourth quarter of 2024; and (ii) increased sales in NEVs in our product mix in the same year. Impacted by the same factors as stated in full year 2024, our gross margin decreased from 14.9% for the three months ended March 31, 2024 to 12.4% for the three months ended March 31, 2025.

Profit for the Year/Period

We achieved a profit of RMB5,806 million, RMB10,444 million, RMB14,334 million, RMB2,476 million and RMB4,726 million, with a net profit margin of 6.3%, 6.4%, 5.3%, 4.5% and 6.9%, for the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, respectively. The increase in our profit for the year in 2023 and 2024 was primarily attributable to the increase in our sales from passenger vehicles and product portfolio optimization of passenger vehicles. Our adjusted profit (non-HKFRS Measure) increased throughout the Track Record Period for the similar reasons, which increased from RMB4,108 million for the three months ended March 31, 2024 to RMB4,857 million for the three months ended March 31, 2025, when excluding the equity-settled share-based compensation expenses.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Total non-current assets	34,341	49,718	51,595	52,871
Total current assets	87,619	129,716	162,401	157,607
Total current liabilities	92,379	147,104	165,802	160,395
Total non-current liabilities	21,166	17,749	22,270	24,288
Net current liabilities	4,760	17,388	3,401	2,788
Net assets	8,415	14,581	25,924	25,795

Net current liabilities

Our net current liabilities increased from RMB4,760 million as of December 31, 2022, to RMB17,388 million as of December 31, 2023. This increase was primarily due to a substantial increase in our current liabilities during the period, offset by a moderate increase in our current asset. The increase of our current liabilities was primarily attributable to (i) an increase in trade and bills payables of RMB22,700 million as a result of our business growth; (ii) an increase in interest-bearing bank loans and other borrowings of RMB12,918 million; and (iii) an increase in contract liabilities of RMB10,559 million. Meanwhile, our current assets increased as a result of (i) an increase in inventories of RMB18,162 million; and (ii) an increase in cash and cash equivalents of RMB22,362 million, partially offset by prepayment for the acquisition of JETOUR business.

Our net current liabilities position improved from RMB17,388 million as of December 31, 2023, to RMB3,401 million as of December 31, 2024. This was primarily due to a substantial increase in our current assets during the period, offset by a moderate increase in our current liabilities. The increase in current assets primarily includes (i) an increase in trade receivables of RMB6,155 million; (ii) an increase in financial assets at FVTPL of RMB7,618 million primarily as a result of our efforts to increase returns of our idle cash and bank balances; (iii) an increase in financial assets at fair value through other comprehensive income of RMB3,114 million due to the increase in bank acceptance bills as more payments by customers were settled by such bank acceptance bills issued by reputable banks with higher credit ratings; and (iv) an increase in cash and cash equivalents of RMB27,645 million. Meanwhile, our current liabilities increased, but partially offset by (i) a decrease in interest-bearing bank loans of RMB11,656 million; and (ii) a decrease in contract liabilities of RMB3,270 million, as we (i) enabled multiple payment methods for some of our customers as our business expanded; and (ii) expedited our product delivery progress.

Our net current liabilities position further improved from RMB3,401 million as of December 31, 2024 to RMB2,788 million as of March 31, 2025. Such improvement was primarily due to a decrease in our current liabilities during the period, slightly outpacing the decrease in our current assets. The decrease in current liabilities primarily includes (i) a decrease in interest-bearing bank loans and other borrowings of RMB3,554 million; (ii) a decrease in other payables and accruals of RMB2,267 million; and (iii) a decrease in contract liabilities of RMB2,231 million. The decrease in current assets primarily includes a decrease in our cash and cash equivalents of RMB25,195 million, partially offset by (i) an increase in financial assets at FVTPL of RMB9,699 million primarily as a result of our efforts to increase returns of our idle cash and bank balances; (ii) an increase in our time deposits of RMB8,885 million; and (iii) an increase in trade receivables of RMB3,847 million.

Net assets

Our net assets increased from RMB8,415 million as of December 31, 2022 to RMB14,581 million as of December 31, 2023, primarily due to (i) our profit for the year of RMB10,444 million, partially offset by (ii) our dividend declared and paid of RMB1,094 million; and (iii) a decrease in total equity of RMB4,050 million as a result of our acquisition of subsidiaries which was accounted for as business combination under control. Our net assets further increased to RMB25,924 million as of December 31, 2024, primarily due to (i) our profit for the year of RMB14,334 million; (ii) the cost of share-based compensation of RMB2,016 million; and (iii) contribution from the shareholders of RMB1,907 million, partially offset by a decrease in total equity of RMB7,320 million as a result of acquisition of JETOUR business which was accounted for as business combination under common control. Our net assets as of March 31, 2025 remained relatively stable at RMB25,795 million.

Summary of Consolidated Statements of Cash Flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the years/period indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB million)		
				(Unaudited)	
Net cash flows from operating activities	9,842	24,925	44,887	16,036	4,538
Net cash flows (used in)/ from investing activities	(4,949)	4,023	(3,177)	(11,174)	(22,095)
Net cash flows (used in)/ from financing activities	(825)	(6,458)	(13,783)	(1,796)	(7,838)
Net increase/(decrease) in cash and cash equivalents	4,068	22,490	27,927	3,066	(25,395)
Cash and cash equivalents at beginning of the year/period	**8,476**	**12,686**	**35,048**	**35,048**	**62,693**
Effect of foreign exchange rate changes, net	142	(128)	(282)	(138)	200
Cash and cash equivalents at end of the year/period	**12,686**	**35,048**	**62,693**	**37,976**	**37,498**

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the date or for the year/period indicated:

	As of/for the year ended December 31,			As of/for the three months ended March 31,
	2022	2023	2024	2025
Return on equity[(1)]	85.1%	90.8%	70.8%	73.1%
Return on total assets[(2)]	5.3%	6.9%	7.3%	8.9%
Current ratio[(3)]	0.95	0.88	0.98	0.98
Quick ratio[(4)]	0.81	0.67	0.76	0.74
Interest-bearing debt ratio[(5)]	27.9%	21.8%	11.9%	11.4%
Turnover growth[(6)]	–	76.2%	65.4%	24.2%
Gearing ratio[(7)]	93.1%	91.9%	87.9%	87.7%

Notes:

(1) Return on equity is calculated based on profit for the year/period of our Company divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(2) Return on total assets is calculated based on profit for the year/period of our Company divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(3) Current ratio is calculated based on total current assets divided by total current liabilities as of the date indicated.

(4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as of the date indicated.

(5) The interest-bearing debt ratio is calculated as interest-bearing debt (including interest-bearing bank loans and other borrowings, lease liabilities and bonds payables) divided by total assets as of the date indicated.

(6) Turnover growth represents the percentage change of our revenue in a year/period when compared with that in the previous corresponding year/period during the Track Record Period.

(7) Gearing ratio is calculated based on the total liabilities as at the respective dates divided by total assets as at the respective dates.

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are issued and sold in the [**REDACTED**] and (ii) the [**REDACTED**] is not exercised.

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	**Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]**
Market capitalization of our Shares[(1)]	HK$[REDACTED]	HK$[REDACTED]
Market capitalization of our H Shares[(2)]	HK$[REDACTED]	HK$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per share	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised.

(2) The calculation of market capitalization of our H Shares is based on [**REDACTED**] H Shares expected to be in issue immediately upon completion of the [**REDACTED**] and conversion of Domestic Unlisted Shares into H Shares, without taking into account any allotment and issuance of H Shares upon exercise of the [**REDACTED**].

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, our available banking facilities, cash flows from operating activities and net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months from the date of this document.

[REDACTED]

[**REDACTED**] represent professional fees, [**REDACTED**] commission and other fees incurred in connection with the [**REDACTED**]. Assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), [**REDACTED**] to be borne by us are estimated to be approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising: (i) [**REDACTED**] fees of RMB[**REDACTED**] (HK$[**REDACTED**]); and (ii) non-[**REDACTED**] expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisers and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]); and (b) other fees and expenses of RMB[**REDACTED**] (HK$[[**REDACTED**]), approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be deducted from equity upon the completion of

the [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]) and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FUTURE PLANS AND [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per H Share) and the [**REDACTED**] is not exercised, we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses paid and payable by us in connection with the [**REDACTED**]. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for the R&D of passenger vehicles of different models and versions to further expand our product portfolio.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for the R&D in the next-generation vehicle and advanced technologies to enhance our core technological competencies.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used to expand overseas markets and execute our globalization strategy.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used to upgrade our production facilities in Wuhu, Anhui province.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for the working capital and general corporate purposes.

See "Future Plans and [**REDACTED**]" in this document.

DIVIDENDS

For the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, dividends of nil, RMB1,094 million, nil and RMB3,993 million were declared and paid, respectively. Our Board retains the discretion to distribute dividends in the future, considering our operational outcomes, financial stability, cash necessities, and other pertinent factors at the time. As of the date of this document, we do not have any formal dividend policy. The declaration, payment, and dividend amounts were subject to our existing articles of association and will adhere to our Articles of Association which will take effect upon [**REDACTED**]. Moreover, our Directors hold the authority to issue interim dividends on the

currently held shares of our Company and sanction their payment from legally accessible funds. It should be noted that any future dividend declarations may vary from past patterns and will be determined by our Board.

IMPACT OF U.S. AND EU TARIFF REGULATIONS AND U.S. RESTRICTIONS ON SEMICONDUCTOR EXPORTS

The current tension in international trade and rising political tension may affect our business operations and results of operation as this could potentially affect the demand of our customers for passenger vehicles. On May 12, 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship. In particular, the U.S. government took actions to reduce the IEEPA tariff rate to 30% on imports from the PRC on a temporary basis for an initial period of 90 days from May 14, 2025, which was extended for another 90 days on August 12, 2025. Nevertheless, other potential duties could be imposed depending on the changing international trade environment. We did not generate any revenue from sales of passenger vehicles to the U.S in each period during the Track Record Period. In addition, on October 29, 2024, the EU members voted to adopt provisional countervailing duties of up to 35.3% on imports of Chinese-made EVs which entered into effect on October 30, 2024. The specific duty rate is dependent of the Chinese EV manufacturers. The revenue from our exports of passenger vehicles to EU accounted for less than 3.8% of our total revenue in each period during the Track Record Period. Our Directors do not expect that the tariffs imposed by the U.S. and EU regarding Chinese imports or NEVs would result in a material adverse impact on the business operations and financial performance of our Group given that (i) we did not export passenger vehicles directly to the U.S. in each period during the Track Record Period and as of the Latest Practicable Date, we did not have specific plans to export passenger vehicles directly to the U.S. and (ii) the sales of our passenger vehicles to the EU markets is relative small compared to other overseas markets in each period during the Track Record Period and we plan to further advance localized manufacturing and assembly and expand our overseas production network in EU markets, thereby reducing tariff risks. On October 7, 2022, the U.S. Department of Commerce, the U.S. Bureau of Industry and Security published rules that introduce new restrictions related to semiconductors, semiconductor manufacturing, supercomputers, and advanced computing items and end uses in Mainland China, Hong Kong or Macau. We purchased automotive chips that can generally be exported without a license from the U.S. for use in our passenger vehicles. As advised by our International Sanctions Legal Advisers, such purchases are not currently affected by U.S. export control laws in any material respect. Based on the conclusion reached by the International Sanctions Legal Advisers, the Directors are of the view that the continued tightening of U.S. restrictions on semiconductor exports would not have a material adverse impact on the business operations and financial performance of our Group. See "Business – Impact of U.S. and EU Tariff Regulations and U.S. Restrictions on Semiconductor Exports" for details.

BUSINESS ACTIVITIES IN REGIONS SUBJECT TO INTERNATIONAL SANCTIONS

During the Track Record Period, we had sales of passenger vehicles and auto parts to customers located in the Relevant Regions which are subject to international sanctions. During the Track Record Period, we primarily sold our passenger vehicles in Russia through a network of local dealers. Our subsidiaries in Russia are responsible for sales, marketing and managing our local dealerships. We primarily sold passengers vehicles under the brands and product series of CHERY, JETOUR, EXEED and OMODA and JAECOO in Russia. In 2025, we begun to downsize our Russian operations and in April, we entered into agreements to dispose a portion of our local assets and distribution channels.

As advised by our International Sanctions Legal Advisers, (i) our activities in the Relevant Regions did not represent a Primary Sanctioned Activity or a violation of the U.S. primary sanctions and the secondary sanctions risk is relatively limited; and (ii) our business dealings in the Relevant Regions did not implicate restrictive measures adopted by the UN, the EU, the U.K., and Australia. See "Business – Business Activities in Regions Subject to International Sanctions" for details.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Following March 31, 2025, we continued to scale our business steadily. As of July 31, 2025, our dealership network encompassed 3,639 dealership outlets in China and 3,169 overseas dealership outlets, compared to 3,663 dealership outlets in China and 2,958 overseas dealership outlets as of March 31, 2025. In January 2025, we launched a new product series, ZongHeng, under JETOUR brand and launched three new models, namely ZongHeng G700, ZongHeng F700 and ZongHeng G900 under this new product series in April 2025. In July 2025, we further launched a new model, namely A9L under Fulwin product series.

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since March 31, 2025, which is the end date of the years reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since March 31, 2025 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"Accountants' Report"	the accountants' report of our Group for the Track Record Period as set out in Appendix I to this document
"Acteco"	Wuhu Acteco Powertrain Co., Ltd.* (蕪湖埃科泰克動力總成有限公司), a limited liability company established under the laws of the PRC in 2005, which was a wholly-owned subsidiary of our Company as at the Latest Practicable Date
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council
"Anhui SASAC"	the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government
"Articles" or "Articles of Association"	the articles of association of our Company, conditionally adopted on February 15, 2025 with effect upon the [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[**REDACTED**]

[**REDACTED**]

"Chairman Yin"	Mr. Yin Tongyue (尹同躍), our chairman of the Board, executive Director and president
"Chery Auto Parts Procurement"	Wuhu Chery Auto Parts Procurement Co., Ltd.* (蕪湖奇瑞汽車零部件採購有限公司), a limited liability company established under the laws of the PRC in 2005, which was a wholly-owned subsidiary of our Company as at the Latest Practicable Date
"Chery New Energy"	Chery New Energy Automobile Co., Ltd.* (奇瑞新能源汽車股份有限公司), a joint stock company established under the laws of the PRC with limited liability in 2010, which was a non-wholly-owned subsidiary of our Company as at the Latest Practicable Date
"Chery Holding"	Chery Holding Group Co., Ltd. (奇瑞控股集團有限公司), a limited liability company established under the laws of the PRC in 2010, which was the controlling Shareholder before the Flattening of Shareholding Structure (as defined in "History, Development and Corporate Structure") in January 2025 and no longer held any of our Shares as at the Latest Practicable Date
"Chery Russia"	JSC Chery Automobile RUS, a limited liability company established under the laws of Russia in 2005, which was a wholly-owned subsidiary of our Company as at the Latest Practicable Date
"Chery Sales"	Anhui Chery Automobile Sales Co., Ltd.* (安徽奇瑞汽車銷售有限公司), a limited liability company established under the laws of the PRC in 2000, which was a wholly-owned subsidiary of our Company as at the Latest Practicable Date
"Chery Technology"	Wuhu Chery Technology Co., Ltd.* (蕪湖奇瑞科技有限公司), a limited liability company established under the laws of the PRC in 2001, which was a wholly-owned subsidiary of our Company as at the Latest Practicable Date

"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Chery Automobile Co., Ltd. (奇瑞汽車股份有限公司), a limited liability company established under the laws of the PRC in 1997 and converted into a joint stock limited liability company in the PRC on March 24, 2008
"Comprehensively Sanctioned Country(ies)"	Cuba, Iran, North Korea, Syria, the Crimea, Kherson and Zaporizhzhia regions and the so- called Luhansk People's Republic and so-called Donetsk People's Republic regions
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Unlisted Shares"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are [**REDACTED**] for and paid up in Renminbi by domestic investors and not [**REDACTED**] or [**REDACTED**] on any stock exchange

"EAR"	the Export Administration Regulations administered by the Bureau of Industry and Security
"EU"	the European Union
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale serious affects the working public's ability to resume work or brings safety concern for a prolonged period
	[**REDACTED**]
"Foreign Unlisted Shares"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each which is/are [**REDACTED**] for and paid up in currency other than RMB by foreign investors and not [**REDACTED**] on any stock exchange
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global market research and consulting company
	[**REDACTED**]
"Generation Z"	individuals born in the mid-1990s and up to mid-2000s
	[**REDACTED**]
"Group", "our Group", "we", "us" or "our"	our Company and its subsidiaries from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities or the predecessors of the present subsidiaries (as the case may be) which carried on the business of the present Group at the relevant time

"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which will be subscribed for and traded in HK dollars and listed on the Stock Exchange
	[**REDACTED**]
"Hengrui"	Wuhu Hengrui Equity Investment Partnership (Limited Partnership)* (蕪湖衡瑞股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC in 2024, which is one of our employee stock ownership platforms
"HK$", "Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS Accounting Standards"	include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

[**REDACTED**]

"iCAR Technology"	iCAR Ecological Technology Co., Ltd.* (愛咖生態科技有限公司), a limited liability company established under the laws of the PRC in 2015, which was a wholly-owned subsidiary of Chery New Energy as at the Latest Practicable Date
"IEEPA"	International Emergency Economic Powers Act

"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

"International Sanctions"	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the EU and its member states, the UK, UN or Government of Australia and other competent government authorities
"International Sanctions Legal Advisers"	Hogan Lovells, our legal advisers as to International Sanctions laws in connection with the [**REDACTED**]

[**REDACTED**]

"Jetour Sales"	Wuhu Jetour Automobile Sales Co., Ltd.* (蕪湖捷途汽車銷售有限公司), a limited liability company established under the laws of the PRC in 2017, which was a wholly-owned subsidiary of our Company as at the Latest Practicable Date
	[**REDACTED**]
"Latest Practicable Date"	September 4, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
	[**REDACTED**]
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
	[**REDACTED**]

"Luxshare"	Luxshare Limited and/or Luxshare Investment (HK) Limited (as the case may be), due to the family estate distribution, the vehicle to hold our Shares has been changed from Luxshare Limited (a private company limited by shares established in Hong Kong owned as to 50% by Ms. Wang Laichun (王來春) and 50% by her brother) to Luxshare Investment (HK) Limited (a private company limited by shares established in Hong Kong ultimately owned as to 50% by Ms. Wang Laichun's sister and 50% by her another brother) in January 2025
"Luxshare Precision Industry"	Luxshare Precision Industry Co., Ltd. (立訊精密工業股份有限公司), a joint stock company incorporated in the PRC with limited liability in 2004, which is an associate of Ms. Wang Laichun (王來春) and therefore a connected person of our Company, whose A shares are listed on the Shenzhen Stock Exchange under the stock code of 002475
"Macau"	Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Management and Employee Stock Ownership Platform(s)"	Ruichuang, Hengrui and/or Zhenrui (as the case may be)
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

"OFAC"	the U.S. Department of Treasury's Office of Foreign Assets Control

[**REDACTED**]

"OIR Legal Adviser"	Pillsbury Winthrop Shaw Pittman LLP, the legal advisers of our Company as to the U.S. Outbound Investment Rule

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行)
"PRC Legal Adviser"	Jingtian & Gongcheng, the legal advisers of our Company as to the PRC laws

"Pre-[**REDACTED**] Investment(s)"	the Pre-[**REDACTED**] investments in our Company undertaken by the Pre-[**REDACTED**] Investors, details of which are set out in the section headed "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document
"Pre-[**REDACTED**] Investor(s)"	the existing Shareholder(s) who participated in our Pre-[**REDACTED**] Investments, details of which are set out in the section headed "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document
	[**REDACTED**]
"Primary Sanctioned Activity"	any activity in a Comprehensively Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting or involving the property or interests in property of, a Sanctioned Target by an entity incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law and regulation
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdiction(s)"	the U.S. Government, the EU and its member states, the UK, UN or Government of Australia
"Relevant Persons"	means the Company, together with its investors and shareholders and persons who might directly or indirectly, be involved in permitting the [**REDACTED**], [**REDACTED**] clearing and settlement of its shares including the Stock Exchange and related group companies
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Ruichuang"	Wuhu Ruichuang Investment Co., Ltd.* (蕪湖瑞創投資股份有限公司) (formerly known as Wuhu Ruichuang Investment Company Limited* (蕪湖瑞創投資有限公司)), a joint stock company established under the laws of the PRC with limited liability in 2004, which is the stock ownership platform mainly for the management of Chery Holding and our Company

"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"SDN"	any entity designated on the list of Specially Designated Nationals and Blocked Persons
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of our Share(s)
"Soueast Motor"	Soueast Motor Corporation Ltd. (東南(福建)汽車工業股份有限公司), a joint stock company established under the laws of the PRC with limited liability in 1992, which was a non-wholly-owned subsidiary of our Company as at the Latest Practicable Date

[**REDACTED**]

"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three financial years ended December 31, 2024 and the three months ended March 31, 2025
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[**REDACTED**]

"UNICEF"	United Nations International Children's Emergency Fund
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Shares"	Domestic Unlisted Shares and Foreign Unlisted Shares

[**REDACTED**]

"Wuhu Construction Corporation"	Wuhu Economic and Technological Development Zone Construction Investment Co., Ltd.* (蕪湖經濟技術開發區建設投資有限公司), formerly known as Wuhu Economic and Technological Development Zone Construction Corporation* (蕪湖經濟技術開發區建設總公司), a limited liability company established under the laws of the PRC in 1994 and one of our promoters
"Wuhu Investment Holding" or the "Single Largest Shareholder"	Wuhu Investment Holding Group Co., Ltd.* (蕪湖市投資控股集團有限公司) (formerly known as Wuhu Investment Holding Co., Ltd.* (蕪湖市建設投資有限公司)), a limited liability company established under the laws of the PRC in 1998, which is the single largest Shareholder
"Wuhu Finance Bureau"	Wuhu Municipal Finance Bureau* (蕪湖市財政局)
"Wuhu SASAC"	the State-owned Assets Supervision and Administration Commission of Wuhu Municipal People's Government
"Zhenrui"	Wuhu Zhenrui Equity Investment Partnership (Limited Partnership)* (蕪湖振瑞股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC in 2024, which is one of our employee stock ownership platforms
"%"	per cent

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

* *For identification purposes only*

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with our Company. Such terms and their meanings may not correspond to standard industry definitions or usage.

"2DHT"	two-speed dedicated hybrid transmission
"3DHT"	three-speed dedicated hybrid transmission
"6DCT"	six-speed dual clutch transmission
"6MT"	six-speed manual transmission
"7DCT"	seven-speed dual clutch transmission
"8AT"	eight-speed automatic transmission
"9CVT"	nine-speed continuously variable transmission
"ACC"	adaptive cruise control
"AEB"	autonomous emergency braking
"ANCAP"	Australasian New Car Assessment Program
"APA"	automatic parking assist
"BEV"	battery electric vehicle, an electric vehicle powered solely by a battery
"BSD"	blind spot detection
"C-ICAP"	China Insurance Automotive Safety Index
"CAGR"	compound annual growth rate
"CATARC"	China Automotive Technology and Research Center
"CLTC"	China Light-duty Vehicle Test Cycle
"CNCAP"	China New Car Assessment Program
"CNOA"	city navigate on autopilot

GLOSSARY OF TECHNICAL TERMS

"commercial vehicle"	vehicles used for business purposes, primarily for transporting goods or passengers rather than for personal or household use
"CVT"	continuously variable transmission
"DAC"	digital-to-analog converter
"DCDC"	a device that converts a source of direct current from one voltage level to another
"DHT"	dedicated hybrid transmission or one-speed dedicated hybrid transmission
"DMS"	driver monitoring system
"DVVT"	dual variable valve timing
"E/E architecture"	electrical/electronic architecture
"ENCAP"	European New Car Assessment Programme
"HNOA"	highway navigate on autopilot
"ICE"	internal combustion engine
"ISA"	intelligent speed adaptation
"IVISTA"	Intelligent Vehicle Integrated Systems Test Area
"KD"	knock down
"LCC"	lane change control
"LKA"	lane keep assist
"MCU"	motor control unit
"MPV"	multi-purpose vehicles
"MSRP"	manufacturer's suggested retail price
"MT"	manual transmission

GLOSSARY OF TECHNICAL TERMS

"NESTA"	New EV Safety Technical Assessment
"NEV"	new energy vehicle, primarily including BEVs, REEVs and PHEVs
"NOA"	navigation on Autopilot
"OBC"	on-board charger
"OEM"	original equipment manufacturer
"OTA"	over-the-air
"passenger vehicle"	vehicles primarily used for transporting passengers and their carry-on luggage to meet the non-business travelling needs of individuals or families, typically with a capacity of no more than nine seats (including the driver), and including types such as sedans and SUVs
"PDU"	power distribution unit
"PHEV"	plug-in hybrid electric vehicle, an electric vehicle with a plug-in battery and fuel engine
"REEV"	range-extended electric vehicle, an electric vehicle with a fuel-powered range extender
"SUV"	sport utility vehicle
"TGDI"	turbocharged gasoline direct injection
"TJA"	traffic jam assist
"YoY"	year-on-year

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "can", "could", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "plan", "potential", "predict", "project", "seek", "should", "will", "wish", "would" and the negative of these words and other similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company's management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These forward-looking statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in "Risk Factors", "Business", "Financial Information" and other sections in this document. You should read thoroughly this document with the understanding that our actual future results may be materially different from and worse than what we expect.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company that could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies, plans, objectives and goals and our ability to implement such strategies, plans, objectives and goals;
- our future business development, financial conditions and results of operations;
- our ability to develop new services and bring them to market in a timely manner and make enhancements to our existing services;
- our ability to acquire new users/customers and enhance their loyalty;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- the future developments and competitive environment in our industry;

- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in China and internationally;
- our ability to maintain, protect, and enhance our intellectual property;
- margins, overall market trends, risk management and exchange rates;
- the actions and developments of our competitors;
- capital market development;
- other statements in this document that are not historical fact; and
- all other risks and uncertainties described in the section headed "Risk Factors" in this document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no responsibility to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of any subsequent unanticipated event. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all the information in this document and, in particular, the risks and uncertainties described below before making an* [**REDACTED**] *in our H Shares. The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the* [**REDACTED**] *of our H Shares could decline and you may lose all or part of your* [**REDACTED**].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-Looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The automotive market is highly competitive, and we may not be successful in competing in this industry.

The automotive market is highly competitive, whether in China or overseas markets. We ranked second among Chinese domestic brand passenger vehicle companies, in terms of sales volume (including export volume) with a market share of 11.8% in 2023 and 14.0% in 2024. We directly compete with other Chinese and international automobile companies. In particular, we directly compete with those automobile companies that have an established presence in China and operate globally. We may also in the future face competition from new entrants both in China and globally that will increase the level of competition. We believe that the primary competitive factors in our markets include brand recognition, development time, product design, production capacity, delivery timeline, product quality, pricing, product safety, energy efficiency, technological innovation, supply chain management, sales and marketing capabilities, distribution network, customer support, after-sales services and financing terms. Many of our current and potential competitors have more financial, technical, operational, and other resources than we do, and may be able to devote significant resources to the design, development, manufacturing, distribution, promotion, sale, and support of their vehicles.

We expect competition in our industry to intensify in the future in light of continuing consolidation in China and the worldwide automotive industry, intense price competition, increasing number of automotive brands, and market segmentation driven by diversified consumer demands. Increased competition may lead to lower vehicle sales volume and increased inventory, which may result in downward price pressure and adversely affect our results of operation, financial conditions, business and prospects. Our ability to successfully compete against other vehicle brands will be fundamental to our future success in existing and new markets and our market shares. We cannot assure you that we will be able to compete successfully in our markets. Our competitors may introduce new vehicles or services that exceed the quality or performance of our vehicles or services, which would adversely affect our competitive position in the markets. They may also offer vehicles or services at more competitive prices, which would have an adverse impact on our sales and profitability.

Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may affect our business, financial condition and results of operations.

As we seek to expand our global footprint, our business operations and financial performance may be influenced by international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions. International trade policies and geopolitics are subject to frequent changes and uncertainties, often driven by political, economic, and social factors beyond our control. These changes could impact trade agreements, tariffs, customs duties, and other aspects of international trade, potentially increasing our operational costs and affecting our market access. Changes in trade protection measures, such as anti-dumping duties, countervailing duties, or safeguard measures, could lead to increased costs or restrictions on our exports. Export controls and economic or trade sanctions could limit our ability to export our products or conduct business in certain markets. Any non-compliance with these controls and sanctions could result in legal penalties, reputational damage, and loss of export privileges.

The current tension in international trade and rising political tension, may affect our business operations and results of operation as this could potentially affect our customer's demand for our passenger vehicles. In early 2025, the U.S. government issued multiple executive orders implementing additional tariffs on imports from various jurisdictions, including additional tariffs amounting to an aggregate of 145% on imports from the PRC that took effect on April 10, 2025 (the IEEPA tariffs), and the proclamation invoking Section 232 of the Trade Expansion Act of 1962 that imposed a 25% tariff on imported automobiles with effect from April 3, 2025 (Section 232 tariffs). On May 12, 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship. In particular, the U.S. government took actions to reduce the IEEPA tariff rate to 30% on imports from the PRC on a temporary basis for an initial period of 90 days from May 14, 2025, which was extended for another 90 days on August 12, 2025. Nevertheless, other potential duties could be imposed depending on the changing international trade environment. In addition, on October 29, 2024, the EU members voted to adopt provisional countervailing duties of up to 35.3% on imports of Chinese-made EVs which entered into effect on October 30, 2024. The specific duty rate is dependent of the Chinese EV manufacturers. In each period during the Track Record Period, we had no exports of passenger vehicles to the US and our revenue from the exports of passenger vehicles to EU accounted is relative small as a percentage to our total revenue. While the sales of our passenger vehicles to the EU markets is relatively small compared to the other overseas markets, unfavorable government policies on international trade may affect the demand for and competitive position of our passenger vehicles. Moreover, we intend to expand our global sales and service network in the European market. See "Business — Our Strategies." We cannot assure you that our current position with regard to the international trade policies will remain the same. We may be subject to unfavorable policies that may affect our business, financial condition and results of operation.

In response to the President Trump's executive orders, the PRC government also imposed additional tariffs, including additional tariff amounting to an aggregate of 125% on goods imported into the PRC originating from the U.S. that took effect on April 12, 2025. Pursuant to the joint announcement dated May 12, 2025, the PRC government is also committed to take action to reduce the tariff rate to 10%. Such tariff rate is subject to a temporary imposition suspension for an initial period of 90 days, which was also extended for another 90 days on August 12, 2025. We have adopted a localized supply chain for the production of our passenger vehicles in the PRC. We expect that the purchases amount of goods imported into the PRC originating from the U.S. is estimated to be less than 2% of our total purchase amount of raw materials in 2025. The situation may continue to develop and change rapidly. We cannot assure that our current supply chain for production of our passenger vehicles in the PRC will remain the same. We may encounter raw materials or key components shortages or cost increases due to the changing and unpredictable international trade policies, which in turn may affect our business, financial condition and results of operation.

In addition, on October 7, 2022, the U.S. Department of Commerce, the U.S. Bureau of Industry and Security ("**BIS**") published rules that introduce new restrictions related to semiconductors, semiconductor manufacturing, supercomputers, and advanced computing items and end uses in Mainland China, Hong Kong or Macau. BIS' rules on advanced computing and semiconductor manufacturing were implemented in two key areas. First, these rules impose restrictive export controls on certain advanced computing semiconductor chips and software, transactions for supercomputer end-uses, and transactions involving certain entities on the Entity List. Second, these rules impose new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit (IC) end uses. We purchased automotive chips that can generally be exported without a license (a type of products that are generally consist of low-technology consumer goods and do not require a license to export in most situations) from the U.S. for use in our passenger vehicles. However, as the Entity List and other U.S. export control laws and regulations continue to expand and evolve, future U.S. export controls may materially affect or target some of our significant suppliers or customers, raw material and key components necessary for our operations, in which event our business may be affected if we fail to promptly secure alternative sources of supply or demand on terms acceptable to us.

The international trade policies and trade protection measures are likely subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are beyond our control. These may materially and adversely affect us and our abilities to obtain technologies, systems or components that may be critical to our technology infrastructure, product offerings and business operations. If any new tariffs, legislation and/or regulations are implemented by the U.S. or other jurisdictions in the future, or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition and results of operations. It may also be difficult or costly to comply with such legislation and/or regulations, and would subject us to regulatory investigations, fines, penalties or other actions and reputational harm.

NEV market is highly competitive, and demand for NEVs may be cyclical and volatile.

The NEV market is large yet competitive. Our competitors in passenger vehicles are composed of both NEV manufacturers and ICE automakers that have penetrated the NEV segment. We might be confronted with a higher level of competition in the future due to the threat of new entrants. Our current and potential competitors may have more financial, manufacturing, marketing or other resources than us, and may be able to devote more significant resources to the design, development, manufacturing, distribution, promotion, sale and support of their products as compared to our efforts.

We expect competition in NEV industry to persist, given the surging demand and government incentives for alternative fuel vehicles, continuing globalization and consolidation in the global automotive industry. Factors affecting competition include but not limited to brand recognition, product design, delivery timeline, product quality, development time, pricing, safety, energy efficiency, supply chain management, sales and marketing capabilities, distribution network, customer support, after-sales service and financing terms. There can be no assurance that we will compete successfully in all regards. Our competitors may introduce new vehicles that exceed the quality or performance of our products, or offer customer service that better meets customer needs, which could adversely impact our competitive positioning in the market. They may also offer vehicles or services at lower prices, which could negatively affect our sales and profitability. Increased competition may result in lower vehicle sales and higher inventories, which could lead to downward pressure on prices and adversely affect our business, financial condition, results of operations and prospects.

Our risk management and internal control systems may not be adequate or effective.

We have developed and implemented comprehensive risk management and internal control policies that encompass various aspects of our business operations to supervise and address a spectrum of operational, financial, legal and market risks that may be or have been identified. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective. See "Business — Risk Management and Internal Control." and "Business — Business Activities in Region subject to International Sanctions — Risk Exposure and Internal Controls." Since our risk management and internal control systems depend on implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our results of operation, financial conditions, business and prospects could be materially and adversely affected.

Our results of operations during the Track Record Period may not be indicative of our future performance.

We experienced fast growth in our revenue and net profit during the Track Record Period. Our revenue was increased from RMB92,618 million in 2022 to RMB163,205 million in 2023, and further to RMB269,897 million in 2024, representing a CAGR of 70.7%. Our net profit increased from RMB5,806 million in 2022 to RMB10,444 million in 2023, and further to RMB14,334 million in 2024, representing a CAGR of 57.1%. Our revenue and net profit increased by 24.2% and 90.9%, from RMB54,910 million and RMB2,476 million in the three months ended March 31, 2024 to RMB68,223 million and RMB4,726 million in the three months ended March 31, 2025, respectively. We cannot assure you that we are able to sustain our historical growth rates for various reasons, including uncertainty of our continuous offerings of quality products to attract our users, failure of our global strategies or marketing and sales strategies.

In addition, we plan to further grow our business by, among other things, (i) expanding product lineup and sharpen brand positioning to continuously enhance our brand equity; (ii) investing in R&D on next-generation technologies to strengthen our competencies; (iii) enhancing vehicle electrification and intelligentization to embrace global mobility transformation; and (iv) expanding our international footprints with globalization strategy to solidify overseas market leadership. See "Business — Our Strategies." To successfully grow our business, we plan to continue to invest substantial financial, managerial and operational resources to sustain our growth. However, we cannot assure you that we will be able to continually obtain these resources in the future. For instance, we may not be able to obtain additional internal and external capital to support our business growth on commercially acceptable terms, or to retain and attract sufficient number of competent staff to support our business development.

Our financial and operating results may vary from period to period due to various factors beyond our control, including the economic growth, development or intensified competitive within global automotive industry, as well as changes in laws, regulations and rules applicable to global automotive industry. Any unfavorable change in the factors above may prevent us from maintaining our historical growth rates. As a result of these, and other factors, we cannot assure you that our future revenue will increase or that we will continue to be profitable. Accordingly, [**REDACTED**] should not rely on our historical results as an indication of our future financial or operating performance.

We face risks associated with the international sale of our vehicles and our international operations. If we are unable to effectively manage these risks, our results of operation, financial conditions, business and prospects may be materially and adversely affected.

During the Track Record Period, we derived a substantial portion of our total revenue from overseas markets. Our revenue from overseas markets was RMB30,387 million, RMB77,060 million, RMB100,897 million and RMB26,289 million in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively, accounting for 32.8%, 47.2%, 37.4% and 38.5% of our total revenue in the same periods. As of the Latest Practicable Date, we sold our passenger vehicles to over 100 countries and regions. Compared to operations in China, our home market, conducting our business internationally, particularly in markets and countries in which we have limited prior experience, subjects us to additional risks and challenges, including:

- limited brand recognition;
- inability to maintain or enhance operational efficiency and cost savings, including operational challenges due to distance, language, and cultural differences, increasing difficulty for us in directing and monitoring the day-to-day overseas operations and increasing difficulty to hire and retain qualified personnel on commercially reasonable terms, or at all;
- compliance with multiple and potentially conflicting laws and regulations governing various aspects of our operations, including competition, pricing, operation, distribution network, transportation, logistics, tariffs, trade protection, and other activities important to our business;
- competition with existing players in the automotive industry;
- exposure to business cultures where improper business practices may be prevalent;
- difficulties in managing, growing, and staffing international operations, in particular manufacturing facilities and research centers;
- challenges in cultivating and maintaining productive relationships with local business partners, such as agents and dealers;
- impact of import and export restrictions and changes in tariff and trade regulations;
- risks associated with legal systems subject to undue influence or corruption;
- vulnerability to changes in specific country's or region's political, social, or economic conditions; and
- changes in geopolitical dynamics, including but not limited pandemic, war, and terrorism.

Our ability to maintain and expand our presence in the international market will be critical to the success of our business. However, there is no guarantee of this, and any of the aforementioned risks could pose on significant challenges for us. If we are unable to manage one or more of these risks adequately, our results of operation, financial conditions, business and prospects may be materially and adversely affected.

Our business is dependent on the strengths and market acceptance of our five major brands. If we fail to maintain and enhance our brands, or if we incur excessive expenses in this regard, our results of operation, financial conditions, business and prospects may be materially and adversely affected.

Our business and financial performance is heavily dependent on our ability to develop, maintain and strengthen our brands. We sell our passenger vehicles under five major brands, namely, CHERY, JETOUR, EXEED, iCAR and LUXEED. If we do not continue to develop, maintain and strengthen our brands, we may lose the opportunity to improve our brand awareness and build a critical mass of customers. Promoting our brands will likely depend significantly on our ability to provide high-quality passenger vehicles as well as the success of our sales and marketing efforts. While we seek to optimize resource allocation through careful selection of sales and marketing channels, such efforts may not achieve the desired results. To promote our brands, we may be required to adjust our branding practices, including utilizing traditional media, celebrity endorsement and online media platforms, which could substantially increase sales and marketing expenses. During the Track Record Period, our selling and distribution expenses amounted to RMB3,207 million, RMB5,557 million, RMB8,380 million and RMB2,182 million, accounting for 3.5%, 3.4%, 3.1% and 3.2% of our revenue in the relevant periods, respectively. However, we cannot assure you that these activities will be successful or that we will be able to achieve the desired promotional effect. If we fail to develop and maintain our five major brands strong, our results of operation, financial conditions, business and prospect will be materially and adversely impacted.

If incidents in relation to our passenger vehicles, such as self-ignition and road accidents, occur or are perceived to have occurred, whether or not such incidents are by our fault, we could be subject to adverse publicity which could be detrimental to our reputation and brand image. See "— We may become subject to product liability claims, or choose to or be compelled to undertake product recalls or take other similar actions, which could adversely affect our brand image, business and results of operations." In addition, we do not have complete control over the third parties with whom we collaborate, whose misconduct may expose us to negative publicity. Our passenger vehicles are also evaluated and reviewed by third parties from time to time. Any negative reviews that compare us unfavorably with our competitors could adversely affect consumers' perceptions of our passenger vehicles. Given the popularity of social media, any negative publicity, regardless of the factual accuracy, could quickly proliferate and harm consumer perceptions and confidence in our brands.

We rely on various suppliers to provide raw materials or certain key components of our passenger vehicles. We are subject to the risks associated with volatility in the prices of such raw materials or components. Our suppliers may fail to deliver such raw materials or components as required.

We procure raw materials and certain key components from various suppliers, including but not limited to steel products, battery cells, electrical components, and various vehicle components such as seats and tires. During the Track Record Period, our cost of materials amounted to RMB69,144 million, RMB112,230 million, RMB192,395 million and RMB49,524 million, accounting for 86.6%, 81.9%, 82.4% and 82.9% of our cost of sales in the same periods, respectively. Our future costs of raw materials, parts and components may be affected by many factors, such as market demand, changes in supplier's manufacturing capacity, availability of substitute materials, interruptions in productions by suppliers or supply chain, general economic conditions and natural disasters, all of which are out of our control. Due to differences in timing between our purchases from suppliers and sales by our dealers to our users, there is often a lead-lag effect that can negatively impact our margins in the short term in the event of rising prices of raw materials, parts and components. If we fail to effectively control the cost of raw materials, parts and components or fail to pass the increased costs to our customers, our results of operation, financial conditions, business and prospects could be materially and adversely affected.

We may encounter raw materials or key component shortages resulting from delay in delivery, unsatisfactory quality, or production disruption of our suppliers. If our suppliers are unable to supply or delay in supplying these raw materials or key components, or if the supply agreements are terminated, it may be difficult to procure alternative supplies in a timely manner, or at favorable prices. Any disruption in the supply of raw materials or key components could temporarily interrupt the production of our passenger vehicles until we are able to establish alternative supplies or to source sufficient quantities of the relevant raw materials or key components from other suppliers. In addition, it may be time-consuming and costly to identify alternative suppliers for certain highly customized components for our passenger vehicles or to develop our own alternatives.

With our business expansion, we may from time to time significantly increase the production of our passenger vehicles, and order additional raw materials or key components from our suppliers within a relatively short time frame. Our suppliers may fail to satisfy our needs, and even if they could, they may not be able to provide such raw materials or key components in a timely manner or at favorable prices. If we cannot secure a qualified substitute supplier in a timely manner, or at all, we may experience significant disruption in the supply of essential components of our passenger vehicles and material delay in the delivery of our passenger vehicles, which may materially and adversely impact our results of operation, financial conditions, business and prospects.

Any delay in the launch, manufacture and delivery of our existing or future products could have a material adverse effect on our business.

We continually introduce new models and versions to enrich our product portfolio and offer customers more selections. See "Business — Our Products — Pipeline of Future Vehicle Models." We may experience delays in the launch, manufacture and delivery of new models and new versions due to a variety of reasons, such as changes in market conditions, technological challenges and lack of necessary funding, as well as disruptions in our supply chain or manufacturing facilities. To the extent such delays occur, our growth prospects could be adversely affected. We also plan to periodically perform facelifts or refresh existing models, which could also be subject to delays. Any delay in the launch, manufacture and delivery of our existing or future products, including in the construction and renovation of our production facilities, or in performing facelifts to existing models, could lead to customer dissatisfaction and materially and adversely affect our reputation, market, results of operation, financial conditions, business and prospects.

We may be subject to risks associated with driving assistance and intelligent cockpit technologies.

We may apply driving assistance and intelligent cockpit technologies in our vehicles, which is subject to a number of risks, such as human errors, system malfunction and software vulnerability etc.. From time to time there are accidents associated with such technologies. The safety of driving assistance and intelligent cockpit technologies depends partly on user interaction, and users may not be accustomed to such technologies. To the extent that accidents associated with our driving assistance systems or intelligent cockpit occur, we could be subject to product liability, government scrutiny and heightened regulatory oversight, which may adversely impact our reputation, results of operation, financial conditions, business and prospects.

As the laws evolve, driving assistance and intelligent cockpit technologies also face regulatory changes to keep pace with the rapidly evolving nature of the technologies, which may be beyond our control and anticipation. Our driving assistance and intelligent cockpit systems may not meet evolving regulatory requirements, which will require us to re-design, modify or update our driving assistance and intelligent cockpit hardware and related software systems. This will cause us to incur additional costs, and results of operation, financial conditions, business and prospects could be materially and adversely affected.

Our passenger vehicles may not perform to customer expectations and may contain defects.

Our passenger vehicles may not perform in line with user expectations. Any product defects or any other failure of our vehicles to perform or operate as expected could harm our reputation and result in negative publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to our brand, warranty and other expenses that could materially and adversely affect results of operation, financial conditions, business and prospects.

Our vehicles may contain design and manufacturing defects. The design and manufacturing of our vehicles are complex and could contain latent defects and errors, which may cause our vehicles to not perform or operate as expected or even result in property damage or personal casualties. Furthermore, our vehicles use a substantial amount of third-party and in-house software codes and complex hardware to operate. Advanced technologies are inherently complex, and defects and errors may be revealed over time. Our control over the long-term consistent performance of third-party services and systems is limited. While we have performed extensive internal testing on our vehicles' software and hardware systems, we have a limited assess to the framework and standard of the long-term performance of our systems and vehicles. We cannot assure you that we will be able to detect and fix any defects in the vehicles on a timely basis, or at all.

In addition, there could be maloperation, negligence, or failure to follow protocols by our employees or third-party service providers. Such human errors could result in failure of our vehicles to perform or operate as expected. We cannot assure you that we will be able to completely prevent human errors.

We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing process at production facilities.

In the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies. As our manufacturing process is complicated and inevitably involves operation of tools, equipment and machinery and use of chemical materials, accidents resulting in employee injuries or even deaths may occur, despite we did not experience any major disputes that lead to disruptions in our Group's operations. Such accidents may result in disruption of our operation and subject us to liabilities, and we may not have adequate or sufficient insurance to cover such liabilities, which could then adversely affect results of operation, financial conditions, business and prospects.

We rely on an extensive dealership network to distribute our passenger vehicles, and we may be subject to risks relating to the acts and services of our dealers.

We work with dealers to expand our vehicle sales coverage, which helps us increase sales orders and generate revenues. During the Track Record Period, the majority of our vehicles were sold through our dealers. In 2022, 2023, 2024 and the three months ended March 31, 2025, we generated RMB69,734 million, RMB128,809 million, RMB216,222 million and RMB56,133 million revenue from sales through dealers, respective, representing 84.5%, 85.2%, 87.6% and 91.1% of our total revenue from sales of passenger vehicles, respectively, for the same periods.

In addition, the performance of our dealers and their ability to sell our vehicles, maintain our brand, provide customer services, expand their businesses and their sales network are crucial to the future growth of our business and may directly affect our vehicle sales volume and profitability. We may not be able to identify, attract, and retain a sufficient number of dealers with the requisite experience and resources. We have limited control over the daily business activities of our dealers, and our control over the sub-dealers may be even more limited. If our dealers or sub-dealers fail to deliver high-quality customer service and resolve customer complaints in a timely manner, or if any of their misconduct or unethical practice leads to damages to our brand image and reputation, our business could be adversely affected. For example, our dealers may delay in delivery of our vehicles or have disputes with end customers and our sub-dealers may also engage in unauthorized misrepresentation to our end customers. In any such event, end customers' confidence in our brand image and reputation could be adversely affected. In addition, non-compliance by any of our dealers or sub-dealers with the relevant distribution agreements or our company policies may adversely affect the overall sales of our vehicles and services we provide, and our ability to implement development strategies. If we are unable to build or maintain well-developed, well-managed dealership networks, our results of operation, financial conditions, business and prospects may be adversely affected.

We cannot assure you that we are always able to accurately track the inventory level of our dealers or to identify any excessive inventory build-up at various levels of our distribution network. Moreover, our dealers may be unable to sell adequate amounts of their inventories of our vehicles in a given period to end customers, which may result in a buildup of inventory level. This could have a material adverse impact on the sales of our vehicles and, accordingly, to our business, financial condition, results of operations, and prospects. Moreover, any significant growth in our sales to certain dealers in the future, or changes to our sales and service network, may give rise to competition among our dealers and increase the risk of cannibalization. Any such behavior may harm our results of operation, financial conditions, business and prospects.

We rely on third parties to provide services for our business.

We engage competent suppliers to provide services such as logistics, warehousing and IT consulting for our business. The operations of these suppliers may be affected by various factors such as improper management, equipment breakdowns, commercial disputes, labor shortages or strikes and natural disasters. If any of these suppliers fails to provide reliable and timely services, or the prices of such services increase significantly, the supply of our product may be interrupted or our costs incurred for such third party service providers may increase. In addition, we may not be able to identify suitable alternative suppliers, which could adversely affect results of operation, financial conditions, business and prospects.

Our future success depends, in part, on our ability to expand our production capacity, which is subject to risks and uncertainties.

Expansion of production capacity is crucial to our business operation, including establishing new manufacturing bases to meet increasing market demands. See "Business — Manufacturing" and "Future Plans and [**REDACTED**]."

We plan our future production capacity based on our expectations regarding a number of inherently uncertain factors, including anticipated demands for our passenger vehicles and general market conditions. Our production capacity may not match the market demand. If the demand for any of our passenger vehicles is lower than anticipated due to unforeseen changes to consumer preferences or otherwise, our sales and profitability would suffer, we would not achieve satisfactory or sustainable returns from our investment in the expansion of production capacity and development of new passenger vehicles, all of which may have a material adverse on our market position, financial condition and results of operation. Conversely, our expansion of production capacity may fail to meet the increasing demand for our passenger vehicles, in which case, our market share may be eroded. We may also subject to risks associated with overseas production. See "— We face risks associated with the international sale of our vehicles and our international operations. If we are unable to effectively manage these risks, our results of operation, financial conditions, business and prospects may be materially and adversely affected."

In addition, our ability and efforts to expand our capacity and upgrade our manufacturing facilities are subject to certain risks and uncertainties, such as our ability to raise capital at reasonable cost or at all, manage delays and cost overruns and obtain the required permits, licenses and approvals from relevant government authorities. Expansion of our capacity may also be disrupted by catastrophe or other unexpected events.

Moreover, system upgrades at our manufacturing facilities may impact ordering, production scheduling and other related manufacturing process that are complex, and could impact or delay production targets. Any of these factors could materially and adversely affect our results of operation, financial conditions, business and prospects.

Our industry is rapidly evolving and may be subject to unforeseen changes. Unforeseen technological development may materially and adversely affect the demand for our vehicles.

During the Track Record Period, the majority of our revenue was derived from sales of ICE vehicles. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our revenue from sales of ICE vehicles accounted for 75.9%, 87.8%, 69.6% and 63.0%, respectively, of our revenue, and our revenue from sales of NEVs accounted for 13.2%, 4.9%, 21.9% and 27.3%, respectively, of our revenue. According to Frost & Sullivan, in recent years, there has been a significant shift toward NEVs. In addition, the increasing intelligence of electric vehicles provides consumers with more convenient experiences and better satisfies their evolving needs. Furthermore, advancements in battery technology, leading to enhanced driving ranges and reduced charging times, have fostered greater confidence in electric vehicles and encouraged more widespread adoption. We cannot assure you that we will be able to keep up with changes in the rapidly evolving automotive market. The regulatory framework governing the industry is constantly evolving and may change for the foreseeable future. As our industry and our business develop, we may need to modify our business model or change our products and services. These changes may not achieve expected results, which could have a material and adverse effect on our results of operations and prospects.

Developments in new energy technology, such as advanced hydrogen or fuel cells may materially and adversely affect our business and prospects in ways that we do not currently anticipate. Any failure by us to successfully react to changes in existing technology could materially harm our competitive position and may materially and adversely affect our results of operation, financial conditions, business and prospects.

Our research and development efforts may not yield expected results.

Our R&D capabilities are critical to our success. The automotive markets are subject to rapid technological changes and are evolving quickly in terms of technological innovation and technique improvement. Our ability to launch new products which suit the evolving needs of the market depends largely on our R&D capabilities. We have continuously made investments in our research and development activities to launch new products and develop relevant technologies. We have built a multi-tier, comprehensive R&D system, covering vehicle platform architecture, powertrain systems, and vehicle intelligence technologies. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our R&D expenditure amounted to RMB4,128 million, RMB6,849 million, RMB10,544 million and RMB2,761 million, respectively.

We will continue to invest extensive resources in R&D in order to lead technological advances and remain competitive in the rapidly evolving automotive industry. However, even if we are able to keep pace with changes in technology and develop new models, our existing models could become obsolete more quickly than expected, potentially reducing our return on investment. For example, we have developed and manufactured advanced engine and transmission systems for ICE vehicles, PHEVs and REEVs. See "Business — Our Technological Prowess — Chery Power — Our Powertrain Systems." These innovative technologies may have inherent risks of having a short life in terms of their benefits over competing technologies, or may not be accepted by the market. Given the uncertain nature of R&D activities, there can be no guarantee that we will continue to achieve technological innovations and effectively commercialize such innovations. Consequently, even with substantial expenditure in relevant R&D activities, we may not generate corresponding returns, which may adversely affect our current market position. Any delay or obstruction in R&D in these aspects could materially and adversely affect our business, reputation, results of operations and prospects.

Any cyber-attacks, unauthorized access or control of our vehicles' systems could result in loss of confidence in us and our vehicles and harm our business.

Some of our vehicles contain complex information technology systems to support smart technology functions and to accept and install regular OTA updates. We have designed, implemented and tested security measures intended to prevent unauthorized access to our information technology networks and our vehicles' technology systems. However, hackers may attempt to gain unauthorized access to modify, alter, and use such networks and systems. We aim to remedy any reported and verified vulnerability in the security of our vehicles. However, there can be no assurance that vulnerabilities will not be exploited in the future before they can be identified, or that our remediation efforts are or will be successful. Any cyber-attacks, unauthorized access, disruption, damage, or control of our information technology networks or our vehicles' systems or any loss or leakage of data or information stored in our systems could result in legal claims or proceedings. In addition, regardless of their veracity, reports of cyber-attacks to our information technology networks or our vehicles' systems or data, are vulnerable to "hacking," and concerns surrounding data security and privacy, could negatively affect our brand and harm our results of operation, financial conditions, business and prospects.

Our business is subject to the evolving laws and regulations regarding data privacy and protection, information security, and cybersecurity. Failure to address cybersecurity and data privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.

We use our vehicles' electronic systems to log, with necessary permission, certain information about each vehicle's use in order to aid us in vehicle diagnostics and repair and maintenance, as well as to help us customize and optimize the driving and riding experiences. Collection, possession, and use of our user's data in conducting our business may subject us to legislative and regulatory oversight in China and other jurisdictions, such as requiring notification of any data breach, restricting our use of such information, and limiting our ability

to acquire new customers or market to existing customers. If users allege that we have improperly collected, used, transmitted, released, or disclosed their personal information, we could face legal claims and reputational damage. We may incur significant expenses to comply with privacy, consumer protection and security standards and protocols imposed by laws, regulations, industry standards or contractual obligations. If third parties improperly obtain and use the personal information of our users, and we fail to protect data from these improper uses, we may be required to expend significant resources to resolve these problems, and could be further subject to penalties, including fines, suspension of business, and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

We are subject to various data security and data protection laws and regulations in China. See "Regulatory Overview — Regulations Relating to Cybersecurity and Data Security." In particular, on December 28, 2021, 13 government authorities, including the CAC, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which took effect on February 15, 2022. As advised by our legal adviser as to PRC data compliance laws, and based on our consultation with China Cyber Security Review, Certification and Market Regulation Big Data Center (which is entrusted by Cybersecurity Review Office to accept public consultation regarding cybersecurity review), we believe that our proposed [**REDACTED**] in Hong Kong is not a "[**REDACTED**]" under the Cybersecurity Review Measures. As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a critical information infrastructure operator nor had we been required to undertake a cybersecurity review by the Cybersecurity Review Office for the [**REDACTED**].

Many of the data-related legislations in China are relatively new and constantly evolving. If any data that we possess belongs to data categories that are subject to heightened scrutiny, we may be required to adopt stricter measures for the protection and management of such data. Due to the complexity of the regulatory environment and the occasional amendments to laws and regulations, we cannot predict the impact of the Cybersecurity Review Measures, if any, at this stage, but we will closely monitor and assess any development in the rule-making process. If the Chinese cyberspace administration or other competent authorities provide the clearance of cybersecurity review and other specific actions to be taken by issuers like us, we face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which in turn may subject us to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, and other consequences that may materially and adversely affect our business and results of operations.

In general, compliance with the existing and future laws and regulations related to data security and personal information protection may be costly and subject us to negative publicity, which could harm our reputation, business operations and results of operations.

We are subject to anti-corruption and anti-bribery and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery and similar laws and regulations in various jurisdictions in which we conduct activities. We have direct or indirect interactions with officials and employees of government agencies, state-owned entities and affiliates in the ordinary course of business. These interactions subject us to an increased level of compliance-related concerns. We have implemented policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants, agents and business partners with laws and regulations. However, our policies and procedures may not be sufficient, and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption or anti-bribery laws and regulations could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

Our business depends substantially on the continuing efforts of our officers, key employees and qualified personnel, and our operations may be severely disrupted if we lose their services.

Our success depends substantially on the continuing efforts of our senior management and key employees. If one or more of our officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. As we build our brand and become more well-known, the risk of competitors or other companies poaching our talent may increase. The automotive industry that we operate in is characterized by high demand and intense competition for management and R&D talents, in particular with those in the areas of engines, electrification and intelligent technologies, and we cannot assure you that we will be able to attract or retain key personnel, qualified staff or other skilled employees who have a significant impact on our daily production and operation activities.

If any of our senior management and key employees terminates his or her services with us, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. We did not maintain any key person insurance on our key personnel during the Track Record Period. If any of our senior management or key employees joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members. Each of our executive officers and key employees has entered into an employment agreement and a non-compete agreement with us. However, if any dispute arises between our executive officers or key employees and us, the non-competition provisions contained in their non-compete agreements may not be enforceable.

We might experience work stoppage, labor shortage, increase in labor costs and other labor related matters, which may disrupt our normal operation and adversely affect our reputation and results of operations.

We rely on a significant number of employees to support our business and production. We have implemented comprehensive policies and measures to protect the welfare and working conditions of our employees, including providing competitive remuneration packages, including salary and allowances, performance-based bonuses. See "Business — Employees." During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages or labor strikes that led to disruptions in our Group's operations. Despite our best efforts, we cannot guarantee we will not face any labor-related issues, including labor disputes, strikes, or the inability to attract and retain qualified workers, which may lead to work stoppages or labor shortages and significantly impact our ability to meet customer demands and fulfil orders within the expected time frames. Furthermore, such labor-related matters could incur additional costs associated with resolving labor disputes, hiring temporary workers, or implementing contingent plans to mitigate the impact of labor shortages. These additional expenses, coupled with potential revenue losses from delayed deliveries, may negatively affect our profitability and overall results of operations.

Moreover, we rely on a significant number of employees to support our business and production. Our labor costs have been rising as a result of market conditions and regulatory measures. Any significant increase in labor costs could adversely affect our margins and profitability if we cannot pass on cost increases to our customers. Unless we are able to use other appropriate means to reduce our cost of production, our profit margin may decrease and our results of operation, financial conditions, business and prospects may be materially adversely affected.

We may become subject to product liability claims, or choose to or be compelled to undertake product recalls or take other similar actions, which could adversely affect our brand image, business and results of operations.

We manufacture and sell passenger vehicles primarily through the network of dealership. We also manufacture KD kits in China and sell them to overseas OEMs and joint ventures under the "knock-down" model. See "Business — Manufacturing — Overseas Production Facilities" for the details of "knock- down" model. We may become subject to product liability claims for the passenger vehicles as well as KD kits we sold, which could harm results of operation, financial conditions, business and prospects. The automotive industry experiences significant product liability claims, and we face an inherent risk of exposure to claims in the event our vehicles do not perform as expected or malfunction resulting in property damage, personal injury, or death. Any product liability claim, with or without merit, could prove costly and time-consuming to defend. A successful product liability claim against us could incur a substantial monetary compensation. During the Track Record Period, We bore the liabilities for five recalls with product recall expenses of RMB23.3 million in total paid to the users and dealers. See "Business — Quality Control, Warranty and After-Sale Services and Product Recall — Product Recall." Moreover, a product liability claim could generate substantial

negative publicity about our vehicles and business and inhibit commercialization of our future vehicles, which would materially and adversely affect our brand, results of operation, financial conditions, business and prospects. Any insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages may materially and adversely affect our reputation, business, financial condition, and results of operations.

Automotive recalls have long been a critical aspect of our industry, serving as a reminder that even well-engineered vehicles may occasionally require intervention to ensure public safety. As consumer expectations have grown and technologies advanced, so too have the standards for safety and the strategies employed to address recall issues. During the Track Record Period, we initiated 12 product recalls. See "Business — Quality Control, Warranty and After-Sale Services and Product Recall — Product Recall." In the future, we may, voluntarily or involuntarily, initiate a recall if any of our passenger vehicles, including any systems or parts sourced from our suppliers, is proved to be defective or non-compliant with applicable laws and regulations. Such recalls, whether voluntary or involuntary or caused by systems or components engineered or manufactured by us or our suppliers, could involve significant expenses and could adversely affect our brand image, results of operation, financial conditions, business and prospects.

Unauthorised modification to our vehicle may jeopardize our vehicle safety system.

Automobile enthusiasts may seek to modify our vehicles, including using third-party aftermarket products, to alter their appearance or enhance their performance, which could jeopardize our vehicle safety systems. We do not test, nor do we endorse, such modifications or third-party products. In addition, the use of improper external cabling or unsafe charging outlets can expose our NEV users to injury from high voltage electricity. Such unauthorized modifications could reduce the safety of our vehicles and any accidents resulting from such modifications could result in negative publicity which would adversely affect our brand and consequently harm our results of operation, financial conditions, business and prospects.

We may need to defend ourselves against claims for intellectual property infringement, which may be time-consuming and would cause us to incur substantial costs.

Intellectual property rights, such as trademarks, copyrights, patents, domain names, know-how, and other proprietary right protect our brand image, product design and other valuable rights. From time to time, we may receive communications from intellectual property right holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses to use such patents and intellectual property rights. Our applications and uses of trademarks relating to our design, software, or technologies could be found to infringe existing trademark ownership and rights. In addition, if we or our employees are determined to have infringed a third party's intellectual property rights, we may be required to do one or more of the following: (i) cease offering passenger vehicles or services that incorporate or use the challenged intellectual property; (ii) pay substantial damages; (iii) seek

a license from the holder of the infringed intellectual property right, whose license may not be available on reasonable terms or at all; (iv) redesign our passenger vehicles or relevant services which would incur significant cost; or (v) establish and maintain alternative branding for our passenger vehicles and services.

In the event of a successful claim of infringement against us and our inability to obtain a license to the infringed technology or other intellectual property right, our results of operation, financial conditions, business and prospects could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

We may not be able to prevent others from unauthorized use of our intellectual properties, which could harm our business and competitive position.

We rely on a combination of patents, trademarks, copyrights, trade secrets, and confidentiality agreements to protect our proprietary rights. We rely on trademark and patent law, trade secret protection and confidentiality and licensing agreements to protect our intellectual proprietary rights. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

There can be no assurance that our application for the registration with competent government authorities of trademarks and other intellectual property rights related to our current or future business will be approved, or our intellectual property rights will not be challenged by third parties or found by the relevant governmental or judicial authority to be invalid or unenforceable. If the relevant trademarks or other intellectual properties could not be registered, we may fail to prevent others from using such intellectual properties, and our results of operation, financial conditions, business and prospects may be materially and adversely affected.

Furthermore, policing unauthorized use of proprietary technology is difficult and expensive. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

In addition, the rights granted under any issued patents may not provide us with meaningful protection or competitive advantages. The claims under any patents may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. It is also possible that the intellectual property rights of others could bar us from licensing and exploiting our patents. Numerous patents and pending patent applications owned by others exist in the fields where we have developed and are developing our technology. These patents and patent applications might have priority over our patent

applications and could subject our patent applications to invalidation. In addition, as our patents may expire and may not be extended and our patent rights may be contested, circumvented, invalidated or limited in scope, our patent rights may not protect us effectively.

We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

We are susceptible to claims and various legal and administrative proceedings. Claims arising out of actual or alleged violations of law, breach of contract or torts could be asserted against us by customers, business partners, suppliers, competitors, employees, governmental entities or other parties in investigations and legal proceeding. Regardless of the merit of the particular claim, legal and administrative proceedings may be expensive, time-consuming or disruptive to our operations and distracting to management. In recognition of these considerations, we may enter into agreements to settle litigation and resolve such disputes. There is no assurance that such agreements can be obtained on acceptable term or at all or that litigation will not occur. In addition, these agreements may also significantly increase our operating expenses. During the Track Record Period and up to the Latest Practicable Date, there was no legal or administrative proceeding pending or threatened against us that could, individually or in the aggregate, have a material effect on our business, financial condition or results of operations. However, new legal or administrative proceedings and claims may arise in the future, which may cause us to incur defense costs, and results of operation, financial conditions, business and prospects could be materially and adversely affected.

Our business, financial condition and results of operations may be adversely affected by international export controls and economic sanctions.

The United States and other jurisdictions or organizations, including the EU, the United Nations, the United Kingdom and Australia, have, through executive orders, legislation or other regulatory means, implemented measures that impose economic sanctions and export controls against such countries or against targeted industry sectors, companies, entities and/or organization and individuals within such countries. For a summary of such sanctions regimes, see "Regulatory Overview — Sanctions Laws and Regulations."

During the Track Record Period, we had sales to non-sanctioned customers located in the Balkans (Serbia), Belarus, Cuba, Democratic Republic of the Congo, Egypt, Ethiopia, Hong Kong, Iran, Iraq, Lebanon, Libya, Myanmar, Nicaragua, Russia, Somalia, Tunisia, Turkey, Ukraine (excluding the Crimea/so-called Luhansk People's Republic and so-called Donetsk People's Republic regions/Kherson/Zaporizhzhia regions), Venezuela and Yemen ("**Relevant Regions**"). Among the Relevant Regions, Iran and Cuba are Comprehensively Sanctioned Countries. The Group had ceased its sales to Iran and Cuba as of December 31, 2024. During the Track Record Period, none of the Group's customers in the Relevant Regions were Sanctioned Targets. It is the view of our International Sanctions Legal Advisers that the Group's activities in the Relevant Regions as discussed in details in "Business — Business Activities in Regions Subject to International Sanctions" did not result in any violation of primary International Sanctions.

The United States has through executive orders provided grounds for agencies, including OFAC, to designate entities viewed to be "operating in" certain sectors in the Relevant Regions. The Russian "transportation" sector is a sector where participants are subject to designation risks by OFAC pursuant to EO 14024. There is a risk that OFAC may view the Group as operating in the "transportation" sector of Russia by virtue of the Group's sales of automobiles to Russia and the Group's subsidiaries in Russia. However, OFAC through FAQs explained that a sector determination made pursuant to EO 14024 does not automatically impose sanctions on all persons who operate or have operated in the sector. Only persons determined by the relevant U.S. government authorities pursuant to EO 14024 for operating or having operated in the certain sectors as determined by OFAC are designated as sanctioned. As of the Latest Practicable Date, we were not designated under EO 14024 and we were not aware of any Chinese vehicle manufacturer designated under EO 14024. As advised by our International Sanctions Legal Advisers, considering the specific factors of our activities discussed in details in "Business — Business Activities in Regions Subject to International Sanctions", the U.S. secondary sanctions risk is relatively limited for the Group's operations relating to the "transportation" sector in Russia. We plan to downscale our presence and sales in Russia to mitigate the relevant sanction risks. See "Business — Business Activities in Regions Subject to International Sanctions." The downscaling of our presence and sales in Russia may adversely affect our results of operations and financial conditions if we are not able to increase our revenue from the sales from other markets to substitute the downscaling of sales in Russia.

International Sanctions are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Targets. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to be sanctionable. We cannot provide any assurance that our past or future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of the U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the UN, the U.K., Australia or any other jurisdictions were to determine that any of our past or future activities constitutes a violation of the relevant sanctions or provide a basis for a sanctions designation of our Group. Moreover, our business and results of operations could be adversely affected if we downscale our business presence and sales in the jurisdictions subject to sanctions risks. For details on our business operations in the Regions subject to International Sanctions, see "Business — Business Activities in Regions Subject to International Sanctions."

Failure to make adequate contributions to various employee benefit plans may subject us to penalties.

PRC laws and regulations require us to participate in various government sponsored employee benefit plans. These benefit plans include social insurance, housing provident fund and other welfare-oriented payment obligations. PRC laws require that we contribute to the plans in amounts equal to certain percentages of salaries of our employees up to maximum amounts specified by the local government at locations where we operate our business. As of

the Latest Practicable Date, we had not received any notice for payment of penalties of social insurance premium and housing provident funds from the competent authorities, nor had we been subject to any material administrative penalties during the Track Record Period and up to the Latest Practicable Date. However, if the relevant PRC authorities hold a different view with us and, for instance, determine that we shall make supplemental contributions, that we are not in compliance with labor laws and regulations or that we are subject to fines or other administrative penalties, our results of operation, financial conditions, business and prospects may be adversely affected.

On July 31, 2025, the Supreme People's Court of the PRC has issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases* (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the "**Interpretation II**"), which takes effect from September 1, 2025. Pursuant to the Interpretation II, it is a statutory obligation on both the employers and employees to participate in the social insurance. Any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement, is invalid. Further, the Interpretation II specifies that If the employee terminates the labor contract on the grounds that the employer has failed to make social insurance contributions as required by law, and claims economic compensation from the employer, the People's Court of the PRC shall uphold the claim.

In light of the Interpretation II, as advised by the PRC Legal Advisor, in each of the period during the Track Record Period and up to the Latest Practicable Date, (i) our Company and our major subsidiaries in the PRC (a) made social insurance contributions for all our employees and (b) did not make any arrangement with their employees not to participate in the social insurance, either by unilateral undertakings or mutual agreements and (ii) there were no incidents with regard to the termination of the labour contracts between our Company (or any of our major subsidiaries in the PRC) and our respective employees, which was initiated by our employees, on the grounds that we had failed to make social insurance contributions. As further advised by our PRC Legal Advisor, the Interpretation II dose not a material and adverse impact on our business operation and financial position. See "History, Development and Corporate Structure — Our Major Subsidiaries" in this Document for details of the major subsidiaries of our Company in the PRC. However, if the relevant PRC authorities hold a different view with us and determine that we are not in compliance with the Interpretation II, our results of operation, financial conditions, business and prospects may be adversely affected.

There are defects in our titles of, or rights to use, certain properties.

As of March 31, 2025, our Company and major subsidiaries in China had not obtained the building ownership certificate of some of our owned property for production facilities and office space with a GFA accounting for less than 0.2% of the aggregate GFA of the owned properties of our Company and major subsidiaries in China. We have obtained a confirmation letter from the relevant competent authority indicating that such a defect does not constitute a material non-compliance of relevant laws and regulations. As advised by our PRC Legal Adviser, the defect of such owned property would not materially and adversely affect our business operations. See "Business — Properties — Owned Properties." Moreover, the

landlord of four of the leased properties of our Company and major subsidiaries in China had not provided us with valid title certificates. See "Business — Properties — Leased Properties." Any dispute or claim in relation to the title to the properties we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, may result in us having to relocate our operations and may materially and adversely affect our operations, financial condition, reputation and future growth. In addition, there can be no assurance that the PRC government will not amend or revise existing property laws, regulations or rules to require additional approvals, licenses or permits, or to impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we occupy.

We may face penalties for the non-registration of our lease agreements in China.

As of the Latest Practicable Date, the lease agreements with respect to the properties we and our major subsidiaries leased for production facilities and office space in the PRC had not conducted filing registration with the relevant PRC government authorities. As advised by our PRC Legal Adviser, failure to complete the lease registration will not affect the validity of the lease agreements according to PRC law, but we may have a maximum penalty of RMB10,000 imposed on us for each non-registered lease if we fail to complete the registration of any of our future lease agreements after we are requested to do so by the competent PRC government authorities. See "Business — Properties — Leased properties." During the Track Record Period and up to the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant PRC government authorities. We cannot assure you that our lessor will cooperate with us to register such leases due to factors beyond our control or our use of the relevant properties will not be further challenged in the future. Any of these may have an adverse effect on our results of operation, financial conditions, business and prospects.

Failure to obtain, renew, or retain licenses, permits or approvals may affect our ability to conduct or expand our business.

We are required to obtain applicable licenses, permits, and approvals from different PRC regulatory authorities in order to conduct or expand our business. Various governmental authorities in the PRC have promulgated various regulations on designing, developing, manufacturing, and selling passenger vehicles. Our vehicle factories have obtained requisite approvals to manufacture and assemble vehicles.

There is no assurance that the PRC regulatory authorities will not issue or promulgate new regulations governing automotive industry that might require us to obtain additional licenses, permits or approvals for our current or future business operations. Failure to obtain, renew or retain such licenses, permits or approvals may materially and adversely affect our business operations and financial condition. In addition, as we expand to more overseas markets, we will be subject to regulatory requirements of local markets, and may need to obtain additional licenses and permits for our business operations. We cannot guarantee that if and when needed, we will be able to obtain such licenses and permits in a timely manner, or at all.

We incurred net current liabilities as of December 31, 2022, 2023 and 2024 and March 31, 2025.

We recorded net current liabilities of RMB4,760 million, RMB17,388 million, RMB3,401 million and RMB2,788 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. Our net current liabilities increased as of December 31, 2023 primarily due to the increase in trade and bills payables, interest-bearing bank loans and contract liabilities, which is in line with the substantial business growth in the same year. Our net current liabilities improved as of December 31, 2024, primarily due to our increased current asset including an increase in (i) trade receivables, (ii) financial assets at FVTPL, (iii) financial assets at fair value through other comprehensive income and (iv) cash and cash equivalent. Our net current liabilities improved as of March 31, 2025, primarily due to a decrease in (i) interest-bearing bank loans and other borrowings, (ii) other payables and accruals and (iii) contract liabilities. See "Financial Information — Net Current Liabilities".

We cannot assure you that we will continue to improve the net current liabilities position or have a net current assets position in the future. The net current liabilities position, if recurs in the future, would expose us to liquidity risk which could restrict our ability to make necessary capital expenditure or develop business opportunities, and our business, operating results and financial condition could be materially and adversely affected.

If we fail to effectively manage our inventory, our results of operation, financial conditions, business and prospects may be materially and adversely affected.

We are exposed to inventory risks in partial with regards to automobile parts or component and raw materials that may adversely affect our financial condition, results of operations, and prospects as a result of increased competition, seasonality, new model launches, rapid changes in vehicle life cycles and pricing, vehicle defects, changes in consumer demand and consumer spending patterns, and other factors. In order to operate our business effectively and meet our users' demands and expectations, we must maintain a certain level of inventory to avoid overstocking or understocking issues and ensure timely delivery. We determine our level of inventory based on our experience and assessment of user demands and number of orders from users.

However, forecasts are inherently uncertain, and the actual demand for our vehicles may not align with our forecasts. If we fail to accurately forecast the demand, we may experience inventory obsolescence or inventory shortage risk. Inventory levels in excess of demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which could adversely affect our profitability. We recognized net written-down of inventories to net realizable value of RMB61 million, RMB431 million, RMB982 million and RMB434 million in 2022, 2023 and 2024 and the three months ended March 31, 2025. In addition, if we underestimate the demand for our vehicles, we may not be able to manufacture a sufficient number of vehicles to meet such unanticipated demand, which could result in delays in the delivery of our vehicles and harm our reputation.

Any of the above may materially and adversely affect our financial condition and results of operations. As we plan to continue to expand our vehicle offerings, we may continue to face challenges in effectively managing our inventory.

Our warranty reserves may be insufficient to cover future warranty claims, which could adversely affect our financial performance.

We accrue a warranty reserve for the vehicles sold, which includes the best estimates of projected costs to repair or replace vehicles under warranties. These estimates are primarily based on the estimates of the nature, frequency, and average costs of future claims. We reevaluate the adequacy of the warranty accrual on a regular basis. We cannot assure you that such reserves will be sufficient to cover future claims. During the Track Record Period, the amount of warranties utilized was RMB1,101 million, RMB2,222 million, RMB3,504 million and RMB861 million, respectively. As of December 31, 2022, 2023 and 2024 and March 31, 2025, our warranty balance was RMB2,643 million, RMB5,623 million, RMB9,498 million and RMB10,850 million, respectively. We could, in the future, become subject to a significant and unexpected warranty claim, resulting in significant expenses, which would in turn materially and adversely affect our business, prospects, financial condition and results of operation.

If we fail to fulfill our obligations under our contracts with customers in respect of contract liabilities, our results of operation, financial conditions, business and prospects may be adversely affected.

As of March 31, 2025, our contract liabilities amounted to RMB13,088 million. Our contract liabilities primarily represent advance payments from customers for goods and rebated payables to customers. See "Financial Information — Certain Balance Sheet Items — Contract Liabilities." If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the purchase price we have received, which may adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may adversely affect our relationship with such customers, which may also affect our reputation, results of operation, financial conditions, business and prospects in the future.

Our insurance coverage may not be sufficient to cover all the losses associated with our business operations.

We face various risks in connection with our business. We currently have insurance coverage for our properties and fixed assets, plant and equipment and inventories, which we consider to be exposed to major business risks. We also maintain third-party insurance policies covering certain potential risks and liabilities including product liability. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all.

If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our results of operation, financial conditions, business and prospects could be materially and adversely affected.

We are subject to credit risk in collecting trade receivables due from the customers.

During the Track Record Period, a majority of our trade receivables were outstanding for less than one year. Sales of our passenger vehicles are normally settled in advance of delivery. However, in the case of long-standing customers with bulk purchases and a good repayment history, we may offer them credit terms that are generally between 30 and 180 days. During the Track Record Period, our trade receivables turnover days were 35.8 days, 26.2 days, 21.0 days and 26.9 days, respectively. As of December 31, 2022, 2023 and 2024 and March 31, 2025, we had total trade receivables of RMB9,521 million, RMB11,268 million, RMB17,423 million and RMB21,270 million, respectively, after deducting the provision for impairment of RMB1,273 million, RMB1,353 million, RMB1,065 million and RMB1,068 million, respectively, as of the same dates. See "Financial Information — Certain Balance Sheet Items — Trade and Other Receivables" in this document. There is no assurance that all such amounts due to our Group will be settled on time or at all, and we are subject to credit risk in collecting the trade receivables due from the customers. Our Group's performance, liquidity and profitability will be adversely affected if significant amounts due to our Group are not settled on time. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

We are exposed to changes in the fair value of our financial assets measured at fair value through profit or loss ("FVTPL") and our financial assets measured at fair value through other comprehensive income ("FVTOCI"). Fluctuations in these values would affect our results of operations and financial condition.

As of December 31, 2022, 2023 and 2024 and March 31, 2025, we recorded financial assets measured at FVTPL of RMB14,172 million, RMB12,037 million, RMB19,640 million and RMB29,336 million, respectively. As of the same dates, we recorded financial assets measured at FVTOCI of RMB2,708 million, RMB4,756 million, RMB7,860 million and RMB2,084 million, respectively. Fair values of financial assets measured at FVTPL and financial assets measured at FVTOCI are determined based on quoted prices in active markets, other market-observable inputs, or unobservable inputs using valuation techniques. See Note 47 to the Accountants' Report as set out in Appendix I to this document.

For financial assets measured at FVTPL and FVTOCI, factors beyond our control can significantly influence and cause adverse changes to the market-observable inputs that we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic condition, changes in market interest rates, stability of the capital markets, shifts in our creditworthiness and other market-driven variables. Any of factors could cause the fair values to fluctuate or our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. Additionally, judgment and estimation are required in establishing the relevant valuation techniques where

market-observable data for certain financial assets are not readily available, which inherently involves a certain degree of uncertainty. Changes in assumptions relating to our valuation could result in material adjustments to the fair value of such financial assets, which may have a material adverse effect on our financial position and results of operations.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based compensation expenses, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We adopted share incentive plans including share-based compensation to incentivize and reward the eligible participants including middle and senior management and key employees who have contributed to our success. In 2022, 2023 and 2024 and the three months ended March 31, 2025, we incurred share-based payments of nil, nil, RMB2,016 million and RMB131 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. We may continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders.

We may be subject to risks associated with our transfer pricing arrangement.

During the Track Record Period, our sales and exporting activities involved the intra-Group transactions (the "**Intra-Group Transactions**"). See "Business – Intra-Group Transactions." Our Transfer Pricing Advisor conducted independent analysis and confirmed that, during the Track Record Period, the weighted average price and/or profit levels of the Intra-Group Transactions conducted by the Group is within the range of the respective arm's length price and/or profit margin. Therefore, the Transfer Pricing Advisor is of the view that our pricing arrangements have been in compliance with the applicable laws, regulations and guidelines, including the transfer pricing guidelines for multinational enterprises and tax administrations promulgated by Organization for Economic Co-operation and Development (the "**OECD**") (the "**OECD Transfer Pricing Guidelines**"), and there is no material transfer pricing risk identified on the Intra-Group Transactions of the Group during the Track Record Period. However, there were uncertainties associated with the profit allocation and the tax position in respect of the Intra-Group transactions. The tax treatments of these transaction arrangements may be subject to interpretation by the respective tax authorities in the PRC and overseas. There is no assurance that the tax authorities will not subsequently challenge the appropriateness of our transfer pricing arrangements or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If any competent tax authority in the PRC or overseas later considers that our transfer pricing arrangements do not comply with the relevant transfer pricing laws and regulations, we may face adverse tax consequences including additional taxes, interests or penalties, which may result in a higher overall tax liability for us and may adversely affect our business, financial condition and operating results.

Our operations may be significantly disrupted by risks associated with natural disasters, epidemics, and other outbreaks.

Our operations are vulnerable to interruption and damage from natural disasters and other calamities, such as fires, floods, severe weather conditions, earthquakes, power failures, civil unrest, and acts of terrorism. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophes or extraordinary events were to occur in the future, our ability to operate our business could be seriously impaired, and therefore adversely affect our results of operation, financial conditions, business and prospects.

In addition, our business could be affected by public health epidemics and pandemics, such as the outbreak of Ebola, SARS, avian influenza, H1N1, or COVID-19 virus or other disease. Even if we are not directly affected, such disaster or disruption could affect the operations or financial conditions of our customers or our supply chain, which could harm our results of operations. If any of our employees is suspected of having contracted a contagious disease, we may be required to apply quarantines or suspend our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or otherwise disrupt our business operations and adversely affect our results of operation, financial conditions, business and prospects.

Our operations rely on complex information technology systems and networks and our business and reputation may be impacted by information technology system failures, network disruptions or cybersecurity breaches.

We rely extensively on information technology systems, some of which are supported by third party vendors including cloud-based systems and managed service providers, to manage and operate our business. We invest in new information technology systems designed to improve our operations. We may have failures of these systems in the future. If these systems cease to function properly, if these systems experience security breaches or disruptions or if these systems do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could have a material adverse impact on results of operation, financial conditions, business and prospects.

We may be subject to information technology system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could adversely impact our business by, among other things, preventing access to our internet services, interfering with customer transactions or impeding the assembling and shipping of our products.

Our information technology systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyberattacks. We continue to assess potential threats and make investments seeking to address and prevent these threats, including monitoring of our networks and systems and upgrading skills, employee training and security policies for us and our third-party providers. However, because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. To date, we have seen no material impact on our business or operations from these attacks; however, we cannot guarantee that our security efforts will prevent breaches or breakdowns to our or our third-party providers' databases or systems. If the information technology systems, networks or service providers we rely upon fail to function properly or if we or one of our third-party providers suffer a loss, significant unavailability of or disclosure of our business or stakeholder information and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, including administrative fines. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

We are subject to various environmental and safety laws and regulations that could impose substantial costs upon us and cause delays in building our manufacturing facilities.

We are subject to multiple environmental and safety laws and regulations related to the manufacture of our vehicles, including the use of hazardous materials in the manufacturing process and the operation of our manufacturing plant. Such laws and regulations govern the use, storage, discharge and disposal of hazardous materials during the manufacturing process. If our factories or any of our other future constructions fails to comply with applicable regulations, we could be subject to substantial liability for clean-up efforts, personal injury or fines or be forced to close or temporarily cease the operations of the relevant factory or other constructions, any of which could have a material adverse effect on our results of operation, financial conditions, business and prospects.

Changes in Environmental, Social and Governance (ESG) compliance requirements could have an adverse impact on our business, operating results and financial condition.

With the rising awareness of ESG issues, including with respect to waste disposal, packaging waste, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. See "Business — Environment, Social and Governance Matters." There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and

regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and accordingly may have an adverse impact on our results of operation, financial conditions, business and prospects.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Any slowdown in the growth of regional or global economy could affect our business, results of operations and financial condition.

The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic slowdown will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. There have been concerns over war, unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic slowdown or negative business sentiment could have an indirect potential impact on our automotive industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

Changes in the economic, political and social conditions as well as government policies in the countries and regions where we operate could adversely affect our business and prospects.

A substantial part of our assets and operations are located in China. In addition, we operate our business in a number of other geographic markets including the ones in the Asia (excluding China), Europe, Africa, Americas and Oceania. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment in the countries and regions where we operate could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

The change in the value of the Renminbi against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies, as well as supply and demand in the local market. As such, it is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi, the Hong Kong dollar or other currencies in the future. During the Track Record Period, the majority of our revenues and expenditures were denominated in Renminbi, as well as most of our financial assets. However, our [**REDACTED**] from the [**REDACTED**] will be denominated in Hong Kong dollars. As a China-based company, any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially adversely affect any dividends payable on, our H Shares in Hong Kong dollars.

We face foreign exchange risks. Fluctuations in exchange rates could have a material and adverse effect on our results of operations and financial performance.

A substantial portion of our revenues and cost of sales is denominated in RMB. However, as we operate part of our business in foreign jurisdictions, we are subject to risks associated with foreign currency exchange fluctuations. Through other income and gains and other expense, we incurred net foreign exchange gains of RMB504 million and RMB2,439 million in 2022 and the three months ended March 31, 2025 and net foreign exchange losses of RMB141 million in 2023 and RMB851 million in 2024. Moreover, we recognized a currency translation gain of RMB77 million and RMB131 million through other comprehensive income in 2022 and 2024, respectively and we recognized a currency translation loss of RMB419 million and RMB1,017 million through other comprehensive loss in 2023 and the three months ended March 31, 2025, respectively. See "Financial Information — Results of Operations — Other Income and Gains." We cannot guarantee that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

Changes in the value of foreign currencies could increase our RMB costs for, or reduce our RMB revenues from, our foreign operations or overseas sales. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. We cannot guarantee that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

We preferentially utilize natural hedges to reduce our foreign exchange risk exposures. Where natural hedges cannot sufficiently cover our risk exposures, we may utilize other hedging instruments, depending on the relevant circumstances. During the Track Record Period, our derivative financial instruments mainly include forward currency contracts and interest rate swaps. As of December 31, 2022, 2023 and 2024 and March 31, 2025, our derivative financial assets amounted to RMB241 million, RMB31 million, nil and nil,

respectively, while our derivative financial liabilities amounted to RMB3 million, RMB86 million, nil and nil, respectively, as of the same dates. However, the availability and effectiveness of these hedging measures may be limited, and we may not be able to adequately cover our exposure or at all.

We are subject to the currency exchange regulatory system and it may limit our ability to pay dividends and other obligations, and affect the value of your [REDACTED].

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our H Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are incorporated under the laws of the PRC with limited liability, and substantially all of our assets are located in the PRC. In addition, the majority of our Directors and Supervisors and all of our senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors, Supervisors and senior management personnel.

When it comes to trans-jurisdictional recognition and enforcement of judgments, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in mainland China or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be uncertain.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "2006 Arrangement"). Under the 2006 Arrangement, where any designated People's Court of the PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court of mainland China or Hong Kong court for recognition and

enforcement of the judgment. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in dispute have not agreed to enter into such a choice of court agreement in writing. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in dispute have not entered into a jurisdiction agreement in writing under the 2006 Arrangement.

As between mainland China and Hong Kong, the new arrangement entered into between the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region on January 18, 2019 which took effect on January 29, 2024, has lifted the requirements for a choice of court agreement in writing in a civil or commercial case under the previous regime on bilateral recognition and enforcement. However, the 2006 Arrangement will remain applicable to a "jurisdiction agreement in writing" as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement taking effect. However, since the 2019 Arrangement is newly effected and promulgated, the interpretation, application and enforcement must be determined in accordance with the relevant laws and regulations in effect at the time.

Payment of dividends is subject to laws and regulations in regions where we operate.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under HKFRS Accounting Standards. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and the liquidity and market price of our H Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no public market for our H Shares. There can be no guarantee that an active [**REDACTED**] for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our H Shares will be traded following completion of the [**REDACTED**]. The market price of our H Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The [**REDACTED**] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in mainland China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares. A number of mainland China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [**REDACTED**]. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards mainland China-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] performance of our H Shares. Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and [**REDACTED**] of the H Shares in the short term following the [**REDACTED**] may be significantly affected. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. In order to expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future equity incentive plan, which would further dilute our Shareholders' interests in our Company.

Future sales or perceived sales of substantial amount of our Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. A certain amount of the Shares controlled by our existing Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the Stock Exchange. While

we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

Our Single Largest Shareholder may not be aligned with the interests of the other Shareholders.

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Single Largest Shareholder will be entitled to exercise approximately [**REDACTED**]% the issued share capital of our Company. Our Single Largest Shareholder may, through their voting power at the Shareholders' meetings, have significant influence over our business and affairs, including decisions for mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Single Largest Shareholder may not act in the best interests of our minority Shareholders.

We are a mainland China enterprise and we are subject to mainland China tax on our global income and any gains on the sales of H Shares and dividends on the H Shares may be subject to mainland China income taxes.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the mainland China and a non-mainland China investor's jurisdiction of residence that provides for a different income tax arrangement, mainland China withholding tax at the rate of 10% is normally applicable to dividends from mainland China sources payable to investors that are non-mainland China resident enterprises, which do not have an establishment or place of business in mainland China, or which have an establishment or place of business in mainland China if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% mainland China income tax rate if such gains are regarded as income from sources within mainland China unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得税法》) and its implementation rules, dividends from sources within mainland China paid to foreign individual investors who are not mainland China residents are generally subject to a mainland China withholding tax at a rate of 20% and gains from mainland China sources realized by such investors on the transfer of shares are generally subject to a 20% mainland China income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in mainland China. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國税函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-mainland China resident individual holders of H Shares are generally subject to individual income tax

of mainland China at the withholding tax rate of 10%, in which the non-mainland China resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-mainland China resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of mainland China and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-mainland China resident individuals on the sale of shares of mainland China resident enterprises listed on overseas stock exchanges.

If mainland China income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-mainland China resident investors, the value of your [**REDACTED**] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

Certain facts, forecasts, statistics and information in this document relating to the automotive industry may not be fully reliable.

Certain facts, forecasts and statistics in this document relating to the automotive industry in which we operate are obtained from various sources that we believe are reliable, including official government publications and third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We have taken reasonable care in the reproduction or extraction of the such information. However, we cannot guarantee the quality or reliability of these sources. Specifically, neither we, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], nor our or their respective affiliates or advisers have verified such information. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the automotive industry may be inaccurate or may not be comparable to statistics produced for other markets, and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from

various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as may be the case elsewhere.

We cannot assure you that we will declare and distribute any dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our H Shares for a return on your [REDACTED].

We cannot assure you when and in what form dividends will be paid on our H Shares after the [**REDACTED**]. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our H Shares in the future. See "Financial Information — Dividends."

If we retain most, or all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our new product candidates, we may not expect to pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an [**REDACTED**] in our H Shares as a source for any future dividend income.

Even if our Board decides to declare and pay dividends, the timing, number and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial condition, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the Shares. You may not realize a return on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

There are risks that the U.S. Outbound Investment Rule may subject U.S. investors of the H Shares to regulatory requirements.

On October 28, 2024, the U.S. Department of the Treasury (the "**Treasury**") issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Outbound Investment Rule**"). The Outbound Investment Rule, effective on January 2, 2025, is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments in certain key sectors involving China and introduces new hurdles and uncertainties for cross-border collaborations, investments and

funding opportunities of entities with ties to China in such key sectors. It targets investments involving entities associated with "countries of concern," currently defined as only China (including Hong Kong and Macau), and imposes investment prohibition or notification requirements on a wide range of U.S. person investment transactions in a "person of a country of concern" engaged in "covered activities" relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) certain artificial intelligence systems (together, the "**relevant sectors**").

Under the Outbound Investment Rule, a "covered foreign person" includes (1) a "person of a country of concern" that engages in a "covered activity" as well as (2) a person that holds ownership or governance over one or more persons identified in (1), if that person derives more than 50% of revenue or net income, or incurs more than 50% of its capital expenditures or operating expenses, from such person(s), individually or in the aggregate. We do not believe that the Company is a "covered foreign person" as defined under the Outbound Investment Rule. The Company does not engage in "covered activities" and therefore would not be a "covered foreign person" under item (1) above. In addition, although some of the Company's subsidiaries may be deemed to engage in "covered activities" under the Outbound Investment Rule, the percentage of the aggregated revenue, net income, capital expenditure and operating expenses of these subsidiaries as compared to that of the Company is minimal and well below the 50% threshold for a "covered foreign person". As such, according to our OIR Legal Advisors, the Company would also not be a "covered foreign person" under item (2) above.

In addition, as advised by our OIR Legal Advisors, any [**REDACTED**] by a U.S. person in the Company's H Shares would not constitute a "covered transaction" under the Outbound Investment Rule because the Company is not a "covered foreign person." Furthermore, after the Company's H Shares becomes [**REDACTED**], an [**REDACTED**] by a U.S. person in such [**REDACTED**] H Shares of the Company would be an excepted transaction pursuant to 31 C.F.R. §850.501 and therefore would also not constitute a "covered transaction" under the Outbound Investment Rule.

However, the Treasury has issued only limited guidance to clarify provisions in the Outbound Investment Rule, especially in relation to definitions of terms that comprise covered activities. As such, there are uncertainties under the Outbound Investment Rule, and we cannot assure you that the Treasury will not take a different view from us and treat an [**REDACTED**] in our H Shares by a U.S. person as a covered transaction that requires notification in a timely manner or is prohibited under the Outbound Investment Rule. In addition, we cannot predict how the Outbound Investment Rule will be enforced, and neither can we guarantee that there will not be an expansion to the scope of the Outbound Investment Rule, a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future.

The uncertainty in the interpretation and enforcement of the Outbound Investment Rule may reduce U.S. investors' interest in our equity securities. In such a case, the [**REDACTED**] of our H Shares may be adversely affected. It could also be detrimental to our business, financial condition and prospects.

This document contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate," "believe," "could," "estimate," "expect," "may," "ought to," "should" or "will" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. [**REDACTED**] in the H Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by us that our plans or objectives will be achieved and [**REDACTED**] should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. See "Forward-Looking Statements."

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industry or the [REDACTED].

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document.

Prior to the completion of the [**REDACTED**], there may be press and media coverage regarding our Group and the [**REDACTED**]. Our Directors would like to emphasize to prospective [**REDACTED**] that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. In making decisions as to whether to [**REDACTED**] in our H Shares, prospective [**REDACTED**] should rely only on the financial, operational and other information included in this document. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the [**REDACTED**]. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

In preparation for the [**REDACTED**], our Company has sought and [has been granted with] the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and our executive Directors ordinarily reside outside Hong Kong, we consider it practicably difficult and commercially unreasonable for us to arrange two executive Directors to be ordinarily reside in Hong Kong, either by means of relocation of the executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Mr. Zhang Guozhong (張國忠) (our executive Director) and Ms. Zhan Ni (詹妮) (our joint company secretary) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Company's principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are travelling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the authorized representatives and the Stock Exchange;

(c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) we have appointed China International Capital Corporation Hong Kong Securities Limited as our compliance adviser upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. Our compliance adviser will serve as the additional channel of communication with the Stock Exchange when the authorized representatives are not available and will have access at all times to our authorized representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors can be arranged through our authorized representatives or our compliance adviser, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. Zhan Ni (詹妮) ("**Ms. Zhan**"), the assistant to the president and head of the office of the Board, as one of our joint company secretaries. She has the relevant experience of our administrative and corporate matters as a joint company secretary but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Yu Wing Sze (余詠詩) ("**Ms. Yu**"), an associate member (a holder of practitioner's endorsement) of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Zhan for an initial period of three years from the [**REDACTED**] to enable Ms. Zhan to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Ms. Yu's professional qualification and experience, she will be able to explain to both Ms. Zhan and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Yu will also assist Ms. Zhan in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Yu is expected to work closely with Ms. Zhan and will maintain regular contact with Ms. Zhan, the Directors and the senior management of our Company. In addition, Ms. Zhan will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. She will also be assisted by our compliance adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. Zhan does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Zhan may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [**REDACTED**] on the conditions that (a) Ms. Zhan must be assisted by Ms. Yu, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver shall be valid for a period of three years from the [**REDACTED**] and will be revoked immediately if and when Ms. Yu ceases to provide such assistance to Ms. Zhan as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Ms. Zhan will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the three-year period to enable it to assess whether Ms. Zhan, having benefited from the assistance of Ms. Yu for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

POST-TRACK RECORD PERIOD ACQUISITION

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' report to be included in a [**REDACTED**] document must include the income statements and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the [**REDACTED**] document.

On April 22, 2025, Chery Automobile Hong Kong Trade Co. Ltd. (奇瑞汽車香港貿易有限公司) ("**Chery HK**"), Anhui Ruicheng Xinche Zhilian Industry Fund Partnership Enterprise (Limited Partnership)* (安徽省瑞丞芯車智聯產業基金合夥企業(有限合夥)) ("**Ruicheng Zhilian**") and Anhui Guohai Ruicheng Xinche Linkage Venture Capital Fund Partnership Enterprise (Limited Partnership)* (安徽省國海瑞丞芯車聯動創業投資基金合夥企業(有限合夥)) ("**Ruicheng Linkage**"), QCraft and its subsidiaries, Mr. Yu Qian (于騫), Mr. Hou Cong (候聰), Mr. Da Fang (大方), Mr. Wang Kun (汪堃), Mfalcon Limited, Toqui Limited ("**Toqui**"), Frosty Limited ("**Frosty**") and Cateye Limited entered into a share subscription agreement (the "**SSA**"), pursuant to which, among others, QCraft as the issuer agreed to issue an aggregate of 2,501,131 ordinary shares and 17,161,153 series D preferred shares, and each of Chery HK, Ruicheng Zhilian and Ruicheng Linkage agreed to subscribe for (i) 1,942,219, 349,320 and 209,592 ordinary shares of QCraft for a consideration of US$1.94, US$0.35 and US$0.21, respectively; and (ii) 13,326,259, 2,396,809 and 1,438,085 series D preferred shares of QCraft for a consideration of US$59,629,460.81, US$10,724,723.17 and US$6,434,833.90, respectively.

On April 23, 2025, Chery HK, Ruicheng Zhilian and Ruichen Linkage entered into four share transfer agreements with original shareholders of QCraft (together with the SSA, as the "**Transaction Documents**"), including:

(i) a share transfer agreement with Toqui, pursuant to which, among others, Toqui agreed to sell 5,498,513 ordinary shares of QCraft, and each of Chery HK, Ruicheng Zhilian and Ruicheng Linkage agreed to purchase 4,269,795, 767,949 and 460,769 ordinary shares of QCraft for a consideration of US$2,067,491.59, US$371,851.04 and US$223,110.63, respectively;

(ii) a share transfer agreement with Frosty, pursuant to which, among others, Frosty agreed to sell 5,968,682 ordinary shares of QCraft, and each of Chery HK, Ruicheng Zhilian and Ruicheng Linkage agreed to purchase 4,634,898, 833,615 and 500,169 ordinary shares of QCraft for a consideration of US$2,244,279.64, US$403,647.42 and US$242,188.45, respectively;

(iii) a share transfer agreement with IDG China Venture Capital Fund V L.P. and IDG China V Investors L.P. (collectively, "**IDG**"), pursuant to which, among others, IDG agreed to sell 17,758,465 preferred shares of QCraft, and each of Chery HK, Ruicheng Zhilian and Ruicheng Linkage agreed to purchase 13,511,650, 2,654,259 and 1,592,556 preferred shares of QCraft for a consideration of US$12,430,718.25, US$2,441,918.27 and US$1,465,151.09, respectively;

(iv) a share transfer agreement with Afflatus Limited ("**Afflatus**"), pursuant to which, among others, Afflatus agreed to sell 1,246,031 series A-1 preferred shares of QCraft, and Chery HK agreed to purchase 1,246,031 series A-1 preferred shares of QCraft for a consideration of US$1,146,348.52.

Before completion of the transactions under the Transaction Documents (the "**Acquisition**"), we did not hold any equity interest in QCraft. Upon completion of the Acquisition, each of Chery HK, Ruicheng Zhilian and Ruicheng Linkage held approximately 17.97%, 3.23% and 1.94% equity interests in QCraft, respectively, and QCraft was not consolidated in the accounts of our Group.

As at the date of this document, Chery HK is our wholly-owned subsidiary. The general partner of Ruicheng Zhilian and Ruicheng Linkage is Hefei Ruicheng Private Equity Fund Management Co., Ltd. *(合肥瑞丞私募基金管理有限公司), which is owned as to 80% by Wuhu Chery Capital Management Co., Ltd. *(蕪湖奇瑞資本管理有限公司) ("**Chery Capital Management**"). Chery Capital Management is a joint venture owned as to 50% by Chery Holding and 50% by us, and is not consolidated in our account.

The consideration of the Acquisition was determined after arm's length negotiation with reference to, among others, (i) the financial conditions of QCraft and its subsidiaries; (ii) the business potential of QCraft and its subsidiaries; and (iii) the market conditions in the autonomous driving industry. The consideration was fully settled with respective internal funds of Chery HK, Ruicheng Zhilian and Ruicheng Linkage on May 13, 2025, June 26, 2025 and June 26, 2025, respectively.

QCraft is a world-leading company providing autonomous driving solutions, and is an Independent Third Party. Founded in 2019, it boasts a lightweight, fast, and efficient tech-driven autonomous driving team. QCraft has pioneered a globally leading high-efficiency automated technology infrastructure known as the "Autonomous Driving Super Factory" and has accumulated a full-stack self-developed core technology system. With "data-driven + efficiency improvement" at its core, QCraft achieves rapid iteration and efficient implementation of autonomous driving. According to the audited financial accounts of QCraft for the year ended December 31, 2024, its total assets amounted to approximately RMB232.42 million as of December 31, 2024, its total revenue amounted to approximately RMB111.93 million and net loss before taxation amounted to approximately RMB497.49 million for the year ended December 31, 2024.

The Acquisition has been in line with our investment policy to make strategic equity investments in a company that is synergistic to its business, having considered the core competitiveness, strategic value and growth potential of QCraft. The Acquisition can provide a competitive edge over other competitors and help us capture a larger market share and establish a strong foothold in the autonomous vehicle market.

Each of Mfalcon Limited, Toqui, Cateye Limited and Frosty, all incorporated in the British Virgin Islands, is an investment holding company, among which, Mfalcon Limited is wholly owned by Mr. Yu Qian (于騫), Toqui Limited is wholly owned by Mr. Da Fang (大方), Cateye Limited is wholly owned by Mr. Hou Cong (候聰), and Frosty Limited is wholly owned by Mr. Wang Kun (汪堃) as at the date of completion of the Acquisition. To the best of the knowledge of our Directors, each of Mfalcon Limited, Toqui, Cateye Limited, Frosty and their respective ultimate beneficial owners are Independent Third Parties.

IDG China Venture Capital Fund V L.P. and IDG China V Investors L.P., both Cayman exempted limited partnership, Independent Third Parties, are venture capital funds with a primary purpose of making equity investments, mainly in seed and growth stage companies in China, focusing on companies in the information technology, media, healthcare, energy, clean technology and non-technology consumer businesses and services related industries, including, but not limited to, companies engaged in software, internet, telecom, media and managed healthcare business.

Afflatus Limited is an investment holding company, and is an Independent Third Party.

To the best of the information, knowledge and belief of our Directors having made all reasonable enquiries, QCraft, Toqui, Frosty, IDG, Afflatus and their respective ultimate beneficial owners are Independent Third Parties.

In light of the Acquisition, under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, we are required to present in this document the financial information of the Acquisition during the Track Record Period. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules on the following basis:

(1) The requested waiver would not prejudice the interests of the* [REDACTED] *public to our Company

(i) The scale of the business operated by QCraft, as compared to that of our Group, is not material at all. For illustration purposes only, applying the relevant size tests under Rule 14.07 of the Listing Rules by using the unaudited management accounts of QCraft for the year ended December 31, 2024, all applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) are far less than 5%.

(ii) Our Group is not able to exercise control over QCraft at its board or shareholders' level. The financials of QCraft are not and will not be consolidated into the financials of our Group.

(iii) The Acquisition does not result in any material change to the financial position of our Group since the end of the Track Record Period, and all information that is reasonably necessary for the potential [**REDACTED**] to make an informed assessment of our Company's activities or financial position has been included in the Document.

As such, our Company considers that a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the [**REDACTED**] public.

(2) It would be impracticable and unduly burdensome to reproduce historical financial information for strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules

(i) It will require considerable time and resources for our Company and its reporting accountants to fully familiarize with the respective accounting policy of QCraft and to gather and compile the necessary financial information and supporting documents for disclosure in the Document.

(ii) Having considered the time and resources required to obtain, compile and audit such historical financial information in conformity with our Company's accounting policies, it would be unduly burdensome for our Company to prepare and include the financial information of QCraft during the Track Record Period in the Document.

(3) Alternative information has been provided in the Document

We have provided in this section alternative information in connection with the Acquisition that would be required for a discloseable transaction under Chapter 14 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the [**REDACTED**]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules in respect of such partially-exempt continuing connected transactions upon completion of the [**REDACTED**]. For further details in this respect, see the section headed "Continuing Connected Transactions" in this document.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

For further information of our Directors and Supervisors, please see the section headed "Directors, Supervisors and Senior Management" in this document.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Yin Tongyue (尹同躍先生)	Room 1807, Building S2 Weixing Park Avenue Yihao Jiujiang District Wuhu, Anhui PRC	Chinese
Mr. Zhang Guozhong (張國忠先生)	Room 601, Unit 4, Building 26 Xiangyuan West Tianmenshan Road Jinghu District Wuhu, Anhui PRC	Chinese
Non-executive Directors		
Ms. Wang Laichun (王來春女士)	Room A, 20/F, Imperial Seafront Tower 1 Imperial Cullinan No. 10, Hoi Fai Road Tai Kok Tsui Kowloon Hong Kong	Chinese (Hong Kong)
Ms. Li Jing (李晶女士)	Room 101, Building 573 Royal Lake Garden No. 189, Jindian Road Jinxi Town Kunshan, Jiangsu PRC	Chinese

Name	Address	Nationality
Mr. Wang Jinhua (王津華先生)	Room 801, Unit 2, Building 13 Baijinwan Zhangjiashan Road Jinghu District Wuhu, Anhui PRC	Chinese
Mr. Wang Xiaowei (王孝偉先生)	Room 502, Unit 1, Building 40 Western Zone Eastern Star City Jiujiang District Wuhu, Anhui PRC	Chinese
Mr. Bao Siyu (鮑思語先生)	Room 1202, Unit 2, Building 4 Zone A Fengming Lake Apartments Jiujiang District Wuhu, Anhui PRC	Chinese
Mr. Yin Xiangling (尹祥領先生)	Room 1706, Building 1 Shuimu Chuncheng No. 1, Yingsong Road Luyang District Hefei, Anhui PRC	Chinese
Mr. Hu Jingyuan (胡敬源先生)	Room 304, Building 16 High Speed Times Square Hangzhou Road Baohe District Hefei, Anhui PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Shang Wenjiang (商文江先生)	Room 901, Gate 4, Building 2 No. 23 Huangsi Street Xicheng District Beijing PRC	Chinese
Mr. Yang Mianzhi (楊棉之先生)	No. 601, Unit 2, Building 2 Fangqingyuan, Baoshengli Haidian District Beijing PRC	Chinese
Mr. Ye Shengji (葉盛基先生)	No. 501, Gate 3, Building 24 Ziyuyuan Weiguo Road Hedong District Tianjin PRC	Chinese
Mr. Lu Feng (路風先生)	Room 208, Apartment 11 Langrun Park Peking University No. 5 Summer Palace Road Haidian District Beijing PRC	Chinese
Mr. Yang Shanlin (楊善林先生)	Room 1102, Building 180 South Village No. 193 Tunxi Road Hefei University of Technology Baohe District Hefei, Anhui PRC	Chinese
Mr. Lai Ni Hium, Frank (黎汝雄先生)	18A Han Kung Mansion 26 Tai Koo Shing Road Tai Koo Shing Hong Kong	Australian and Portuguese

SUPERVISORS

Name	Address	Nationality
Mr. Wu Yunfei (伍運飛先生)	Room 602, Unit 1, Building 7 Weixing Town Phase II Jiujiang District Wuhu, Anhui PRC	Chinese
Mr. Xu Hui (徐暉先生)	Room 302, Unit 2, Building 2 Lanshan Yiju No. 7 Xingjiashan Jinghu District Wuhu, Anhui PRC	Chinese
Mr. Cai Changfeng (蔡長鋒先生)	Room 1604, Building B13 Meijia Yinxiang Wuhu, Anhui PRC	Chinese

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

GF Capital (Hong Kong) Limited
27/F, GF Tower
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Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504, Wheelock Square 1717 Nanjing West Road Shanghai PRC

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CORPORATE INFORMATION

Registered Office	No. 8, Changchun Road Economic Technology and Development Area Wuhu, Anhui PRC
Headquarter and Principal Place of Business in the PRC	No. 8, Changchun Road Economic Technology and Development Area Wuhu, Anhui PRC
Principal Place of Business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	**www.chery-auto.com** *(information contained in this website does not form part of this document)*
Joint Company Secretaries	Ms. Zhan Ni (詹妮女士) No. 8, Changchun Road Economic Technology and Development Area Wuhu, Anhui PRC Ms. Yu Wing Sze (余詠詩女士) *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Mr. Zhang Guozhong (張國忠先生) Ms. Zhan Ni (詹妮女士)

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Nomination and Remuneration Committee	Mr. Shang Wenjiang (商文江先生) *(Chairman)* Ms. Li Jing (李晶女士) Mr. Wang Xiaowei (王孝偉先生) Mr. Zhang Guozhong (張國忠先生) Mr. Lu Feng (路風先生) Mr. Ye Shengji (葉盛基先生) Mr. Yang Mianzhi (楊棉之先生)
Strategy and Sustainable Development Committee	Mr. Yin Tongyue (尹同躍先生) *(Chairman)* Ms. Wang Laichun (王來春女士) Mr. Wang Jinhua (王津華先生) Mr. Zhang Guozhong (張國忠先生) Mr. Yin Xiangling (尹祥領先生) Mr. Lai Ni Hium, Frank (黎汝雄先生) Mr. Ye Shengji (葉盛基先生)
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[**REDACTED**]

Principal Banks	**Industrial and Commercial Bank of China, Wuhu Branch** **Development Zone Sub-branch** 40 Yinhu North Road Jiujiang District Wuhu, Anhui PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and available resources from public market research. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us any of the Joint Sponsors,* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**] *(other than Frost & Sullivan), and no representation is given as to its accuracy. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. For discussion of risks related to our industry, please see the section headed "Risk Factors — Risks Relating to Our Business and Industry" in this document.*

OVERVIEW OF GLOBAL PASSENGER VEHICLE MARKET

Global Passenger Vehicle Market Size

The global passenger vehicle industry is entering a stage of maturity after a century of development. The global passenger vehicle industry is undergoing a significant transformation in light of continuous advancement of technologies, such as electrification and intelligentization, as well as increasing awareness on environmental protection. Overall, the global passenger vehicle market is large and maintains a steady growth momentum. The total sales of global passenger vehicle reached 74.3 million units in 2024, is expected to grow at a CAGR of 3.5% from 2025 to 2030 to 90.1 million units in 2030, hitting a landmark of 100 million units by 2035.

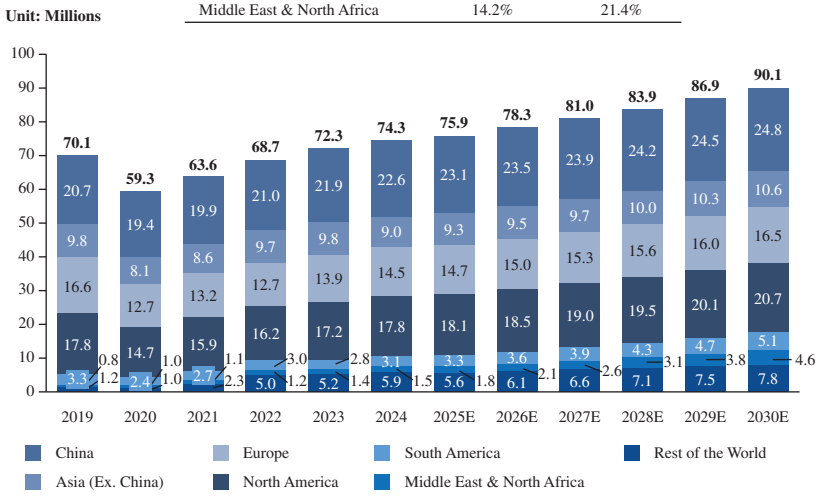
Core Growth in Mature Markets

Given the differences in size of economy, economic development, infrastructure construction, and industrial foundation, there is currently an imbalance in the regional development of the global passenger vehicle market. Among all regional markets, in terms of the global passenger vehicle sales in 2024, mature markets such as China, North America and Europe accounted for 30.4%, 23.9% and 19.5%, with sales volumes of 22.6 million units, 17.8 million units and 14.5 million units respectively. These mature markets are expected to grow moderately at 1.5%, 2.7% and 2.4%, respectively, from 2025 to 2030. Despite a relatively moderate growth in the mature markets, their massive market sizes are expected to create a base effect and contribute an average increase of over 1 million units in the global passenger vehicle market each year.

The increase in the volume of passenger vehicles in the mature markets and the structural transformation brought by electrification and intelligentization are expected to continue driving the growth of the global passenger vehicle market, and providing the key growth momentum for market players, including OEMs, parts suppliers and other players along the industry chain and facilitate the development of global automotive industry.

Global Passenger Vehicle Sales[(1)], Breakdown by Regions

CAGR	2019-2024	2025E-2030E
Global	1.2%	3.5%
China	1.8%	1.5%
Asia (Ex. China)	-1.6%	2.8%
Europe	-2.7%	2.4%
North America	0.0%	2.7%
South America	-1.1%	8.7%
Middle East & North Africa	14.2%	21.4%



Source: International Organization of Motor Vehicle Manufacturers (OICA), China Association of Automobile Manufacturers (CAAM), Frost & Sullivan Report

Note:

1. Exclude export

Structural Opportunities in Emerging Markets

Comparatively speaking, emerging markets such as South America, the Middle East and North Africa, and Asia (excluding China) are expected to grow at a higher CAGR from 2025 to 2030. Specifically, the projected CAGR from 2025 to 2030 is 8.7% for South America, 21.4% for the Middle East and North Africa, and 2.8% for Asia (excluding China), among which the passenger vehicle sale in South East Asia is projected to grow at a CAGR of 4.9%. This growth is primarily driven by low penetration rates and an immature passenger vehicle sector in these regions.

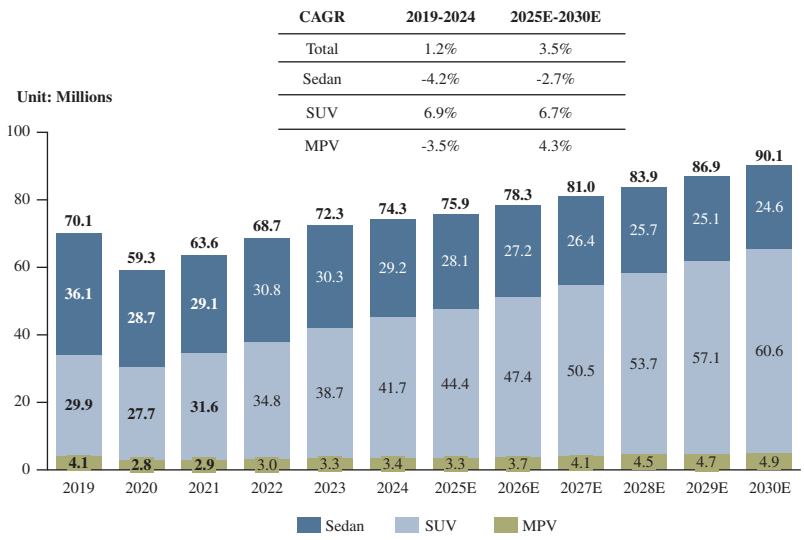
Accelerating urbanization and rising income levels of local residents continuously stimulate the demand for personal mobility, driving the robust demand for passenger vehicles market in these emerging markets which are relatively underdeveloped with, low penetration of passenger vehicles and less matured sector. Economies of emerging market such as Brazil, Chile, India, and several Southeast Asian countries are continuously developing, with an expanding middle class and increasing per capita disposable income, which is expected to lead to a rapid growth in the demand for passenger vehicles. Additionally, as automotive technology continues to advance and global OEMs expand their localization strategies in these emerging markets, the cost of automotive production is gradually decreasing, which further improves the penetration rate of passenger vehicles.

Structural Changes in the Global Passenger Vehicle Market

In terms of vehicle types, sedans and SUVs are two major types of passenger vehicles, with MPV playing a relatively smaller part. In 2019, the sales volumes of sedans, SUVs and MPVs were 36.1 million units, 29.9 million units and 4.1 million units, respectively, corresponding to market shares of 51.5%, 42.7% and 5.8% respectively. In 2024, the sales volumes of sedans, SUVs and MPVs were 29.2 million units, 41.7 million units and 3.4 million units respectively, corresponding to market shares of 39.3%, 56.1% and 4.6% respectively.

Sedans have a more compact body design, making them ideal for commuting and urban driving. This offers consumers an economical and convenient driving experience. On the other hand, SUVs are known for their spaciousness, comfort and off-road capability, making them suitable for travel over various terrains. In recent years, the demand for SUVs has surged due to the growing interest in family travel and outdoor activities. Consequently, the market share of SUVs has been rising. Looking ahead, as consumer needs diversify and market segments like urban SUVs and off-road variants expand, the market share of SUVs is expected to continue growing, reaching 68.1% by 2030.

Global Passenger Vehicle Sales, Breakdown by Type of Vehicle



Source: International Organization of Motor Vehicle Manufacturers (OICA), China Association of Automobile Manufacturers (CAAM), Frost & Sullivan Report

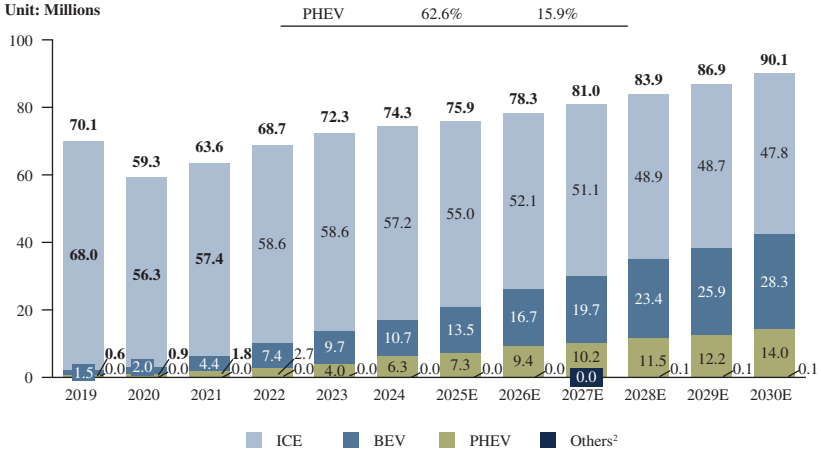
In terms of powertrain type, in 2019, the sales volumes of ICE vehicles, BEVs and PHEVs were 68.0 million units, 1.5 million units and 0.6 million units, respectively, representing the market shares of 97.0%, 2.2% and 0.8%, respectively. In 2024, the sales volume of these vehicles had shifted significantly, whereby ICE vehicles experienced a decrease to 57.2 million units, while BEV and PHEV sales increased to 10.7 million and 6.3 million units respectively. The market shares for these categories in 2024 were 77.0% for ICE vehicles, 14.5% for BEVs, and 8.5% for PHEVs.

ICE vehicles dominate the market, yet with decreasing market share from 2019 to 2024, while NEVs are claiming market shares. On the demand side, most consumers still prefer ICE vehicles. This is especially true in the regions where infrastructure for electric vehicle is still developing. On the supply side, fossil fuel remains the predominant energy source globally, with a highly mature industrial chain, and the global market for ICE vehicles is still substantial.

Although NEVs currently have a small market share, their growth is expected to continue. This is due to increasing global environmental awareness, technological advancements and improvements in intelligentization. By 2030, NEVs are projected to make up 47.0% of the market.

Global Passenger Vehicle Sales, Breakdown by Power Type

CAGR	2019-2024	2025E-2030E
Total	1.2%	3.5%
ICE	-3.4%	-2.8%
BEV	48.2%	14.8%
PHEV	62.6%	15.9%



Notes:

1. For statistical purpose, PHEV includes REEV in this section.

2. Others mainly include fuel cell vehicles.

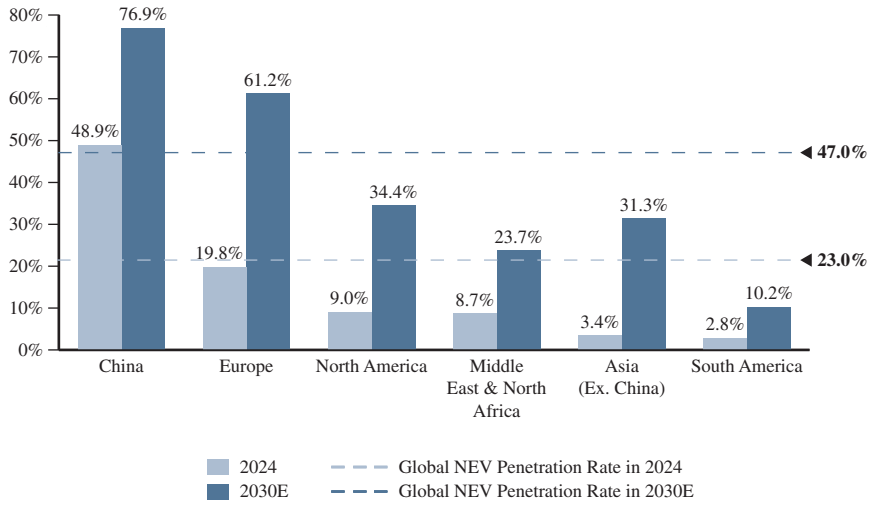
Trends and Drivers of Global Passenger Vehicle Market

Increasing Penetration of NEVs with Regional Disparities

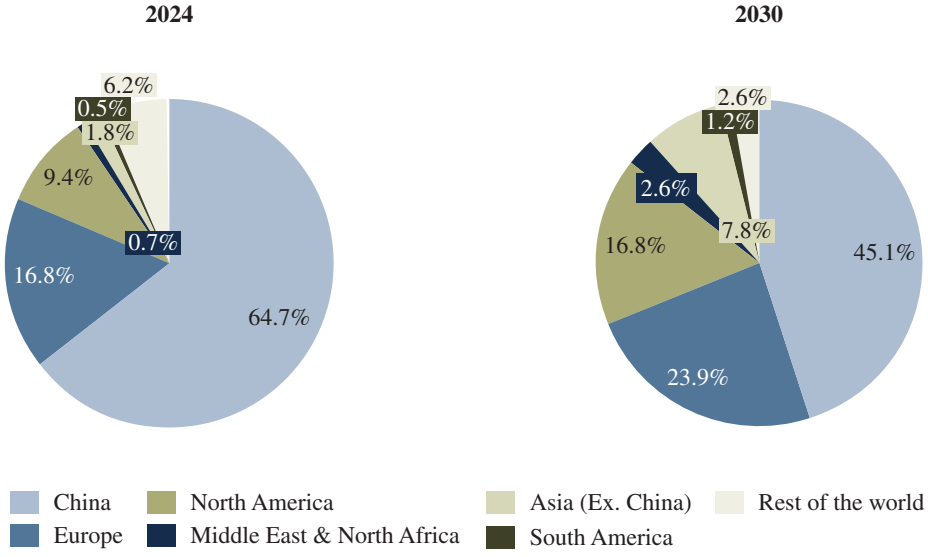
In recent years, there's been a significant shift towards NEVs due to global efforts to cut carbon emissions and growing consumer awareness about sustainability. Governments around the world support this change with incentives for NEV purchases and investments in charging infrastructure. The increasing intelligence of NEVs offers more convenient driving experience and better meets consumers' evolving needs. Advancements in battery technology have also played a key role, improving driving ranges and reducing charging times. This has boosted confidence in NEVs and encouraged more people to adopt them. As a result, the penetration of NEVs is expected to continue to enhance and become a main driver for the development of passenger vehicle market. The global penetration rate of NEVs is expected to increase from 23.0% in 2024 to 47.0% by 2030.

The penetration rate of NEVs varies significantly across different regions due to factors like energy prices, charging infrastructure, government policies and consumer awareness. In 2024, China had a high NEV penetration rate of 48.9%. In contrast, regions outside China had an overall penetration rate of 11.7%. Among these regions, Europe led with a 19.8% penetration rate, followed by North America at 9.0%, and South America at only 2.8%. Looking ahead, China, Europe, and North America are expected to be the primary markets for NEVs. Additionally, the market share of NEVs in Asia (excluding China) is anticipated to grow significantly.

NEV Penetration Rate in Major Regions, 2024 & 2030E



Global NEV Passenger Vehicle Sales[(1)], Breakdown by Regions, 2024 & 2030E



Source: International Organization of Motor Vehicle Manufacturers (OICA), China Association of Automobile Manufacturers (CAAM), Frost & Sullivan Report

Note:

(1) Exclude export

Rapid Development of Technological Innovation and Intelligent Technology

Technological innovation is rapidly transforming the passenger vehicle industry to make it more intelligent. Vehicle intelligence encompasses advancements in assistance driving and smart cockpits.

Currently, assistance driving technology has achieved full automation for steering and braking, progressing into hands-free driving, which significantly enhances the comfort, safety, and convenience of driving experience. Smart cockpits, equipped with advanced technology such as AI assistants, making it more user-friendly and intelligent. Additionally, users can continuously update in vehicle's system through OTA technology, allowing the vehicle to evolve throughout its lifecycle and provide ongoing value enhancement to users.

By 2030, as assistance driving technology continues to advance and market acceptance grows, the penetration rate of assistance driving vehicles is expected to grow both globally and in China. This indicates a clear trend towards the adoption of higher levels of assistance driving technology.

Continuous Adjustments on Global Strategies by OEMs

OEMs continuously adjust their global strategies in recent years. Chinese OEMs expand their global presence by building production plants, assembly lines, and supply chains overseas to boost their competitiveness. Meanwhile, traditional global OEMs strategically streamline to focus on their core markets and optimize their resource allocation. With rising geopolitical tensions, the global supply chain is shifting towards regional restructuring. As a result, OEMs from various countries are increasingly turning to localized procurement to enhance the stability and resilience of their supply chains.

COMPETITIVE LANDSCAPE OF GLOBAL PASSENGER VEHICLE MARKET

Evolution of Competitive Landscape

In recent years, the global passenger vehicle market has experienced significant changes. With the industry's shift towards electrification and intelligentization, traditional global OEMs have experienced slower sales growth. Meanwhile, Chinese OEMs have gained a competitive edge. In 2019, only five Chinese OEMs were among the top 20 global OEMs in terms of sales volume, holding a combined market share of less than 9%. However, in 2024, six Chinese OEMs had made the list, with a combined market share of 21.6%. Thanks to technological advancements and the development in the new energy sector, Chinese OEMs have steadily improved their industry status, while the overall ranking of global OEMs remains relatively stable.

Top 20 Automotive Groups in terms of Global Passenger Vehicle Sales in 2019			
Ranking	Group	Ranking	Group
1	Group A[2]	11	Group K[12]
2	Group B[3]	12	Group L[13]
3	Group C[4]	**13**	**Group M**[14]
4	Group D[5]	**14**	**Group N**[15]
5	Group E[6]	15	Group O[16]
6	Group F[7]	16	Group P[17]
7	Group G[8]	**17**	**Group Q**[18]
8	Group H[9]	**18**	**Group R**[19]
9	Group I[10]	**19**	**The Group**
10	Group J[11]	20	Group S[20]

Top 20 Automotive Groups in terms of Global Passenger Vehicle Sales in 2024			
Ranking	Group	Ranking	Group
1	Group B[3]	**11**	**The Group**
2	Group A[2]	12	Group L[13]
3	Group D[5]	13	Group J[11]
4	Group C[4]	**14**	**Group N**[15]
5	Group T[21]	15	Group K[12]
6	**Group U**[22]	**16**	**Group R**[19]
7	Group E[6]	17	Group V[23]
8	Group G[8]	18	Group O[16]
9	Group F[7]	**19**	**Group Q**[18]
10	**Group M**[14]	20	Group P[17]

Source: International Organization of Motor Vehicle Manufacturers (OICA), China Association of Automobile Manufacturers (CAAM), Frost & Sullivan Report

Notes:

(1) The bolded entries represent Chinese OEMs.

(2) Group A was established in 1937 and is headquartered in Wolfsburg, Germany. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on Frankfurt Stock Exchange.

(3) Group B was established in 1933 and is headquartered in Toyota City, Aichi, Japan. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on Tokyo Stock Exchange and Nagoya Stock Exchange.

(4) Group C was established in 2004 and is an alliance of three automotive groups headquartered in Boulogne-Billancourt, France; Yokohama, Kanagawa, Japan; and Tokyo, Japan, respectively. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs.

(5) Group D was established in 2000 and is an alliance of two automotive groups that both headquartered in Seoul, South Korea. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on the Korea Exchange.

(6) Group E was established in 1908 and is headquartered in Detroit, Michigan, United States. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on the New York Stock Exchange.

(7) Group F was established in 1948 and is headquartered in Minato, Tokyo, Japan. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on TSE and the New York Stock Exchange.

(8) Group G was established in 1903 and is headquartered in Dearborn, Michigan, United States. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on the New York Stock Exchange.

(9) Group H was established in 2014 is an alliance of two automotive groups that headquartered in Turin, Italy and Auburn Hills, Michigan, United States. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on the New York Stock Exchange.

(10) Group I was established in 1976 and is headquartered in the town of Ruel-Marmaison, France. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on Euronext Paris.

(11) Group J was founded in 1909 and is headquartered in Hamamatsu, Shizuoka, Japan. Its business covers the manufacture and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on TSE.

(12) Group K was founded in 1926 and is headquartered in Stuttgart, Germany. Its business covers the manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on Frankfurt Stock Exchange.

(13) Group L was founded in 1916 and is headquartered in Munich, Germany. Its business covers the manufacture and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on Frankfurt Stock Exchange and the New York Stock Exchange.

(14) Group M was founded in 1986 and is headquartered in Hangzhou, Zhejiang, China. Its products include passenger vehicles, commercial vehicles, include ICEs and NEVs. Its subsidiaries are listed on the Stock Exchange, the New York Stock Exchange, and NASDAQ respectively.

(15) Group N was founded in 1984 and is headquartered in Shanghai, China. Its business covers the manufacture and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on Shanghai Stock Exchange.

(16) Group O was founded in 1920 and is headquartered in Hiroshima, Japan. Its business covers the manufacture and sale of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on TSE.

(17) Group P was founded in 1953 and is headquartered in Tokyo, Japan. Its business covers the manufacture and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on TSE.

(18) Group Q was founded in 1984 and is headquartered in Baoding, Hebei, China. Its business covers the manufacture and sales of passenger vehicles, commercial vehicles, include ICEs, and NEVs, and is listed on Shanghai Stock Exchange and the Stock Exchange.

(19) Group R was founded in 1996 and is headquartered in Chongqing, China. Its business covers manufacturing and sales of passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on Shenzhen Stock Exchange.

(20) Group S was founded in 1868 and is headquartered in Mumbai, India. Its business covers passenger vehicles, commercial vehicles, include ICEs and NEVs, and their subsidiaries are listed on Bombay Stock Exchange and National Stock Exchange of India.

(21) Group T was founded in 2021 and is an alliance of two automotive groups headquarted in Amsterdam, Netherlands and Ruel-Marmaison, France. Its business covers passenger vehicles, commercial vehicles, include ICEs and NEVs, and is listed on the New York Stock Exchange, Euronext Paris and Italian Stock Exchange.

(22) Group U was established in 1995 and is headquartered in Shenzhen, Guangdong, China. Its business covers the manufacturing and sales of NEVs, including passenger vehicles and commercial vehicles, and is listed on the Stock Exchange and Shenzhen Stock Exchange.

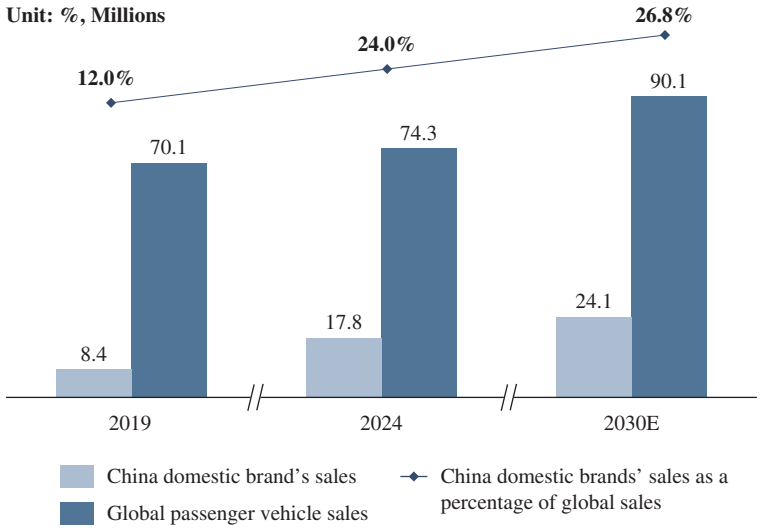
(23) Group V was founded in 2003 and is headquartered in Austin, Texas, United States. Its business covers the manufacturing and sales of NEVs, including passenger vehicles and commercial vehicles, and is listed on NASDAQ.

China's passenger vehicle industry has achieved significant advancements in technological innovation and product quality, boosting the product competitiveness. The market share of domestic brands in the China market has grown rapidly, from 34.4% in 2019 to 58.5% in 2024. This trend is expected to continue and Chinese domestic brands are expected to capture 69.6% market share by 2030 according to Frost & Sullivan.

In recent years, the international recognition of Chinese domestic brands has steadily grown. More overseas consumers gain a deeper understanding of and trust in these brands. Since 2021, the export volume of Chinese passenger vehicles increased rapidly. In 2023, China exported 4.1 million passenger vehicles, surpassing Japan to become the world's largest passenger vehicle exporter.

As a result, the market share of Chinese domestic brands in global passenger vehicle sales has been steadily increasing. It rose from 12.0% in 2019 to 24.0% in 2024, and is projected to reach 26.8% by 2030.

Chinese Domestic Brands' Sales as a Percentage of Global Sales



Source: International Organization of Motor Vehicle Manufacturers (OICA), China Association of Automobile Manufacturers (CAAM), Frost & Sullivan Report

Key Competition Factors of Global Passenger Vehicle Market

The competition of global passenger vehicle market is driven by several key factors; (i) development of products that meet changing customer needs; (ii) leadership in technological innovation, especially in areas like electrification and assistance driving; (iii) strong and influential brand; (iv) efficient production capabilities, supported by a robust and localized supply chain; and (v) an extensive and locally adapted sales network and after-sales services. Together, these elements help OEMs maintain a competitive edge in the complex global passenger vehicle industry.

Drivers for the Global Development of Chinese Domestic Brands

Breakthroughs in Traditional Technology and Leadership in Electrification and Intelligentization

Chinese domestic brands have made impressive advancement in traditional technologies like engines and transmissions. Over the years, they've achieved significant breakthroughs, with several performance indicators now meeting or even exceeding international standards. This progress allows ICE vehicle users around the world to enjoy high-quality driving experiences at more competitive prices.

In recent years, Chinese domestic brands progressed significantly in electrification, particularly in developing electric and hybrid powertrain technologies. These innovations have significantly outpaced traditional overseas OEMs, and positioned China as a leader in the global NEV sector. Additionally, with the global trend towards intelligentization in the passenger vehicle market, Chinese domestic brands have ramped up their R&D investments in areas like assistance driving and smart cockpits. They extensively use large AI models in assistance driving and smart cockpits. This technology offers customers smart driving experiences and personalized interactions.

Efficient R&D, Supply Chain, and Production Systems

Thanks to the efficient R&D iteration capabilities of Chinese domestic brands, the development cycles for new versions and products have significantly shortened. This allows them to promptly reflect customer needs and technological advancements into their product designs and provide users with cutting-edge features through remote OTA updates.

China passenger vehicle industry has built a sound, mature, and stable supply chain system. Combined with strong quality and cost management capabilities and efficient manufacturing processes, Chinese domestic brands are able to consistently offer more economical, practical, and high-quality passenger vehicles.

Actively Expanding Global Layout and Enhancing Brand Influence

Attributable to significant investments and close cooperation with domestic and international partners, Chinese domestic brands have established a robust global sales network, providing timely and efficient after-sales services to customers. With strong technical research and development capabilities, continuously improving product quality, and value-for-money products, Chinese domestic brands intensify their brand influence worldwide. This has led to growing consumer recognition and brand loyalty, both domestically and internationally.

Chinese domestic brands are increasingly adapting their vehicle models sold overseas to meet local requirements and preferences. This approach enhances their market competitiveness and customer satisfaction in international markets. According to the 2024 China Initial Quality Study (IQS) by J.D. Power, four Chinese domestic brands ranked among the top ten mass-market brands, a significant improvement from just one in 2019.

OVERVIEW OF CHINA PASSENGER VEHICLE MARKET

The Development of China Passenger Vehicle Market

There are three periods in the development path of China passenger vehicle market:

- **Rapid Growth Period (2001-2017):** After China joined the World Trade Organization in 2001, global OEMs began flooding into the China market and forming joint ventures. This influx of international players significantly boosted the industry's growth. During this time, China's economy grew rapidly and residents' disposable income increased, which, along with supportive government policies, created an ideal environment for the passenger vehicle market to thrive. As a result, passenger vehicle sales in China surged from 1.2 million units in 2001 to 24.7 million units in 2017, achieving a CAGR of 20.8%.

- **Steady Market Period (2018-2020):** During this period, China passenger vehicle market began to stabilize. The sales volume of passenger vehicles in China has stayed above 20 million units each year during this period. Meanwhile, NEVs started to gain more attention and received increased policy support.

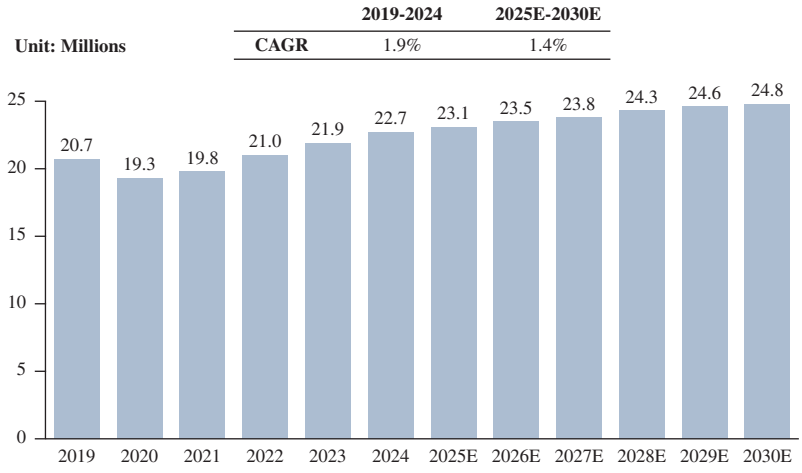
- **Growth in NEVs and the Rise of Chinese Domestic Brands (Since 2021):** Since 2021, the sales volume of NEVs have experienced rapid growth, with a CAGR of 78.2% from 2020 to 2024. This significant growth in the NEV segment, along with the enhancement of core competitiveness, has allowed Chinese domestic brands to increase their market share in China's passenger vehicle market from 33.6% in 2020 to 58.5% in 2024. Further growth is expected in the coming years.

China Passenger Vehicle Market Size

The China passenger vehicle market is vast and dynamic. In 2024, passenger vehicle sale volume in China reached 22.7 million units, with a CAGR of 1.9% from 2019 to 2024. The sales volume is expected to reach 24.8 million units by 2030, with a CAGR of 1.4% from 2025 to 2030.

In 2024, first-tier cities made up 14.1% of the China passenger vehicle market, while second-tier and lower-tier markets collectively held 85.9%. First-tier cities often have restrictions on the number of license plates, so market growth is expected to be steady. In contrast, as residents' income rises, the demand for passenger vehicles in second-tier and lower-tier markets is increasing, showing significant development potential.

China Passenger Vehicle Sales Volume



Source: China Association of Automobile Manufacturers (CAAM), Frost & Sullivan Report

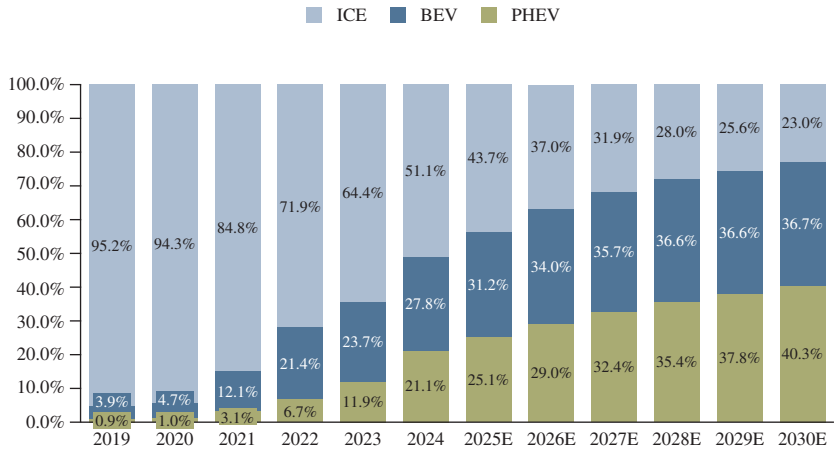
Note: China's passenger vehicle sales volume excludes export volume.

In 2024, ICE vehicles made up the majority of the market, accounting for 51.1% market share. However, with continuous advancements in assistance driving, hybrid power systems, and battery technologies, along with strong domestic policy support, the market share of NEVs has risen significantly, from 4.8% in 2019 to 48.9% in 2024, and is expected to reach 77.0% by 2030.

NEVs mainly include BEV and PHEV models. PHEV models combine electric and gasoline propulsion systems, allowing them to meet commuting needs in pure electric mode and switch to gasoline power for long trips or when charging infrastructure is unavailable. Due to the low prevalence of charging stations in China, PHEV models could effectively alleviate potential buyers' 'range anxiety.'

As a result, with technological advancements, PHEV models demonstrate better fuel economy and flexibility, making them popular in the market. It's forecasted that PHEV sales will grow at a CAGR of 11.5% from 2025 to 2030, with market share increasing from 25.1% in 2025 to 40.3% in 2030, playing a crucial role in driving future market growth.

Penetration Rate of Different Power Type in China Passenger Vehicle Market



Source: China Association of Automobile Manufacturers (CAAM), Frost & Sullivan Report

Notes:

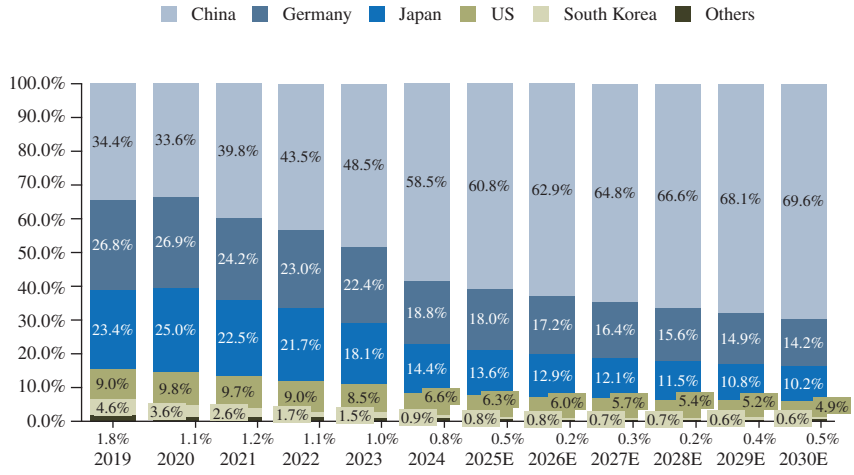
(1) China's passenger vehicle sales volume excludes export volume.

(2) For statistical purpose, PHEV includes REEV in this section.

Penetration of Foreign Brands in China Passenger Vehicle Market

Historically, the China passenger vehicle market was dominated by foreign brands. However, in recent years, Chinese domestic brands have rapidly strengthened their position. They have advanced technologies applicable to traditional ICE vehicle such as engines and transmissions, while strategically capitalizing on trends like electrification and intelligentization. With their high quality and cost-effective products, Chinese domestic brands have accelerated their rise in the market. Their market share in China has increased from 34.4% in 2019 to 58.5% in 2024. With continuous technological innovation and product upgrades, Chinese domestic brands are expected to maintain a leading position and achieve a market share of 69.6% by 2030.

Penetration Rate of Brands from Different Countries in China Passenger Vehicle Market



Source: China Association of Automobile Manufacturers (CAAM), Frost & Sullivan Report

Note:

1. The penetration rate of brands from different countries is calculated based on passenger vehicle insurance registration volumes.

Competitive Landscape of Passenger Vehicle Market for Chinese Domestic Brands

The passenger vehicle market in China holds great potential and is highly competitive due to the presence of numerous players. The Group ranked second among Chinese domestic brand passenger vehicle companies, in terms of sales volume (including export volume) with a market share of 11.8% in 2023 and 14.0% in 2024.

The following table presents top five Chinese domestic brand companies measured by passenger vehicle sales volume (including export volume) in 2023 and 2024:

Ranking	Company	Market Share in 2023 (%)	Market Share in 2024 (%)
1	Company A[(2)]	20.6%	23.7%
2	The Group	11.8%	14.0%
3	Company B[(3)]	11.6%	12.1%
4	Company C[(4)]	10.9%	9.2%
5	Company D[(5)]	7.0%	5.9%
	Others	38.1%	35.1%

Source: Frost & Sullivan Report

Notes:

(1) The ranking is based on passenger vehicle sales volume (including exports volume) in 2023 and 2024.

(2) A Chinese OEM that is responsible for the passenger vehicle business and commercial vehicle business under Group U, with a focus on the sales of NEVs. It was established in 2006 and is headquartered in Shenzhen.

(3) A Chinese OEM listed on the Stock Exchange that is responsible for the passenger vehicle business and commercial vehicle business under Group M, with sales covering ICEs and NEVs. It was established in 1996 and is headquartered in Hangzhou.

(4) A Chinese OEM listed on Shenzhen Stock Exchange that is responsible for the passenger vehicle business and commercial vehicle business under Group R, with sales covering ICEs and NEVs. It was established in 1996 and is headquartered in Chongqing.

(5) A Chinese OEM listed on the Stock Exchange and Shanghai Stock Exchange that is responsible for the passenger vehicle business and commercial vehicle business under Group Q, with sales covering ICEs and NEVs. It was established in 1984 and is headquartered in Baoding.

Drivers and Trends of Chinese Domestic Brands Passenger Vehicle Market

Technological Advancement Driving High-quality Development of Chinese Domestic Brands

Technological innovation is indeed a core driver for the growth of Chinese domestic brands. After years of research and development investment, Chinese domestic brands have built strong technical expertise for ICE vehicles, such as engines and transmissions, which has achieved the technological level of international mainstream OEMs. With the development of electrification, intelligentization, and vehicle connectivity, Chinese domestic brands continue to innovate in the electric systems, assistance driving, and smart cockpit technologies, offering high-performance and intelligent products that meet the market demand for cutting-edge technologies.

Efficient technological advancements have allowed Chinese domestic brands to create high-end products with better performance and more features. These advancements have also reduced the costs of technology applications, making advanced functions like assistance driving and smart cockpits available in mid- to low-priced models. This trend will continue as technology progresses. The combination of brand elevation and cost optimization is expected to continuously enhance the competitiveness of Chinese domestic brands, driving a steady increase of their market share.

Diverse Market Demand Driving Segmentation and Rapid Broadening Product Matrix

As the national economy and residents' income continue to rise, as well as new technologies emerge, Chinese consumers' demands for passenger vehicles are becoming more diverse and rapidly changing. Besides basics like brand, economy, space, and quality, they now want their cars with stylish looks, advanced technology, rich features, eco-friendliness, and a complete ecosystem. To meet these varied demands, Chinese domestic brands create more specialized product lines and quickly update their product matrix based on consumer needs. Their deep understanding of local consumers allows them to tailor their products to different usage scenarios.

Long-term Leadership Supported by Efficient Production Capabilities and Comprehensive Ecosystem

Thanks to China's vast manufacturing system and abundant engineer talent, Chinese domestic brands have built comprehensive production capabilities, quality control, and supply chain systems. This allows them to manage costs and quality effectively while delivering high-quality, cost-effective passenger vehicles to customers promptly. This enhances their competitiveness in the China passenger vehicle market. Additionally, a well-developed industrial ecosystem provides extensive innovation and R&D support, enabling China brands to lead in electrification and intelligent technologies.

OVERVIEW OF CHINESE DOMESTIC BRANDS IN OVERSEAS PASSENGER VEHICLE MARKET

Market Size of Chinese Domestic Brands in China Passenger Vehicle Export Market

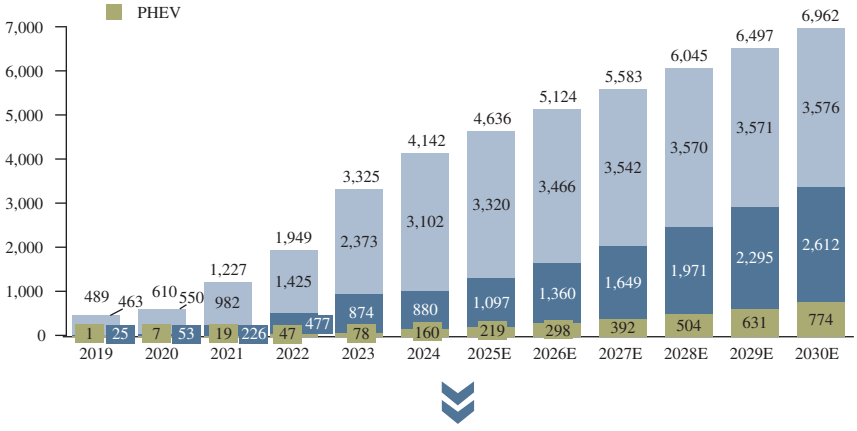
In recent years, China's automotive supply chain has distinguished itself through stability, technological innovation, and comprehensive coverage of both traditional components like chassis and engines, as well as new energy components such as batteries and electric motors. With significant technological innovation and quality enhancement, Chinese domestic brands have significantly grew in the export volume of passenger vehicles since 2021. In 2023 and 2024, China became the world's largest passenger vehicle exporting country.

In 2024, the export volume of China passenger vehicles by Chinese domestic brands reached 4.14 million units, demonstrating a remarkable CAGR of 53.3% from 2019 to 2024. The primary export regions were Europe, Asia, and Middle East & North Africa, which accounted for 35.8%, 19.9%, and 16.4% of the total exports, respectively. This growth has been driven by the continuous upgrading of Chinese products. Looking ahead, the export volume of passenger vehicles by Chinese domestic brands is expected to reach 6.96 million units by 2030, with a CAGR of 8.5% from 2025 to 2030.

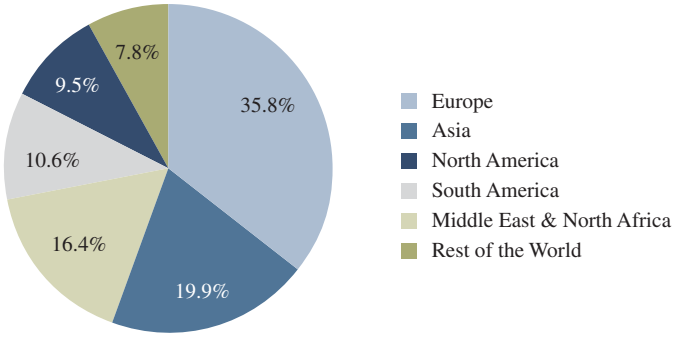
ICE vehicles currently dominate China's passenger vehicle export market. In 2024, the export volume of ICE vehicles by Chinese domestic brands reached 3.10 million units, making up 74.9% of the total China passenger vehicle exports. Looking forward, NEVs are expected to become a new growth driver for the exports of Chinese domestic brand. It's forecasted that the export volume of BEVs and PHEVs will grow at a CAGR of 18.9% and 28.7% respectively, from 2025 to 2030.

China Passenger Vehicle Exports Volume by Domestic Brands, Breakdown by Power Type

CAGR	2019-2024	2025E-2030E
ICE	46.3%	1.5%
BEV	103.8%	18.9%
PHEV	175.9%	28.7%
Total	**53.3%**	**8.5%**



The Proportion of China Domestic Brands Passenger Vehicle Export Regions, 2024



Source: China Association of Automobile Manufacturers (CAAM), Frost & Sullivan Report

Competitive Landscape of China Passenger Vehicle Export Market by Chinese Domestic Brands

Ranking of China Passenger Vehicle Export Market by Chinese Domestic Brands Companies

The Group is the largest domestic brand company in terms of passenger vehicle export volume in 2023 and in 2024. The following table presents the ranking of Chinese domestic brand companies measured by passenger vehicle export volume in 2023 and 2024:

Company	Ranking in 2023	Ranking in 2024
The Group	1	1
Company E[(2)]	2	2
Company B[(3)]	3	4
Company D[(4)]	4	5
Company A[(5)]	5	3

Source: Frost & Sullivan Report

Notes:

(1) The ranking is based on passenger vehicle exports volume for the period indicated.

(2) A Chinese OEM that is responsible for the domestic brand passenger vehicle business under Group N, with sales covering ICEs and NEVs. It was established in 2007 and is headquartered in Shanghai.

(3) A Chinese OEM listed on the Stock Exchange that is responsible for the passenger vehicle business and commercial vehicle business under Group M, with sales covering ICEs and NEVs. It was established in 1996 and is headquartered in Hangzhou.

(4) A Chinese OEM listed on the Stock Exchange and Shanghai Stock Exchange that is responsible for the passenger vehicle business and commercial vehicle business under Group Q, with sales covering ICEs and NEVs. It was established in 1984 and is headquartered in Baoding.

(5) A Chinese OEM that is responsible for the passenger vehicle business and commercial vehicle business under Group U, with a focus on the sales of NEVs. It was established in 2006 and is headquartered in Shenzhen.

Drivers and Trends of Chinese Domestic Brands in Overseas Passenger Vehicle Markets

Promotion of Localization in Global Strategies

As Chinese domestic brands aim to strengthen their presence in overseas passenger vehicle markets, building overseas production capacity will be a key trend. This involves establishing production plants, assembly lines, and supply chains in key global markets to streamline logistics, avoid trade barriers, reduce costs, and improve efficiency. At the same time, Chinese domestic brands are actively setting up R&D centers and sales networks in global key markets to better understand and meet local market demands and consumer preferences. These efforts enhance their competitiveness in the international market. These localization initiatives have become a crucial part of the long-term strategy of Chinese domestic brands to strengthen their global presence.

Passenger Vehicles of Diversified Power Type in Export Market

In 2024, the export volume of ICE vehicles by Chinese domestic brands accounted for 74.9% of the total market. While ICE vehicles remain a driving force for Chinese domestic brands in overseas markets, new energy vehicles are expected to become an increasingly important driver of export growth. The export volume of NEVs by Chinese domestic brands reached 1.04 million units in 2024, with a CAGR of 109.1% from 2019 to 2024, demonstrating a strong growth momentum. With the global advocacy for greener, more sustainable modes of transportation, the share of NEV in export market is expected to further increase, making NEVs a key factor in driving the international expansion of Chinese domestic brands in the coming years.

Enhancing Brand Images in Global Market

As the global passenger vehicle industry evolves and competition intensifies, Chinese domestic brands are focusing on brand building and differentiated competition. With increased investment in R&D, these brands are shifting their product offerings toward higher-end, high-value models. This includes improving product quality, incorporating advanced technologies, and enhancing vehicle intelligence to position their brands as premium options. The higher level of intelligence, enhanced brand power, and shift toward high-value products help improve the global brand image of Chinese domestic brands, thereby enhancing their global competitiveness.

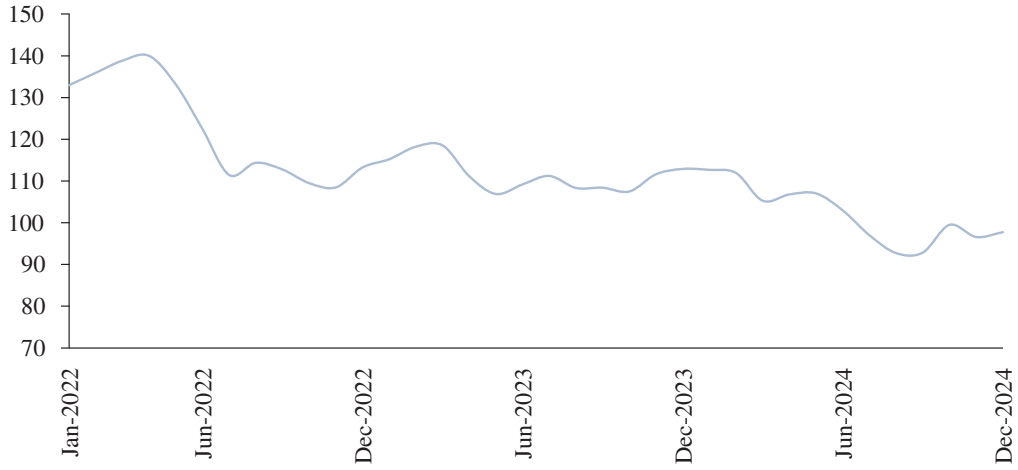
Historical Price Trends of Major Automotive Raw Materials and Components

The prices of passenger vehicles are influenced by various factors such as macroeconomic conditions, supply and demand dynamics, and market outlook. For ICE vehicles, the cost structure is heavily reliant on the engine, transmission system and other mechanical parts, which require high-strength metals and high-quality materials. Steel, being a primary material for passenger vehicles, plays a significant role in this cost structure.

Automotive chips in passenger vehicles encompass diverse categories including microcontroller units (MCUs), power semiconductors, memory chips and analog chips, each serving distinct functions with varying price points. The total automotive chips cost per vehicle in China has demonstrated sustained growth in recent years, primarily driven by two major factors: first, the continuous rise in NEV penetration rate as NEVs require a higher number of chips as compared to ICE vehicles; second, the growing adoption of assistance driving technology in passenger vehicles as the cost of assistance driving chips is relatively high. However, the price level of a single type of automotive chips is experiencing price declines. This is mainly due to the continuous enhancement of cost-performance ratios in domestic chips that accelerates their substitution for imported alternatives, and product iterations brought by technological advancements.

In recent years, steel prices have been on a downward trend. This decline is largely attributed to a decrease in demand, which has been caused by a slowdown in real estate and infrastructure investment growth, as well as overcapacity in the steel industry. This trend in steel prices can have a notable impact on the overall cost of ICE vehicles.

China Steel Price Index (CSPI)



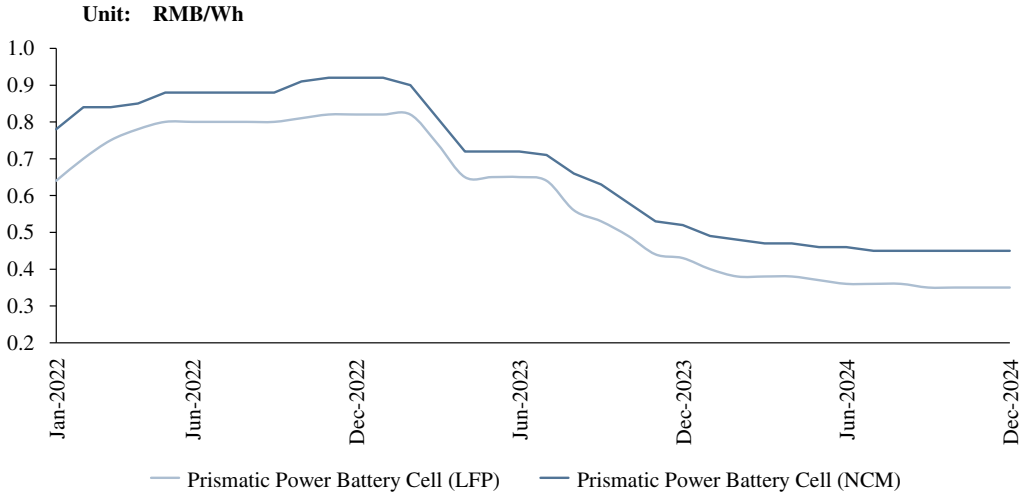
Source: China Iron and Steel Association, Frost & Sullivan Report

Note:

1. The base time for the China Steel Price Index (CSPI) is April 1994, and the index value at that time was set at 100.

On the other hand, NEVs have a different cost structure. The cost structure of NEVs is primarily influenced by the cost of power batteries. Since 2022, the price of power batteries in China has been on a downward trend. This decline is driven by several factors, including the reduction in raw material prices, advancements in technology, and heightened market competition. These factors are expected to continue pushing power battery prices down in the future.

China Power Battery Cell Price



Source: Frost & Sullivan Report

IMPACT OF TARIFFS TO THE GLOBAL AND CHINA PASSENGER VEHICLE MARKET

Impact of Tariffs on the Global Passenger Vehicle Market

Tariff policies have impacted the global passenger vehicle market in several significant ways. From a supply chain perspective, the imposition of tariffs by the United States on Mexico and Canada has disrupted the highly integrated automotive industry in North America. Global OEMs have to adjust their production plans in response, further accelerating the trend toward localized manufacturing. Moreover, tariffs have increased the cost of importing automotive components, driving up overall production expenses, which in turn, has resulted in higher vehicle prices and increased costs for consumers.

Impact of Tariffs on the China Passenger Vehicle Market

In recent years, Chinese domestic passenger vehicle brands have rapidly emerged, experiencing growing demand in overseas markets. However, certain countries have imposed high tariffs on Chinese automotive exports, posing challenges to the global expansion of Chinese OEMs. For instance, the U.S. has levied additional tariffs on Chinese vehicles, significantly raising the cost of market entry and weakening the price competitiveness of Chinese brands.

While China's exports of passenger vehicles to the U.S. account for a relatively small share, the automotive components sector in China may face more pronounced impacts. As one of the world's leading exporters of automotive components, China encounters potential challenges due to U.S. tariff policies. In response to these challenges, Chinese companies are

optimizing their supply chains, expanding into alternative markets, and accelerating localization efforts in overseas regions. These strategic moves help them enhance competitiveness and mitigate the risks associated with trade barriers.

Future trends of the NEV market in the PRC

The NEV penetration rate in China's passenger vehicle market is projected to rise from 48.9% in 2024 to 76.9% by 2030, indicating robust growth momentum with significant untapped potential. From a regional perspective, tier 3 and 4 cities are emerging as the next growth frontier, driven by rising disposable incomes and the expansion of charging infrastructure into lower-tier markets. This growth is further bolstered by the accelerating adoption of assistance driving technologies, which, combined with continuous advancements in NEV performance and intelligent features, are driving steady improvements in consumer acceptance. As a result, China's NEV market demand is shifting from policy-driven to market-driven, further accelerating the widespread adoption of NEVs.

Future trends of the overseas NEV market

The overseas NEV penetration rate has shown consistent growth, rising from 2.1% in 2019 to 11.8% in 2024, with projections reaching 36.0% by 2030, driven by increased consumer environmental awareness, regional economic growth, and supportive policies. This growth in NEV sales is driving charging infrastructure development across overseas markets, creating a positive feedback loop for further market penetration. As consumer expectations for safety, convenience, and intelligence evolve, NEVs' intelligent features are gaining broader acceptance among overseas consumers. In this context, Chinese OEMs can leverage their assistance driving advantages to establish technological differentiation from traditional overseas OEMs, which is expected to enhance their market share in overseas NEV markets.

Introduction of various automotive production method and the relevant market trends

Automotive production method mainly include whole vehicle production, contract manufacturing, and CKD/SKD/DKD production. Complete vehicle production refers to OEMs manufacturing entire vehicles in their own factories, suitable for companies with mature supply chains and large-scale production. Contract manufacturing involves brand owners outsourcing vehicle production to third-party manufacturers to reduce fixed asset investment and increase production flexibility. CKD/SKD/DKD production (Completely Knocked Down, Semi Knocked Down, and Direct Knocked Down) refers to the export of automotive products in various levels of assembly - from completely disassembled components (CKD), to partially assembled kits (SKD), to nearly complete vehicles (DKD) -with final assembly carried out in the target overseas market to reduce tariffs and meet localization requirements. These three models each have their own advantages, and OEMs choose the most suitable production method based on market demand and strategic considerations.

Currently, China automotive export market mainly adopts a dual production model of complete vehicle exports and CKD/SKD/DKD assembly. In the future, with the continuous growth of export volume, Chinese OEMs will accelerate the transition from CKD/SKD/DKD assembly to localized manufacturing. Some companies have already begun investing in factories in overseas target markets to reduce costs and improve market responsiveness. At the same time, joint ventures and deeper collaboration with local supply chains will become a key trend to enhance market adaptability.

SOURCE OF INFORMATION

Our Company commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on the passenger vehicle market. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report. We have agreed to pay a fee of RMB298,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon the success of the [**REDACTED**] or on the results of the report. The Frost & Sullivan Report was prepared using both primary and secondary research obtained from various sources. Primary research involved interviews with leading industry participants in passenger vehicle market and other experts related to the business of our Company. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database and government database. In compiling and preparing the report, Frost & Sullivan has adopted the following assumptions:

- The social, economic and political environments of the PRC, and other primary countries worldwide will remain stable during the forecast period, which will ensure a sustainable and steady development of the passenger vehicle industry;

- There are no significant material changes in government policies in respect of the passenger vehicle market.

Frost & Sullivan believes that the basic assumptions used in preparing its report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section sets out a summary of the most significant aspects of laws and regulations in the PRC which are material to our business operations.

Regulations Relating to Production Access for Automobiles

Since January 1, 2001, the government authorities, from time to time, released the Public Notice of Automobile Vehicle Manufacturer and Products (《車輛生產企業及產品公告》) (hereinafter referred to as the "**Public Notice**") to administer the new automobile vehicle products of manufacturers. The inclusion on the Public Notice is a prerequisite for automobile manufacturers to be able to manufacture automobiles, including assembling complete built-ups, and for customers to be able to register their automobiles with the public security authorities. The MIIT has been the authority in charge of the release of the Public Notice since August 2008. The automobile manufacturers listed in the Public Notice shall only manufacture and sell the vehicle models authorised by the Public Notice. Any manufacturers that produce or sell automobile products or vehicles not included in the Public Notice shall be subject to penalties. The Policy provides that in order to be registered in the Public Notice, the automobile products must pass compliance tests of various safety standards, technical specifications and environmental protection requirements.

According to the Regulations on the Administration of Investments in the Automobile Industry (《汽車產業投資管理規定》) issued by the NDRC on December 10, 2018 and effective on January 10, 2019, both whole vehicle and other investment projects are subject to filing management by local development and reform authorities, with whole vehicle investment projects to be filed with provincial development and reform authorities.

Further, the MIIT promulgated various admission regulations for different types of vehicle manufacturers and products, such as the Administrative Rules on Admission of Passenger Vehicle Manufacturers and Products (《乘用車生產企業及產品准入管理規則》) promulgated on November 4, 2011, and the Administrative Provisions on Admission of New-Energy Vehicle Manufacturers and Products (《新能源汽車生產企業及產品准入管理規定》) promulgated on January 6, 2017, amended on July 24, 2020 and effective from September 1, 2020. In order to optimize the administration on admission of the vehicle manufacturers and products, the MIIT promulgated the Administrative Regulation on Admission of Road Motor Vehicle Manufacturers and Products (《道路機動車輛生產企業及產品准入管理辦法》, the "**New Admission Regulation**") on November 27, 2018, which took effect on June 1, 2019. The New Admission Regulation unifies various admission regulations for different types of road vehicle manufacturers and products and simplifies the admission administrative procedures on the vehicle manufacturing.

According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (hereinafter referred to as the "**2024 Negative List**") promulgated by the MOFCOM and the NDRC on September 6, 2024 and effective on November 1, 2024, as well as the Catalogue of Industries for Encouraging Foreign Investment (2022) (《鼓勵外商投資產業目錄》(2022年版)) promulgated by the NDRC and the MOFCOM on October 26, 2022 and effective on January 1, 2023, the manufacturing of NEVs is not a prohibited or restricted industry of foreign investment. At the same time, restrictions on the proportion of foreign investment in passenger vehicle manufacturing and the establishment of two or fewer joint ventures producing similar whole vehicle products by the same foreign investor are lifted.

Regulations Relating to Automobile Sales and Protection of Consumer Rights and Interests

According to the Measures for the Administration of Automobile Sales (《汽車銷售管理辦法》) promulgated by the MOFCOM on April 5, 2017 and effective on July 1, 2017, local competent commerce departments at or above the county level shall supervise and manage the automobile sales and relevant activities of providing relevant services within their respective administrative regions. Automobile suppliers and dealers shall file the basic information through the National Automobile Circulation Information Management System of the competent commerce department of the State Council within 90 days from the date of obtaining their business licenses. Where there is any change to the information, its update shall be made within 30 days from the date of the change. Automobile suppliers and dealers shall sell automobiles, accessories, and other related products that comply with the relevant national provisions and standards. A dealer shall, at its business premise, expressly indicate the prices of the products to be sold and the standards for various service fees, and shall not sell any product at increased price or collect any additional fee. A dealer shall expressly indicate the product quality assurance, warranty services, and other after-sales service policies that consumers need to know for the automobiles to be sold.

According to the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on October 31, 1993, amended on October 25, 2013, and effective on March 15, 2014, business operators shall guarantee that their provided commodities or services meet the requirements on personal and property safety. For commodities and services which may endanger personal or property safety, business operators shall provide consumers with true explanations and clear warnings, explaining and indicating the correct methods of using commodities or receiving services and the methods for preventing damage. After discovering any defects which may endanger personal or property safety in their provided commodities or services, business operators shall immediately report to the relevant administrative departments and inform consumers; and take measures such as cessation of sale, issuance of a warning, recall, harmless treatment, destruction, and cessation of production or service. Business operators who fail to comply with consumer protection regulations shall bear civil or criminal liability in accordance with law.

Regulations Relating to Product Quality and Recall of Defective Automobile Products

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, latest amended on December 29, 2018, and effective on the same day, the market regulatory authorities of the State Council are responsible for the supervision and administration of the quality of products of the whole country. Producers and sellers shall be prohibited to produce or sell industrial products that do not come to the requirements and demands for physical health and safety of body and property. Producers shall be responsible for the quality of the products they produce, and the products shall not pose unreasonable danger to personal or property safety. The products shall have functional performance and the adopted product standards shall be indicated on the products or their packaging. If a defect in the product causes damage to the person or property of others, the victim may claim compensation from the producer of the product or from the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, the illegally produced or sold products will be confiscated, and a fine will be imposed. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the business license shall be revoked. If a crime is constituted, criminal responsibility shall be investigated in accordance with law.

According to the Regulations on the Administration of the Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例》) promulgated by the State Council on October 22, 2012 and amended on March 2, 2019, the product quality supervision department of the State Council shall be responsible for the national supervision and administration of the recall of defective automobile products. If an automobile producer learns that an automobile product may be defective, it shall immediately organize an investigation and analysis, and truthfully report the investigation and analysis results to the product quality supervision department of the State Council. If an automobile producer confirms that the automobile products are defective, it shall immediately stop producing, selling, and importing defective automobile products, and implement a recall of all defective automobile products. At the same time, a recall plan shall be formulated and filed with the product quality supervision and administration department of the State Council. The filed recall plan with amendments shall be re-filed. If the producer fails to implement a recall, the product quality supervision department of the State Council shall order the recall. Automobile producers who conceal defects, refuse to recall after being ordered to do so, or fail to stop production, sales, or import of defective automobile products will be ordered to make corrections and fined. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the relevant license shall be revoked by the licensing authority.

According to the Measures for the Implementation of the Regulations on the Administration of the Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例實施辦法》) published on November 27, 2015 and amended on October 23, 2020 by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (which was merged with the SAMR, the SAMR shall be responsible for the supervision and administration of the recall of defective automobile products nationwide. A producer implementing a recall shall formulate a recall plan and file it with the SAMR. At the same time, it shall notify the business operator in an effective manner. Producers modifying the recall plan

that has already been filed shall file it again with the SAMR and submit explanatory materials. Producers shall publish information on defective automobile products and relevant information on recalls through newspapers, websites, radio, television, and other means that are easily accessible to the public, and inform car owners of the defects in the automobile products, emergency response measures to avoid damage, and measures taken by the producers to eliminate defects.

According to the Notice of the General Office of the State Administration for Market Regulation on Further Strengthening the Supervision on the Recall of Vehicle Remote Upgrade (OTA) Technology (《市場監管總局辦公廳關於進一步加強汽車遠程升級(OTA)技術召回監管的通知》) promulgated by the SAMR on November 23, 2020 and effective on the same day, producers who use OTA to carry out technical service activities for sold vehicles shall file with the Quality Development Bureau of the SAMR. Producers who use OTA to eliminate defects in automobile products and implement recalls shall formulate a recall plan and file it with the Quality Development Bureau of the SAMR. If the OTA method fails to effectively eliminate defects or causes new defects, producers shall take recall measures again.

According to the Guiding Opinions on Further Strengthening the Construction of Safety System for NEV Enterprises (《關於進一步加強新能源汽車企業安全體系建設的指導意見》) issued by the MIIT, the Ministry of Public Security, the Ministry of Transport, the Ministry of Emergency Management, and the SAMR on March 29, 2022, enterprises shall comprehensively enhance the safety capabilities of enterprises in safety management mechanism, product quality, operation monitoring, after-sales service, accident response, and handling, as well as network security, improve the safety of NEVs, and promote the high-quality development of the NEV industry.

Regulations Relating to Compulsory Product Certification

According to the Administrative Regulations on Compulsory Product Certification (amended in 2022) (《強制性產品認證管理規定(2022年修訂)》) promulgated by the SAMR on July 3, 2009, amended on September 29, 2022, and became effective on November 1, 2022, the SAMR is in charge of the compulsory product certification nationwide, and is responsible for the organization, implementation, supervision, administration, and comprehensive coordination of the compulsory product certification of the whole country, while local market regulation and administration authorities at county level or above are responsible for the supervision and administration of compulsory product certification activities within their jurisdiction. With respect to products which are subject to compulsory product certification, China has issued a uniform catalogue of products, uniform compulsory technical requirements, standards and compliance review procedures, uniform certification signs, and uniform fee-charging standards. According to the List of the First Batch of Products Subject to Compulsory Product Certification (《第一批實施強制性產品認證的產品目錄》), which was issued by the SAMR jointly with the Certification and Accreditation Administration of the PRC and effective from December 3, 2001, the motor vehicles and their safety accessories, motor vehicle tires, and safety glass in the absence of the compulsory product certificate and the mandatory certification mark of China shall not leave the factory, or be exported or put on sale.

Regulations Relating to Battery Recycling for NEVs

The Interim Measures for the Administration of Recycling Traction Batteries of NEVs (《新能源汽車動力蓄電池回收利用管理暫行辦法》), which was promulgated by the MIIT, the Ministry of Science and Technology, the Ministry of Ecology and Environment, the Ministry of Transport, the MOFCOM, the SAMR, and the National Energy Administration on January 26, 2018 and effective on August 1, 2018, implements the system of extended responsibility of producers, according to which the main responsibility for traction battery recycling is borne by automobile manufacturers, and relevant enterprises shall fulfill their corresponding responsibilities in all aspects of traction battery recycling and utilization to ensure the effective use and environmentally friendly disposal of traction batteries.

According to the Interim Provisions on Traceability Management of Traction Battery Recycling for NEVs (《新能源汽車動力蓄電池回收利用溯源管理暫行規定》), which was issued by the MIIT on July 2, 2018 and effective from August 1, 2018, the "Integrated Management Platform for National Monitoring of NEVs and Traceability of Traction Battery Recycling and Utilization" (新能源汽車國家監測與動力蓄電池回收利用溯源綜合管理平台) shall be established to collect information on the whole lifecycle of traction battery production, sales, use, disposal, recycling, and utilization, and to monitor the fulfillment of the responsibility of battery recycling and utilization by the subjects of each link. From the effective date of the Provisions, the NEV products that have obtained the Announcement of Road Power-Driven Vehicle Manufacturing Enterprises and Products and the imported NEVs that have obtained compulsory product certification are managed in a traceable manner. For the NEV products that have obtained access approval and the imported NEVs that have obtained compulsory product certification before the effective date of the Provisions, the implementation of traceability management will be delayed for 12 months. If, after the deadline, it is necessary to use traction batteries that are not coded according to national standards in the process of maintenance or other processes, an explanation shall be submitted.

Favorable Policies on Automobiles Industry in China

1. Government Subsidies for Automobile Purchasers

According to the Notice of Further Effectively Completing the Work Concerning Trade-in of Vehicles (《關於進一步做好汽車以舊換新有關工作的通知》), which was issued by the MOFCOM and other six ministries and commissions on August 15, 2024 and became effective on the same day, restates the aforementioned increased subsidy standard, increases the central financial support, optimizes the vehicle scrapping renewal review and allocation regulation process and emphasizes on strengthening supervision and administration. For eligible subsidy applications filed between April 24, 2024 and January 10, 2025 (including applications for which the subsidy granting has been completed), subsidies shall be granted according to the increased standard specified in this notice; for applications for which the subsidies have been granted according to the former standard, the difference shall be made up according to the standard specified in this notice. Moreover, the Notice on Effectively Completing the Work Concerning 2025 Trade-in of Vehicles (《關於做好2025年汽車以舊換新工作的通知》), which

was issued by the MOFCOM and other seven ministries and commissions on January 14, 2025 and became effective on the same day, on one hand, the scope of vehicles eligible for vehicle scrapping and replacement has been further expanded. This includes incorporating the scenario of scrapping fuel vehicles meeting Level IV national emission standards and subsequently purchasing passenger NEVs in the scope of the subsidy program. Additionally, the registration time for passenger NEV eligible for scrapping has been extended by 6 months to December 31, 2018, while for other vehicles, it has been extended by 1 year: for gasoline passenger vehicles, it has been extended to June 30, 2012; for diesel and other fuel passenger vehicles, it has been extended to June 30, 2014. On the other hand, the subsidy standards for vehicle replacement have been improved. Individual consumers who transfer a passenger vehicle registered under their own name and purchase a new passenger NEV will be eligible for replacement subsidies up to RMB15,000 per vehicle in 2025.

According to the Notice on Launching Pilot Reforms for Automobile Circulation and Consumption (《關於開展汽車流通消費改革試點工作的通知》) jointly issued by the MOFCOM and other seven ministries and commissions on January 20, 2025, and effective immediately, pilot reforms for automobile circulation and consumption will be conducted during the period 2025-2027. The initiative aims to stimulate vitality in the automotive consumer market and promote high-quality development of the automobile industry. The reforms primarily focus on five key areas: (i) stabilizing and expanding automobile consumption; (ii) facilitating efficient circulation of used vehicles; (iii) cultivating an automotive cultural environment; (iv) enhancing the recycling system for end-of-life vehicles; (v) advancing the digitalization of automobile circulation and consumption.

2. Exemption from Vehicle Purchase Tax

According to the Announcement on the Exemption of Vehicle Purchase Tax on New Energy Vehicles (《關於延續新能源汽車免徵車輛購置稅政策的公告》) jointly promulgated by the MOF, the STA and the MIIT on September 18, 2022 and came into effect on the same date, it is expressively stated that the tax exemption period for purchase of new energy vehicles was further extended to December 31, 2023.

According to the Announcement on Continuing and Optimizing the Vehicle Purchase Tax Reduction and Exemption Policy for New Energy Vehicles 《關於延續和優化新能源汽車車輛購置稅減免政策的公告》 jointly promulgated by the MOF, the STA and the MIIT on June 19, 2023 and came into effect on the same date, it is expressively stated that the purchase tax exemption period for purchase of new energy vehicles was further extended to December 31, 2025; of which the tax exemption amount for each new energy passenger vehicle is not more than RMB30,000; vehicle purchase tax for new energy vehicles with purchase dates from January 1, 2026 to December 31, 2027 is reduced by half, of which the tax reduction amount for each new energy passenger vehicle is not more than RMB15,000.

3. Exemption of Vehicle and Vessel Tax

According to the Notice of Preferential Vehicle and Vessel Tax Policies for Energy-saving and New-energy Vehicles and Vessels (《關於節能、新能源車船享受車船稅優惠政策的通知》) jointly promulgated by the MOF, the Ministry of Transport, the SAT, and the MIIT on July 10, 2018 and effective from the same date, purely electric commercial vehicles, plug-in (including extended-range) hybrid vehicles, and fuel cell commercial vehicles are exempt from vehicle and vessel tax, whereas purely electric passenger vehicle and fuel cell passenger vehicles are not subject to vehicle and vessel tax. The Catalogue of NEV Models Enjoying Vehicle and Vessel Tax Reduction and Exemption (《享受車船稅減免優惠的節約能源使用新能源汽車車型目錄》) jointly promulgated by MIIT and the SAT from time to time lists the NEV models eligible for enjoying vehicle and vessel tax reduction and exemption.

4. Corporate Average Fuel Consumption and NEV Credits Scheme for Vehicle Manufacturers and Importers

According to the Measure on the Parallel Administration of the Corporate Average Fuel Consumption and NEV Credits of Passenger Vehicle Enterprises (《乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法》) jointly promulgated by the MIIT, the MOF, the MOFCOM, the General Administration of Customs, and the SAMR on September 27, 2017 and effective from April 1, 2018, and latest amended on June 29, 2023 and implemented on August 1, 2023, the MIIT shall establish a vehicle fuel consumption and new energy vehicle points management platform, to comprehensively promote the publicity, transfer, transaction and other work of the average fuel consumption and new energy vehicle points of enterprises. Passenger vehicles enterprises shall, according to the requirements of the MIIT, submit the relevant data of the fuel consumption of passenger vehicles manufactured and imported by them and new energy passenger vehicles; and conduct transfer or trading of points through the vehicle fuel consumption and new energy vehicle points management platform.

5. Recent Policies to Promote NEV Consumption

Pursuant to the Opinions on Further Unleashing Consumption Potential to Promote Sustained Recovery of Consumption (《關於進一步釋放消費潛力促進消費持續恢復的意見》) issued and implemented by the General Office of the State Council on April 20, 2022, it emphasizes to break down the barriers of consumption restrictions. One of the initiatives is to steadily increase the consumption of automobiles and other consumption in bulk stocks and no additional vehicle purchase restriction measures shall be issued in all regions. In the regions where purchase restrictions have been implemented, it shall gradually increase the number of vehicle increment indicators, relax the eligibility criteria for vehicle purchasers, and gradually remove vehicle purchase restrictions based on local conditions. It also vigorously develop green consumption and continue to support the acceleration of development of NEVs, as well as fully tap into the consumption potential in counties and townships, while emphasizing on guiding enterprises to carry out promotions in rural areas with the focus on automobiles and home appliances, encouraging eligible areas to introduce NEVs and green smart home appliances to the countryside, and promoting the construction of charging piles (stations) and other supporting facilities, so as to fully explore consumption potentials from counties and villages.

According to the Notice on the Measures for Invigorating Automobile Circulation and Boosting Automobile Consumption (《關於搞活汽車流通擴大汽車消費若干措施的通知》) issued by 17 departments including the MOFCOM and implemented on July 5, 2022, it provided to (1) support the purchase and use of NEVs; (2) accelerate the activation of the second-hand cars market; (3) promote vehicle renewal consumption; (4) promote the sustainable and healthy development of the parallel import of vehicles; (5) optimize the environment for vehicle use; (6) enrich vehicle financing services.

Pursuant to the Notice on the Campaign of Promoting NEVs in Rural Areas for 2024 (《關於開展2024年新能源汽車下鄉活動的通知》), which was issued by the MIIT and other four ministries and commissions on May 15, 2024 and became effective on the same day, from May to December 2024, the following measures shall be taken to promote NEVs in rural areas: (i) selecting suitable NEV models for rural markets that have a good reputation and reliable quality (as listed in the Model Catalogue of the 2024 NEV Promotion in Rural Areas (2024年新能源汽車下鄉車型目錄)) and conducting various activities, such as centralized exhibitions, test rides, and test drives, to enrich consumer experiences and provide diverse options; (ii) organizing charging and battery swapping services, as well as financial services such as insurance underwriting, insurance claims, and credit services for NEVs; (iii) coordinating after-sales services, such as maintenance, in rural areas and addressing the shortcomings of matched environment in rural areas; and (iv) implementing support policies such as trade-ins and improvement of charging and swapping facilities in rural areas to deliver substantial monetary benefits directly to consumers.

Regulations Relating to Cybersecurity and Data Security

Pursuant to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) issued by the SCNPC on November 7, 2016 and implemented on June 1, 2017 (hereinafter referred to as the "**Cybersecurity Law**"), network operators shall, according to the requirements of laws and requirements as well as the mandatory requirements of national and industry standard, develop internal security management mechanisms, and take technical measures and other necessary measures to ensure network security and stable operation. Personal information and important data collected and produced by critical information infrastructure ("**CII**") during operation shall be stored within PRC; where due to business requirements it is truly necessary to provide it overseas, a security assessment shall be conducted according to the requirements of relevant departments. Network operators in violation of the provisions of this law may be subject to penalties, such as being ordered to make rectifications, given warnings or fines, confiscated of unlawful gains, ordered to a temporary suspension of operations, a suspension of business for corrections, a shutting down of websites, a revocation of relevant operations permits, etc. Pursuant to the Notice to Seek Public Comments on the Decision to Revise the Cybersecurity Law of the PRC (Draft for Comments) (《關於修改<中華人民共和國網絡安全法>的決定(徵求意見稿)》) ("**Cybersecurity Law Revision Draft**") issued by the Cyberspace Administration of China (hereinafter referred to as the "**CAC**") on September 12, 2022, the violations of the Cybersecurity Law might be subject to more severe punishment if the Cybersecurity Law Revision Draft is implemented in its current form. Specifically, the Cybersecurity Law Revision Draft enhanced the punishment against violations of the network operation security obligation, the CII operation security obligation, and the network

information security obligation by increasing the upper limits of the fines and imposing additional punishment. The Cybersecurity Law Revision Draft also enhanced the punishment against personal information infringement by referencing to the punishment under applicable laws which would include relevant punishment under the Personal Information Protection Law. As of the Latest Practicable Date, the Cybersecurity Law Revision Draft has not been formally adopted.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》) passed by the SCNPC on June 10, 2021 and implemented on September 1, 2021, the state establishes a classified and tiered system for data protection. When conducting data handling activities, one shall comply with laws and regulations, establish a sound, full-range data security and management system, organize and conduct data security education and training, as well as take corresponding technical measures and other necessary measures to protect data safety. The use of the internet and other information networks to carry out data handling activities shall, on the basis of the hierarchical network security protection system, fulfill the obligations of data security protection. The handlers of important data shall, in accordance with relevant provisions, carry out risk assessment on their data handling activities on a regular basis and submit risk assessment reports to the relevant competent authorities. Those who fail to fulfill the legal obligations of data security protection will be ordered to correct, warned, fined, suspended with their business or suspended for rectification, or revoked of relevant business licenses.

According to the Measures for Data Security Administration in the Industry and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) promulgated by the MIIT on December 8, 2022 and effective from January 1, 2023, data handlers in the field of industry and information technology refer to all types of subjects in the field of industry and information technology, such as industrial enterprises, software and information technology service providers, telecommunications business operators obtaining a telecommunications business permit, and radio frequency and station users that independently determine handling purposes and handling methods in data handling activities. According to the degree of harm caused by data tampering, destruction, divulgence, or illegal acquisition or utilization of data to national security, public interest, or the lawful rights and interests of individuals and organizations, among others, industrial and information data can be divided into three levels: general data, important data, and core data. The MIIT will organize the formulation of the standards and specifications on the classification and grading of data, identification and confirmation of important data and core data, graded data protection, etc. in the field of industry and information technology, guide the management of data classification and grading, and formulate specific catalogs of important data and core data of industry and implement dynamic management. Data handlers in the field of industry and information technology shall assume the principal responsibility for the security of data handling activities and implement graded protection of various types of data. In addition, the Measures for Data Security Administration in the Industry and Information Technology Field (Trial Implementation) stipulates the data security monitoring and early warning and emergency management mechanism, as well as the relevant reporting and notification obligations of the data handlers in the field of industry and information technology under such mechanisms.

The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) was jointly promulgated by the MIIT, the CAC, and the Ministry of Public Security on July 12, 2021, and effective on September 1, 2021. Network product providers and network operators shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. According to the Cybersecurity Law, the Administrative Provisions on Security Vulnerability of Network Products provide that network product providers are required to report relevant information of security vulnerability of network products to the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems, or equipment have security vulnerability. Network operators who violate the Provisions shall be dealt with by the relevant competent authorities in accordance by the law, and those who constitute relevant violations under the Cybersecurity Law shall be punished in accordance with the Cybersecurity Law.

According to the Several Provisions on Administration of Automobile Data Security (For Trial Implementation) (《汽車數據安全管理若干規定(試行)》) ("**Several Provisions on Automobile Data**") jointly promulgated by the CAC, the NDRC, the MIIT, the Ministry of Public Security, and the Ministry of Transport on August 16, 2021, and effective on October 1, 2021, automobile data handlers (including automobile manufacturers, components and parts and software suppliers, dealers, maintenance organizations, and mobility service enterprises) shall handle automobile data (including personal information data and important data involved during the design, production, sales, use, operation, and maintenance of automobile) in a lawful, legitimate, specific and clear manner. Automobile data handlers are encouraged by the Several Provisions on Automobile Data to adhere to the following principles: the principle of in-vehicle handling, i.e., do not transfer data out of the vehicle unless it is indeed necessary; the principle of non-collection by default; the principle of appropriate accuracy and coverage; and the principle of data desensitization. Operators collecting personal information shall obtain the consent of the person being collected upon or comply with other requirements stipulated in laws, regulations or administrative rules. The Several Provisions on Automobile Data also provided that important data means the data that may endanger national security, public interests, or the lawful rights and interests of individuals or organizations once it has been tampered with, destroyed, leaked, or illegally obtained or used, including geographic information, passenger flow, vehicle flow and other data of important sensitive areas, operating data of vehicle charging networks, personal information involving more than 100,000 personal information subjects, video and image data outside the vehicles that contain face information, license plate information, etc. Important data shall be stored domestically by laws. If such data need to be provided outside China due to business needs, the data shall go through the security assessment organized by the CAC. To handle important data, automobile data handlers shall conduct risk assessment in accordance with the regulations and submit risk assessment reports to related departments at provincial level. In addition, automobile data handlers handling important data shall, by December 15 of each year, report to the related departments at provincial level the information on automobile data security management. The implementation of such requirement on annual report is subject to the authority of related departments at provincial level. Illegal automobile data handlers shall bear administrative punishment by laws and if a crime is committed, shall bear criminal liability.

Pursuant to the Notice of the Ministry of Industry and Information Technology on Strengthening Network Safety and Data Safety Work of Vehicle Connectivity (《工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知》) promulgated by the MIIT and effective on September 15, 2021, all Internet of Vehicles companies shall establish a network security and data security management system, which defines responsible persons and management departments and implements the responsibilities of network security and data security protection. Enterprises related to the Internet of Vehicles shall adopt management and technical measures to strengthen the security protection of automobiles, networks, platforms and data in accordance with the requirements of relevant standards for Internet of Vehicles network security and data security and shall monitor, prevent and promptly deal with network security risks and threats, ensure that data is effectively protected and legally used, and maintain the safe and stable operation of the Internet of Vehicles.

According to the Regulations on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021, and effective on September 1, 2021, CII means network facilities and information systems in important industries and fields that may seriously endanger national security, national economy and people's livelihood, and public interests in the event that they are damaged or lose their functions or their data are leaked. The protection authorities shall be responsible for organizing the identification of CII of respective industries and fields, notify the operators concerned of the identification results in a timely manner. The Regulations emphasize that no individual or organization may engage in any activity of illegally hacking into, interfering with, or damaging any critical information infrastructure or endanger the CII security.

On April 13, 2020, the Cybersecurity Review Measures (《網絡安全審查辦法》) was jointly promulgated by the CAC, the NDRC, the MIIT, the Ministry of Public Security, the Ministry of State Security, the MOF, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the National Administration of State Secrets Protection and the State Cryptography Administration, revised on December 28, 2021, by the aforementioned departments and the China Securities Regulatory Commission, and the revised Cybersecurity Review Measures formally became effective on February 15, 2022. According to the revised Cybersecurity Review Measures, operators of online platforms with personal information of more than one million users must apply for a cybersecurity review with the Cybersecurity Review Office when they are seeking for listing in a foreign country. In the meantime, the member organizations of the cybersecurity review working mechanism have the discretion to initiate a cybersecurity review on any data handling activity if they deem a data handling activity affects or may affect national security. The specific implementation rules on cybersecurity review are subject to further clarification by subsequent regulations.

On September 24, 2024, the CAC announced the Cyber Data Security Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025, stipulates that cyber data handlers who carry out cyber data handling activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the cyber data handling activities conducted by cyber data handlers in the view of personal data protection, important data safety, cross-border data transfer safety management and obligations of network platform service provider. Cyber data handlers shall identify and declare important data in accordance with relevant state regulations. For data confirmed as important data, relevant regions and departments shall promptly inform cyber data handlers or make public announcements. Cyber data handlers shall fulfill their responsibilities for cyber data security protection. Handlers of important data shall designate persons in charge of cyber data security and establish cyber data security management institutions. Cyber data security management institutions shall fulfill their responsibilities for cyber data security protection. Handlers of important data shall conduct risk assessments of their cyber data handling activities on an annual basis and submit risk assessment reports to relevant competent departments at or above the provincial level.

On July 7, 2022, the CAC officially issued the Measures for the Security Assessment of Cross-border Data Transmission (《數據出境安全評估辦法》) ("**the Measures**"), which became effective and was implemented on September 1, 2022. The Measures applies to the security assessment conducted by data handlers where they provide overseas parties with important data and personal information collected and generated during the operation in the PRC. Based on the Measures, data handlers shall apply for the security assessment of cross-border data transfer to the CAC through the provincial cyberspace administration in the place where they operate if their data cross-border data transfer activities fulfill certain thresholds.

According to the Regulations on Promoting and Standardizing Cross-Border Data Transfer (《促進和規範數據跨境流動規定》) ("**the Regulations**") issued by the CAC and effective on March 22, 2024, data collected and generated in activities such as international trade, transnational manufacturing and marketing and provided to overseas, excluding personal information or important data, are exempt from the requirement of declaring security assessment for cross-border data transfers, establishing the standard contract for cross-border transfer of personal information, and obtaining personal information protection certification. Data handlers other than operators of CII who provide important data to overseas or who have provided personal information (excluding sensitive personal information) of more than one million people or sensitive personal information of more than 10,000 people cumulatively since January 1 of the current year shall declare security assessment for cross-border data transfers, except for those specified in Articles 3, 4, 5, and 6 of the Regulations. Personal information handlers shall provide personal information overseas by entering into standard contract with overseas recipient and file with the provincial cyberspace administration or obtaining personal information certification if the following conditions are simultaneously met: (1) data handlers other than CII operators; and (2) where the personal information of more than 100,000 individuals and less than 1,000,000 individuals (excluding sensitive personal

information) has been cumulatively provided overseas since January 1 of the current year, or where the sensitive personal information of less than 10,000 individuals has been cumulatively provided overseas since January 1 of the current year, except for those specified in the provisions of Articles 3, 4, 5 and 6 of the Regulations. According to the Article 3 of the Regulations, if the cross-border transferred data has not been notified or publicly disclosed by relevant departments or regions as important data, data handlers do not need to declare security assessment for cross-border data transfers as the important data handlers. According to Articles 4, 5, and 6 of the regulations, the following are the main exemptions from the requirement to declare security assessment for cross-border data transfers, establish the standard contract for cross-border transfer of personal information, and obtain personal information protection certification: (i) providing personal information collected and generated overseas by data handlers overseas after being handled in China without involving domestic personal information or important data; (ii) providing personal information overseas is necessary for the conclusion or performance of a contract to which the individual is a party concerned, such as cross-border shopping, cross-border mailing, cross-border remittances, cross-border payments, cross-border account opening, air ticket and hotel reservations, visa processing, exam services, etc.; (iii) providing employee personal information overseas is necessary for implementation of cross-border human resources management in accordance with legally formulated labor rules and regulations and legally signed collective contracts; (iv) providing personal information overseas is necessary to protect the life, health, and property safety of natural persons in emergency situations; (v) data handlers other than operators of CII have provided personal information (excluding sensitive personal information) overseas of less than 100,000 people cumulatively since January 1 of the current year; (vi) data handlers in pilot free trade zones provide data overseas outside the negative list formulated, approved, and filed by the pilot free trade zone in accordance with the law. In case of any inconsistency between the Regulations and other regulations such as the Security Assessment Measures for Cross-border Data Transfers (《數據出境安全評估辦法》) (Decree No. 11 of the Cyberspace Administration of China) issued on July 7, 2022 and the Measures on the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》) (Decree No. 13 of the Cyberspace Administration of China) issued on February 22, 2023, the Regulations shall prevail.

According to the Amendment (IX) to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) promulgated by the SCNPC on August 29, 2015, and effective on November 1, 2015, network service providers who violate the information network security management obligations stipulated by relevant laws and refuse to make rectification after being ordered to do so shall be subject to criminal penalties if the circumstances is serious as those stipulated in the Amendment (IX) to the Criminal Law of the PRC.

Regulations Relating to Intelligent Connected Vehicles and Autonomous Driving

Pursuant to the Rules for the Administration of the Road Testing and Demonstrative Application of Intelligent Connected Vehicles (for Trial Implementation) (《智能網聯汽車道路測試與示範應用管理規範(試行)》) jointly issued by the MIIT, the Ministry of Public Security, and the Ministry of Transport on July 27, 2021 and effective on September 1, 2021, any entity intending to conduct a road testing of intelligent connected vehicles must obtain a temporary vehicle license plate for each tested vehicle. An applicant entity must satisfy the relevant requirements, which include that it must be an independent legal person registered in the PRC with the capacity to conduct intelligent connected vehicles-related businesses such as manufacturing, technological research and development and testing of vehicles and vehicle parts, with full civil legal capacity for compensation relating to potential personal injury and losses of properties arising from road-testing of intelligent connected vehicles, which has established protocol to test and assess the performance of the autonomous driving function of the intelligent connected vehicles and is capable of conducting real-time remote monitoring of the vehicles under road testing, and with the ability of event recording, analysis, and reproduction of the vehicles under road testing and ensuring the network security of the vehicles under road testing and the remote monitoring platforms; the vehicle under road testing must be equipped with a control system that can switch between autonomous driving mode and manual operation mode in a safe, quick, and simple manner and must ensure that the vehicle can be switched to manual operation mode in real-time under any circumstances. The tested vehicle must be equipped with the functions of recording, storing, and real-time monitoring the condition of the vehicle and is able to transmit real-time data of the vehicle, such as labelling, mode of control, location, speed, acceleration and direction of vehicles; the applicant entity must sign an employment contract or a labor service contract with the driver of the tested vehicle, while the driver must be a licensed driver for the relevant model with more than three years of driving experience and a track record of safe driving and is familiar with the testing protocol for autonomous driving system and proficient in operating the system. The applicant entity must insure each tested vehicle for at least RMB5 million against car accidents or provide a letter of guarantee covering the same. In addition, during testing, the testing entity should mark the words "autonomous driving test" on the body of each tested vehicle in a prominent color and should not use autonomous driving mode unless in the permitted testing areas specified in the declaration. In addition, the testing entity is required to submit to the relevant competent authorities of provincial and municipal governments a periodical testing report every six months and a final testing report within one month after completion of the road testing. In the case of a car accident-causing severe injury or death of personnel or vehicle damage, the testing entity must report the accident to the relevant authority within 24 hours and submit a complete accident analysis report covering the cause of the accident, final liability allocation results, etc. within five working days after the traffic enforcement agency determines the liability for the accident.

According to the Opinions of the Ministry of Industry and Information Technology on Strengthening the Administration of Access of Intelligent Connected Vehicle Manufacturers and Products (《工業和信息化部關於加強智能網聯汽車生產企業及產品准入管理的意見》) promulgated by the MIIT and effective on July 30, 2021, enterprises producing automobile products with autonomous driving function shall ensure that the automobile products at least satisfy the following requirements: (1) it is capable of automatically identifying the failure of the autonomous driving system and whether the designed operating conditions are continuously met, and taking risk mitigation measures to achieve the minimum risk level; (2) it is equipped with human-machine interaction function displaying the operating condition of the autonomous driving system; (3) it has an event data recording system and autonomous driving data recording system to meet relevant functions, performance and safety requirements for accident reconstruction, liability determination and cause analysis, etc.; (4) it must satisfy the safety requirements to ensure functional safety, expected functional safety, network safety and other process safety, as well as testing requirements such as simulation nature, closed area, actual road, network safety, software upgrade, and data recording to avoid foreseeable and preventable accidents under the designed operating conditions of the tested vehicles.

Pursuant to the Notice of the Ministry of Industry and Information Technology on Strengthening Network Safety and Data Safety Work of Vehicle Connectivity (《工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知》) promulgated by the MIIT and effective on September 15, 2021, enterprises engaged in vehicle connectivity shall strengthen the prevention and protection of intelligent connected vehicles safety, vehicle connectivity's network safety, vehicle connectivity's service platform safety and data safety, and improve the safety standard system for network safety and data safety.

Regulations Relating to Personal Privacy and Personal Information Protection

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) adopted by the NPC on May 28, 2020, and effective on January 1, 2021, the personal information of natural persons is protected by law. Any organization or individual must legally obtain the relevant personal information of others and must ensure the security of the relevant information, and must not illegally collect, use, handle, or transmit the personal information of others, nor illegally trade, provide, or disclose the personal information of others.

According to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) ("**Personal Information Protection Law**") adopted by the SCNPC on August 20, 2021, and effective on November 1, 2021, no organization or individual may infringe upon natural persons' rights and interests relating to personal information. The Personal Information Protection Law clarifies that personal information shall be handled under the principles of lawfulness, legitimacy, necessity, and good faith and shall be handled for a clear and reasonable purpose, directly related to the handling purpose and in a manner that has the minimum impact on the rights and interests of individuals, and limited to the minimum scope necessary for achieving the handling purpose. It shall be handled under the principle of openness, transparency and the quality of personal information shall be guaranteed and security measures shall be taken to prevent personal information from being leaked, tampered, or lost.

The Personal Information Protection Law provides the circumstances under which a personal information handler could handle personal information and the requirements for such circumstances, such as when (1) the individual's consent has been obtained; (2) the handling is necessary for the conclusion or performance of a contract to which the individual is a party concerned; (3) the handling is necessary to fulfill statutory duties and statutory obligations; (4) the handling is necessary to respond to public health emergencies or protect natural persons' life, health, and property safety under emergency circumstances; (5) the personal information that has legally been made public by the relevant individual or otherwise is handled within a reasonable scope; (6) personal information is handled within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (7) under any other circumstance as provided by any law or administrative regulation. It also stipulates the obligations of a personal information handler. No organization or individual may illegally collect, use, handle, or transmit personal information, illegally buy or sell, provide or make personal information public, or engage in the handling of personal information that endangers the national security or public interests. The Personal Information Protection Law clarifies the definition of "sensitive personal information", which means personal information that, once leaked or illegally used, may result in damage to the personal dignity of nay natural person or endanger personal or property security, including information on biometrics, religious beliefs, specific identities, medical health, financial accounts, and personal whereabouts, among others. Where a personal information handler handles sensitive personal information with the individual's consent, a separate consent shall be obtained from the individual. Where any law or administrative regulation provides that written consent shall be obtained for handling sensitive personal information, such provision shall prevail.

The Announcement of Conducting Special Supervision Against the Illegal Collection and Use of Personal Information by Apps (《關於開展APP違法違規收集使用個人信息專項治理的公告》) jointly promulgated and implemented by the CAC, the MIIT, the Ministry of Public Security, and the SAMR on January 23, 2019, reiterates that App operators should collect and use personal information in strict compliance with the responsibilities and obligations under the Cybersecurity Law. In addition, the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information (《APP違法違規收集使用個人信息行為認定辦法》) jointly promulgated and implemented by the CAC, the MIIT, the Ministry of Public Security, and the SAMR on November 28, 2019, clarifies specific circumstances of illegal collection and use of personal information, including "failing to publish the rules on the collection and use of personal information", "failing to explicitly explain the purposes, methods and scope of the collection and use of personal information", "collecting and using personal information without the users' consent", "collecting personal information unrelated to the services it provides and beyond necessary principle", "providing personal information to others without the users' consent", and "failing to provide the function of deleting or correcting the personal information according to the laws" or "failing to publish information such as ways of filing complaints and reports."

According to the Several Provisions on Automobile Data, when handling personal information, automobile data handlers shall obtain personal consent or comply with other circumstances stipulated by laws and administrative regulations. If the automobile data handlers collect personal information outside the vehicle for the purpose of ensuring driving safety, but are unable to obtain personal consent, the automobile data handlers shall anonymize the data by means such as deleting the pictures containing identifiable natural persons or partially contouring the facial information in the pictures.

In addition, the Notice of the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security on Lawfully Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》) issued in 2013 and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued on May 8, 2017, and effective on June 1, 2017, clearly stipulate the conviction and sentencing standards for crimes related to infringement of personal information.

Regulations Relating to Restriction in Value-Added Telecommunications Services

According to the PRC Telecommunications Regulations (《中華人民共和國電信條例》) promulgated by the State Council on September 25, 2000, and last amended and implemented on February 6, 2016 and the Catalogue of Telecommunications Services (《電信業務分類目錄》), the state establishes a licensing system for telecommunications services according to the different categories of the services. Telecommunications services are divided into two categories: basic telecommunications services and value-added telecommunications services. Basic telecommunications services refer to the provision of public network infrastructure, public data transmission, and basic voice communication services, while value-added telecommunications services refer to the provision of telecommunications and information services by utilizing the public network infrastructure. Anyone that intends to be engaged in basic telecommunications services shall obtain a Basic Telecommunications Business License (《基礎電信業務經營許可證》) issued by competent authorities. Anyone that intends to be engaged in value-added telecommunications business shall obtain a Value-added Telecommunications Business License (《增值電信業務經營許可證》) issued by competent authorities. An operator violating the laws due to failure in obtaining relevant business licenses will face penalties such as correction orders, warnings, fines, confiscation of illegal gains, and in case of severe circumstances, be ordered to suspend business for rectification.

According to the Catalogue of Telecommunications Services (2015) (《電信業務分類目錄(2015)》) promulgated by the MIIT on December 28, 2015, and last amended and implemented on June 6, 2019, value-added telecommunications services are divided into two categories. The first category of value-added telecommunications services includes "internet data center services, content distribution network services, domestic Internet virtual private network services and Internet access services." The second category of value-added telecommunications services includes "online data processing and transaction processing services, domestic multi-party communications services, storage and forwarding services, call center services, information services, coding, and regulation conversion services."

According to the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council on September 25, 2000, and last amended and effective on December 6, 2024, internet information services refer to the provision of information through internet to web users. Internet information services are divided into two categories: non-commercial internet information services and commercial internet information services. A commercial internet information service provider shall obtain a Value-added Telecommunications Business License (《增值電信業務經營許可證》) from relevant telecommunications administrative agencies. According to the Administrative Measures for the Licensing of Telecommunications Business Operations (《電信業務經營許可管理辦法》) promulgated by the MIIT on March 1, 2009, last amended on July 3, 2017, and effective from September 1, 2017, the MIIT and provincial administrations of telecommunications are in charge of the review and approval of business licenses. For a Value-Added Telecommunications Business License, it shall be valid for five years and can be renewed by submitting a renewal application within 90 days before its expiration.

Under the 2024 Negative List, the provision of value-added telecommunications services falls into the restricted category (except for e-commerce, domestic multi-party communications, store-and-forward, and call center services) and the foreign shareholding ratio shall not exceed 50%.

According to the Provisions on the Administration of Foreign-funded Telecommunications Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council on December 11, 2001, and last amended on March 29, 2022 and effective on May 1, 2022, foreign-invested enterprises that meet the requirements, have qualifications, and comply with relevant laws and regulations on foreign investment can apply for value-added telecommunications services. The competent department for acceptance and review is the MIIT.

Regulations Relating to Environmental Protection

1. Environmental Protection

Pursuant to the PRC Environmental Protection Law (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and came into effect on the same day, latest amended on April 24, 2014 and came into effect on January 1, 2015, the waste discharge licensing system has been implemented in the PRC and entities that discharge wastes shall obtain a Waste Discharge License (排污許可證). Furthermore, facilities for the prevention and control of pollution at a construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project. Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within a prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

2. Environmental Impact Assessment

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, came into effect on September 1, 2003 and latest amended on December 29, 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report or an environmental impact form or complete an environmental impact registration form (the "**Environmental Impact Assessment Documents**") for reporting and filing purposes. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

In accordance with the Administrative Regulations on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, last amended on July 16, 2017, and effective from October 1, 2017, the PRC practices a system that evaluates the environmental impact of a construction project. A construction unit should submit an environmental impact report or environmental impact statement before the commencement of the construction project for approval or submit the environmental impact registration form in accordance with the requirements of the environmental protection administrative department of the State Council for record. Besides, after the completion of the construction project for which the environmental impact report and the environmental impact statement are prepared, the construction unit should inspect and accept the environmental protection facilities for a project and prepare an acceptance report in

compliance with the standards and procedures stipulated by the environmental protection administrative department of the State Council. For construction projects which are built in phases, put into production or use in phases, its corresponding environmental protection facilities shall be inspected and accepted in phases.

Pursuant to the Interim Measures on Administration of Environmental Protection for Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) which was promulgated on November 20, 2017 and came into effect on the same day, the construction unit is the responsible party for the acceptance of the environmental protection facilities for the completion of the construction project, and shall, in accordance with the procedures and standards stipulated in relevant regulations, organize the acceptance of the environmental protection facilities, prepare the acceptance report, disclose the relevant information, accept social supervision, ensure that the environmental protection facilities to be constructed for the construction project are put into operation or used at the same time as the main project, and be responsible for the truthfulness, accuracy and completeness of the acceptance content, conclusions and information disclosed, and shall not falsify the acceptance process. The major construction works of the construction project cannot be put into operation until the supporting facilities for environmental protection pass the inspection.

3. Pollutant Discharge Permit

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

The State Council issued the Regulation on Pollutant Discharge Permit Administration (《排污許可管理條例》) on January 24, 2021 to further enhance the pollutant discharge administration. The administration on pollutant discharge units is divided into key management and simplified management pursuant to the amount of pollutant caused and discharged and the impact on the environment. Their view, decision and information disclosure of pollutant discharge licenses shall be handled through the national pollutant discharge license management information platform. The pollutant discharge license is valid for 5 years and the discharging units should apply for renewal 60 days before the expiry for continues pollutant discharge.

Regulations Relating to Work Safety

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021, entities that engage in production and business operation activities in PRC shall set up and perfect the responsibility system for work safety, improve the conditions for work safety, strengthen the education and training on work safety for employees, provide articles of labor protection that meet the national standards or industrial standards for their employees, and perform the obligations related to work safety as stipulated by the Work Safety Law of the PRC and other laws and regulations.

Regulations Relating to Fire Safety Inspection and Acceptance

Pursuant to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC in April 29, 1998, last amended and effective on April 29, 2021, and the Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, last amended on August 21, 2023 and became effective on October 30, 2023, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction and construction projects shall undergo the fire protection design review and acceptance system. The production workshops of labor-intensive enterprises with a total construction area of more than 2,500 square meters and the construction units of other special construction projects must apply to the fire control department for fire protection design review, and complete the fire protection acceptance procedures after the completion of the construction project. The construction unit of other construction projects must complete the fire protection filing of the fire protection design and the completion acceptance within five working days after the completion acceptance of the construction project. If a construction project fails to pass the fire safety inspection before it is put into use, or does not meet the fire safety requirements after the inspection, it will be ordered to suspend the construction and use of such project, or suspend production and business, and be imposed a fine.

Regulations Relating to Land and Construction Projects

1. Land Grants

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) promulgated by the State Council on May 19, 1990, last amended on November 29, 2020, and effective on the same date, China adopts a system of assignment and transfer of the right to use state-owned land. The assignment of land use rights may be carried out by agreement, bidding, or auction. The land user shall pay the premium of the land use right to the State, and the State may assign such right to the user for an agreed term. The land user who has obtained the land use right may, within the term of land use, transfer, lease, or mortgage the land use right or use it for other economic activities.

2. Planning of a Construction Project

Pursuant to the regulations abovementioned and the PRC Urban Real Estate Administration Law (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, last amended on August 26, 2019, and effective on January 1, 2020, an assignment contract shall be signed between the regional land administration authority and land users for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate to acquire the land use rights. The land user shall develop, utilize, and operate the land in accordance with the provisions of the assignment contract and the requirements of urban planning.

Pursuant to the Administrative Measures on Planning of Assignment and Transfer of Urban State-owned Land Use Rights (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction (the predecessor of the Ministry of Housing and Urban-Rural Development) on December 4, 1992, amended on January 26, 2011, and effective on the same date, the land assignee shall apply to the urban planning administrative authority for a construction land planning permit. Pursuant to the Urban and Rural Planning Law (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and last amended on April 23, 2019 and implemented on the same date, a construction work planning permit must be obtained by a construction unit from the relevant competent urban and rural planning authority for the construction of any structure, fixture, road, pipeline, or other construction project within the planning zone of a city or town.

Pursuant to the Administrative Measures on Construction Permit of Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999, last amended on March 30, 2021, and effective on the same date, for the construction, renovation, and decoration of all kinds of buildings within the territory of China and the auxiliary facilities thereof, the installation of supporting lines, pipes, and equipment, and the construction of municipal infrastructure projects in cities and towns, the construction unit shall, before starting construction, apply to the housing and urban-rural development administrative department of the people's government at or above the county level where the project is located for a construction permit in accordance with the Measures. For a construction project with investment less than RMB300,000 or construction area less than 300 square meters, the construction unit is not required to apply for a construction permit.

According to the Provisions on Inspection and Acceptance upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated by the Ministry of Housing and Urban-Rural Development on December 2, 2013, and effective on the same date, construction units of all types of buildings and municipal infrastructure projects that are newly built, expanded, or rebuilt within the territory of China shall file with the competent construction authority of the local people's government at or above the county level where the project is located within 15 days from the date when the project is completed and accepted.

Regulations Relating to Leased Properties

According to the Administrative Measures for Commercial Housing Leases (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) department of the People's Government of the centrally-administered municipality, municipality or county where the leased property is located. Failure to complete the relevant lease registration may subject the parties to the lease agreement a fine between RMB1,000 to RMB10,000.

Regulations Relating to Intellectual Property Rights

1. Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) (Order No. 55 of the President of the PRC) (the "**Patent Law**"), which became effective on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "**Implementation Rules of the Patent Law**"), which became effective on January 20, 2024, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within the respective administrative areas. The Patent Law and the Implementation Rules of the Patent Law provide for three types of patents, namely inventions, utility models and designs. Invention patents are valid for twenty years, while utility model patents are valid for ten years, and design patents are valid for fifteen years, in each case from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

2. Copyrights

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020, and effective on June 1, 2021, copyrights include personal rights such as the right of publication and that of attribution, as well as property rights such as the right of reproduction and that of distribution. Copyright protection extends to internet activities, products, and software products transmitted through the internet. Reproducing, distributing, performing, projecting, broadcasting, compiling a work, or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided under the Copyright Law of the PRC, shall constitute infringement of copyrights. The infringer shall, bear civil liabilities, such as ceasing the infringement, eliminating the impact, making an apology, and compensating for the loss.

According to the Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration of the PRC on February 20, 2002, and effective on the same date, registration of software copyrights and registration of exclusive licensing contracts and transfer contracts of software copyrights shall be standardized. The National Copyright Administration is in charge of the administration of software copyright registration throughout the country and recognizes the Copyright Protection Center of China as the software registration organization. The Copyright Protection Center of China will grant registration certificates to applicants of computer software copyrights that comply with the provisions of the Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》) and the Regulations for the Protection of Computer Software (《計算機軟件保護條例》) (amended in 2013).

According to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, last amended on January 30, 2013 and implemented on March 1, 2013, computer software must be independently developed by the developer and has been fixed on certain tangible object. Software developed by Chinese citizens, legal persons, or other organizations, whether published or not, shall be entitled to the copyright in accordance with this Regulation. Software copyright owners may register with a software registration agency recognized by the copyright administrative department of the State Council. The registration certificate issued by the software registration agency shall be the preliminary evidence of the registration.

3. Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019, and effective on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, and amended on April 29, 2014 and implemented on May 1, 2014, registered trademarks in China include commodity trademarks, service trademarks, collective marks, and certification marks.

The Trademark Office of China National Intellectual Property Administration is responsible for trademark registration and administration in China. The period of validity of a registered trademark shall be ten years. If a registrant needs to continue to use the registered trademark after the period of validity, an application for renewal of registration shall be made every ten years. Application for renewal of registration shall be submitted within 12 months prior to the expiry date. The registrant of registered trademark may license the other party to use its registered trademark by entering into a trademark licensing agreement. The trademark licensing agreement shall be filed with the Trademark Office for record. The licensor shall supervise the quality of the goods for which the trademark is used and the licensee shall assure the quality of relevant goods. The first to file principle is adopted in the registration of trademarks in China. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Applying for

registration of a trademark shall not prejudice the existing right first obtained by others, nor could any person register in advance a trademark that has already been used by another party and has already gained a sufficient degree of reputation through such party's use. Using a trademark identical or similar to the registered trademark on the same or similar commodities without the permission of the trademark registrant constitutes an infringement on the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial measures, and compensate for losses.

4. Domain Names

In accordance with the Administrative Measures on Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017, and effective on November 1, 2017 to replace the Administrative Measures of China on Domain Names (《中國互聯網絡域名管理辦法》) promulgated in November 2004, the MIIT supervises and administrates the domain name service nationwide. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

Regulations Relating to Foreign Exchange and Overseas Investment

Pursuant to the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended and effective on August 5, 2008, matters on foreign exchange administration in China can be divided into current accounts (such as trade-related income and expenses and payments of interest and dividends) and capital accounts (such as direct equity investment, loans and divestment). Funds under current accounts or capital accounts can only be remitted in or out after going through foreign exchange (such as settlement or purchase) related procedures upon obtaining necessary permits and reasonable review.

The Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (hereinafter referred to as the "**Circular 59**"), which was promulgated by the SAFE on November 19, 2012, and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedures. Pursuant to Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces. In February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), part of which was abolished in December 2019. It stipulates that banks shall, on behalf of the SAFE, directly examine and

handle foreign exchange registration under domestic direct investment and overseas direct investment, and the SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

On May 11, 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (hereinafter referred to as the "**Circular 21**"), which became effective on May 13, 2013, amended on October 10, 2018, and partially abolished on December 30, 2019. Circular 21 stipulates that the SAFE and its local branches shall manage foreign investors' direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by the SAFE or its branches.

Pursuant to the Notice on Issues Concerning the Administration of Foreign Exchange in Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014 and effective on the same date, a domestic company shall, within 15 working days from the date of the end of its overseas listing, register the overseas listing with the administration of foreign exchange at the place of its establishment. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the relevant content included in the document and other disclosure documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (hereinafter referred to as the "**Circular 19**"), which was promulgated on March 30, 2015, became effective on June 1, 2015, and partially abolished on December 30, 2019 and March 23, 2023, respectively, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis based on the actual needs of their business operations. Foreign invested enterprises are prohibited from using the foreign exchange capital settled in RMB: (1) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (2) for direct or indirect securities investment; (3) to provide entrusted loans (unless permitted in the business scope), repay inter-company loans (including advances to third parties) or repay RMB bank loans that have been on-lent to a third party; and (4) to purchase real estate not for self-use purposes (save for real estate enterprises). Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (hereinafter referred to as the "**Circular 16**") promulgated and implemented by the SAFE on June 9, 2016 and partially amended on December 4, 2023, discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds, and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties).

On January 26, 2017, the SAFE issued and implemented on the same date the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Management Reform (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) (hereinafter referred to as the "**Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (1) when handling remittance of profit at an amount of over US$50,000 for domestic institutions, banks shall review board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements to check if the transactions are genuine; and (2) domestic entities shall make up for previous years' losses before remitting the profits. In addition, pursuant to Circular 3, domestic entities shall make detailed explanations to the bank in respect of the sources of the capital and its utilization arrangements, and provide board resolutions, contracts, and other supporting materials when undergoing the filing procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (Hui Fa [2019] No. 28) (《關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)) which became effective on the same date (except for Clause 2 of Article 8, which became effective on January 1, 2020, and partly amended on December 4, 2023). The Notice cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot areas are also allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts.

According to the Notice on Optimizing Foreign Exchange Management to Support the Development of Foreign Businesses (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification; provided that the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts. Relevant banks should conduct spot checks in accordance with relevant provisions.

Regulations on Overseas Direct Investment

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the SAFE on July 13, 2009 and came into effect on August 1, 2009, upon obtaining approval for overseas investment, an enterprise in mainland China shall apply for foreign exchange registration for its overseas direct investments. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment, the administrative approval for foreign exchange registration approval under overseas direct investment has been canceled, and the banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in mainland China such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US$300 million or above invested by local enterprise in mainland China or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in mainland China is less than US$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

Regulations Relating to Import and Export of Goods and Technology

1. Foreign Trade

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994, and subsequently amended on December 30, 2022, foreign trade operators have been exempted from the registration requirement since December 30, 2022. The amended law grants the PRC government the authority to allow the free import and export of commodities and technologies, except where specified otherwise by other laws and administrative regulations.

Prior to the amendment on December 30, 2022, under the earlier version of the Foreign Trade Law, foreign trade operators engaged in the import and export of commodities or technologies were obligated to apply for registration with the foreign trade authorities under the State Council or their delegated agencies for record-keeping purposes. This registration requirement was mandatory, unless exempted by other applicable laws, administrative regulations, or stipulations set forth by the foreign trade authorities under the State Council. Failure to comply with these provisions meant that the Customs Department would not proceed with customs clearance for imported or exported commodities.

2. Customs Law

In addition, according to the Customs Law of the PRC (《中華人民共和國海關法》) enacted by the SCNPC on January 22, 1987, and subsequently amended on April 29, 2021, effective from the same date, the Customs of the PRC is vested with the authority for the supervision and administration of entry and exit points. Under the framework of pertinent laws and administrative regulations, the Customs exercises its jurisdiction over various aspects, including the inspection and regulation of vehicles, goods, luggage, postal articles, and other items entering and departing the country. This mandate encompasses the assessment and collection of customs duties, taxes, and fees, as well as the prevention and detection of smuggling activities, compilation of customs statistics, and execution of related customs procedures.

Furthermore, as delineated in the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021, and implemented from January 1, 2022, the term "customs declaration entities" pertains to consignees and consignors of import and export goods, as well as customs declaration enterprises officially registered with the customs authorities. Entities seeking recordation are required to hold valid market entity qualifications. Specifically, importers and exporters must also possess records as foreign trade operators. The recordation status of customs declaration entities is of a permanent nature, while temporary recordation holds a validity period of one year. Upon expiration, entities are entitled to reapply for recordation.

3. Imported and Exported Commodities Inspection

According to the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) which was promulgated by the SCNPC on February 21, 1989 and implemented on August 1, 1989, and last revised on April 29, 2021, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) which was promulgated by the State Council on August 31, 2005 and implemented on December 1, 2005, and last revised on March 29, 2022, the General Administration of Customs is responsible for inspection of import and export commodities. The entry- exit inspection and quarantine authorities shall conduct inspection on the import and export commodities listed in the catalogue and other import and export commodities that shall be subject to the inspection of the entry-exit inspection organs as prescribed by laws and administrative regulations. For the import and export commodities other than those that are subject to statutory inspection by the entry-exit inspection and quarantine authorities as mentioned above, the entry-exit inspection and quarantine authorities may conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported.

Regulations Relating to Taxation

1. Enterprise Income Tax (EIT)

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) amended by the SCNPC and came into effect on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) amended by the State Council and came into effect on January 20, 2025, an enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. Preferential enterprise income tax is granted to industries and projects that are supported and encouraged by the country. For high and new technology enterprises that need key support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

2. Value-added Tax (VAT)

According to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) issued on December 13, 1993, by the State Council, came into effect on January 1, 1994, and latest amended on November 19, 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) issued on December 25, 1993, by the Ministry of Finance and the STA, came into effect on the same day and last amended on October 28, 2011 and effective on November 1, 2011, any entities and individuals engaged in the sale of goods or provision of

processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the laws and regulations. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation services is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. According to the Notice on Adjusting VAT Rates (《關於調整增值税税率的通知》) issued by the Ministry of Finance and the STA on April 4, 2018, the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods are adjusted to 16% and 10%, respectively, this adjustment became effective on May 1, 2018. According to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) jointly issued by the Ministry of Finance, the STA and the General Administration of Customs on March 20, 2019, further adjustment was made on VAT reform, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%. On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》), which will become effective on January 1, 2026, and the Interim Regulations on Value-added Tax of the PRC will be abolished.

3. Urban Maintenance and Construction Tax and Educational Surcharges

According to the Urban Maintenance and Construction Tax Law of the PRC (《中華人民共和國城市維護建設税法》) (Order No. 51 of the President of the PRC), which became effective on September 1, 2021, the payers of excise tax and VAT are taxpayers of urban maintenance and construction tax, and shall pay urban maintenance and construction tax in accordance with the provisions of this Law. The tax rates shall be: 7% for taxpayers the domiciles of which/who are in urban areas; 5% for taxpayers the domiciles of which/who are in county or township centers or; 1% for taxpayers the domiciles of which/whom are in places other than urban areas, county and township centers.

According to the Interim Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) (Order No. 588 of the State Council of the PRC), which became effective on July 1, 1986 and was last amended and implemented on January 8, 2011, taxpayers of consumption tax, VAT and business tax shall pay educational surcharges. The tax rate of education surcharges shall be 3% of the actual amount of VAT, business tax and consumption tax paid by the entities and individuals and paid at the same time respectively along with the VAT, business tax and consumption tax. It also provides that all education surcharges paid by enterprises shall be paid out of sales revenue (or business income).

4. Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花税法》) (Order No. 89 of the President of the PRC), which became effective on July 1, 2022, the entities and individuals that conclude taxable certificates, or conduct securities transactions shall be taxpayers of stamp duty. Taxable certificates include written contracts (loan contracts, financial lease contracts, purchase and sale contracts, contract for contracting, construction contracts,

transportation contracts, technology contracts, leasing contracts, warehousing contracts, custodial contracts, property insurance contracts, etc.), certificates of property rights transfer, business account books, securities transactions, etc.

5. Consumption Tax

Pursuant to Interim Regulations on Consumption Tax of the PRC (《中華人民共和國消費税暫行條例》) enacted by the State Council on December 13, 1993, and amended on November 10, 2008 and implemented on January 1, 2009, organization or individual engaging in production, commissioned processing and import of the consumer goods listed under this regulation, and other organizations and individuals prescribed by the State Council selling consumer goods listed under this regulation, shall be liable to pay consumption tax pursuant to this regulation.

Regulations Relating to Labor and Employment

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, last amended on December 29, 2018, and effective on the same date, employers must ensure the safety and hygiene of the workplace in accordance with national laws and regulations, provide relevant training to their employees to prevent accidents during work, and reduce occupational hazards.

Pursuant to Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, last amended on December 28, 2012, and effective on July 1, 2013, employers must execute written labor contracts with each employee. The salary of each employee shall not be lower than the local minimum wage standard.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, last amended on December 29, 2018, and effective on the same date, and other relevant regulations, employees should participate in five types of social insurance covering pension insurance, medical insurance, unemployment insurance, maternity insurance, and work-related injury insurance. Maternity insurance premiums and work-related injury insurance premiums are paid by the employer, and pension insurance premiums, medical insurance premiums, and unemployment insurance premiums are paid by the employer and employees jointly.

Pursuant to the Regulations on the Administration of Housing Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, last amended on March 24, 2019, and effective on the same date, employers shall register with the competent housing provident fund management center and pay housing funds for its employees. If the employer fails to pay the housing fund within the prescribed time, it may be ordered to pay within a certain period of time, and if it still fails to pay, compulsory enforcement by the court can be applied.

Regulations Relating to Dividend Distribution

The Company Law of the PRC and the Foreign Investment Law are the main laws and regulations regulating the dividend distribution of foreign-invested enterprises in the PRC. According to the regulatory mechanism provided by the abovementioned laws, a foreign-invested enterprise in the PRC may only pay dividends out of accumulated profits (if any) determined in accordance with the PRC accounting standards and regulations. The PRC companies (including foreign-invested enterprises) are required to draw at least 10% of their after-tax profits into the statutory reserve fund until the relevant reserve fund reaches 50% of their registered capital, except as otherwise provided by the laws on foreign investment; and no profit shall be distributed before making up any loss in the previous fiscal years. Retained profits for previous fiscal years may be distributed together with distributable profits for the current fiscal year.

Regulations Relating to Anti-Unfair Competition and Anti-Monopoly

1. Anti-Monopoly

Pursuant to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007, and implemented on August 1, 2008, and last revised on June 24, 2022, prohibited monopolistic conducts include monopoly agreements, abuse of dominant market position, and concentration of business operators that may have the effect of eliminating or restricting competition.

Monopoly Agreements

Competing operators shall not enter into monopoly agreements that have the effect of excluding or restricting competition, such as boycotting transactions, fixing or altering commodity prices, restricting commodity production, or fixing commodity prices for resales to third parties, unless the agreement satisfies the exemption conditions stipulated in the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》), for example, where the operators can prove that they do not have the effect of excluding or restricting competition, or where the operators can prove that their shares in relevant market is lower than the standards set by the anti-monopoly law enforcement agency of the State Council and meets other conditions stipulated by it, or improving technology, enhancing the competitiveness of small and medium-sized operators, and maintaining legitimate rights and interests in cross-border economic and trade cooperation. Meanwhile, the operators shall not enter into monopoly agreements with other operators or provide substantial support to other operators to reach monopoly agreements. If the regulations are violated, the punishments include orders to cease the relevant acts, confiscation of illegal income, and a penalty of not less than 1% but not more than 10% of the sales in the previous year; if there are no sales in the previous year, a penalty of not more than RMB5,000,000 shall be imposed. Where the monopoly agreement reached has not been implemented, a penalty of less than RMB3,000,000 would be imposed. If relevant violation is critically serious,

causing material adverse impact and severe consequences, the anti-monopoly law enforcement agency of the State Council may determine the specific amount of penalty of not less than two times but not more than five times the amount of the aforementioned fine.

The Provisions on the Prohibition of Monopoly Agreements (《禁止壟斷協議規定》) issued by the SAMR on March 10, 2023, and effective on April 15, 2023, further provided for the prevention and prohibition of monopoly agreement-related matters, and replaced some of anti-monopoly rules and regulations previously issued by the SAMR.

Abuse of Dominant Market Position

A business operator with a dominant market position shall not abuse its dominant market position, such as selling commodities at an unfairly high price or purchasing commodities at an unfairly low price, selling commodities at prices below cost without justifiable reasons and rejecting to trade with trading counterparts without justifiable reasons. In case of violation of the prohibition on abuse of dominant market position, the punishments include orders to cease relevant acts, confiscation of illegal gains, and a penalty of not less than 1% but not more than 10% of the sales in the previous year. If relevant violation is critically serious, causing material adverse impact and severe consequences, the anti-monopoly law enforcement agency of the State Council may determine the specific amount of penalty of not less than two times but not more than five times the amount of the aforementioned fine.

The Provisions on Prohibition of Abuse of Dominant Market Position (《禁止濫用市場支配地位行為規定》) issued by the SAMR on March 10, 2023, and effective on April 15, 2023, further prevents and curbs abuse of dominant market position.

Concentration of Business Operators

Business operators shall declare the concentration reaching the threshold of declaration prescribed by the State Council to the anti-monopoly law enforcement agency of the State Council before implementing concentration. Concentration of business operators refers to the following circumstances: (1) merger of business operators; (2) a business operator acquires control over other business operators by acquiring their equities or assets; or (3) a business operator acquires control over other business operators or is able to exert a decisive influence on other business operators by contract or any other means. Where a business operator fails to comply with the mandatory reporting requirements, and has or may have the effect of excluding or restricting competition, the anti-monopoly law enforcement agency of the State Council has the power to order to cease the implementation of the concentration, dispose of shares or assets and transfer the business within a time limit, and take other necessary measures to restore to the state before the concentration, and impose a penalty of not more than 10% of the sales in the previous year; if the operators fail to implement concentration according to regulations and do not have the effect of excluding or restricting

competition, a penalty of not more than RMB5,000,000 would be imposed. If relevant violation is critically serious, causing material adverse impact and severe consequences, the anti-monopoly law enforcement agency of the State Council may determine the specific amount of penalty of not less than two times but not more than five times the amount of the aforementioned fine.

The Provisions on the Review of Business Operator Concentration (《經營者集中審查規定》) issued by the SAMR on March 10, 2023, and effective on April 15, 2023, further provides for matters such as the declaration and review of the concentration of business operators and the investigation of the illegal implementation of the concentration of business operators.

2. Anti-Unfair Competition

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on September 2, 1993, last amended on April 23, 2019, and effective on the same date, operators are not allowed to use improper means to engage in market transactions and harm competitors, including but not limited to: the use of power or influence to influence transactions, market confusion, commercial bribery, misleading false propaganda, infringement of trade secrets, low-price sales, unfair prize-winning sales, and commercial slander. Any operator who violates the Anti-Unfair Competition Law of the PRC by engaging in the aforementioned unfair competition activities will be ordered to suspend the relevant illegal activities, eliminate the impact of such activities, or be liable for damages caused to any party. Relevant supervision and inspection departments may also confiscate illegal gains or impose fines on the relevant operators.

According to the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) (Order No. 60 of the State Administration for Industry and Commerce of the PRC) which became effective on November 15, 1996, commercial bribery refers to an act of offering money or property or using other means by an operator to the other entity or individual for the purposes of selling or buying goods, among which other means refer to the means used to provide any types of benefits other than money or property. Operators who sell or purchase goods through bribery may be fined and have the illegal proceeds confiscated, depending on the circumstances; if a crime is committed, the operator will be held criminally liable in accordance with the law.

Regulations Relating to Filing of Overseas Listing by Domestic Enterprises

Pursuant to the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) jointly promulgated and implemented by the General Office of the CPC Central Committee and the General Office of the State Council on July 6, 2021, it is required to strengthen the supervision of China concept stock companies and revise the special regulations on the overseas offering of shares and listing of these companies, and clarify the responsibilities of domestic industry supervising and regulatory authorities.

The Trial Measures for the Administration of Overseas Securities Offering and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the "**Trial Measures for the Administration of Overseas Listing**") and its relevant supporting implementation rules, issued by the CSRC on February 17, 2023, and implemented on March 31, 2023, implements unified filing management for direct and indirect overseas issuance and listing of securities by domestic enterprises, and the issuer shall perform filing procedures and report relevant information to the securities regulatory authorities under the State Council. Issuers directly listed overseas shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. It is also stipulated that in the following circumstances, domestic enterprises shall not issue securities and be listed overseas: (1) it is clearly prohibited from listing for financing by laws, administrative regulations, or relevant provisions of the PRC; (2) overseas issuance or listing of securities may jeopardize national security as reviewed and determined by the relevant competent authorities of the State Council in accordance with the law; (3) the domestic enterprises or their controlling shareholders, de facto controllers have committed corruption, bribery, embezzlement of property, misappropriation of property, or criminal offences that disrupted the socialist market economic order within the last three years; (4) domestic enterprises are being investigated in accordance with the law due to suspected criminal or major illegal activities, and there is no clear conclusion or opinion yet; (5) there is a significant ownership dispute over the equity held by the controlling shareholders or shareholders controlled by the controlling shareholders or de facto controllers. The Trial Measures also require listed enterprises to comply with the following requirements: (1) comply with laws, administrative regulations, and relevant regulations of the PRC on foreign investment, state-owned asset management, industry supervision, and overseas investment; (2) domestic enterprises issuing securities and be listed overseas shall formulate articles of association, improve the internal control system, and standardize corporate governance and financial and accounting matters in accordance with the Company Law of the PRC, the Accounting Law of the PRC (《中華人民共和國會計法》) and other laws, administrative regulations, and relevant regulations of the PRC; (3) comply with the confidentiality laws and regulations of the PRC, and take necessary measures to implement confidentiality responsibilities; if it involves providing personal information and important data overseas, it shall comply with the laws, administrative regulations, and relevant regulations of the PRC; (4) domestic enterprises issuing securities and be listed overseas shall strictly abide by the security laws, administrative regulations, and relevant provisions of the PRC on foreign investment, network security, data security, etc., and earnestly fulfill their obligations to safeguard national security. If security review is involved, relevant security review procedures shall be carried out in accordance with the law before submitting the application for issuance and listing of securities to overseas securities regulatory authorities, stock exchanges, etc.; (5) the target investors for overseas issuance and listing of securities by domestic enterprises shall be foreign investors, except where domestic enterprises directly issue and list securities overseas to implement equity incentives or issue securities to purchase assets, or as otherwise stipulated by the PRC; (6) the purposes and investment directions of the proceeds shall comply with the laws, administrative regulations, and relevant regulations of the PRC; (7) the foreign exchange and cross-border flow of relevant funds shall comply with the regulations of the PRC on cross-border investment and financing, foreign exchange administration, and cross-border

RMB management. After the overseas issuance and listing of the issuers, the following major events shall be reported to the CSRC within 3 working days from the date of occurrence and announcement: (1) change of control; (2) measures including investigation and penalties taken by overseas securities regulatory authorities or relevant competent authorities; (3) conversion of listing status or listing segment; or (4) voluntary termination of listing or mandatory termination of listing.

The Provisions on Strengthening the Confidentiality and File Management Work Related to the Overseas Issuance and Listing of Securities by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) issued by the CSRC, the MOF, the State Secrecy Bureau and the State Archives Administration on February 24, 2023, and implemented on March 31, 2023, specifies that domestic enterprises and securities companies and securities service institutions that provide corresponding services shall, by strictly abiding by the relevant laws and regulations of the PRC and the requirements therein, strengthen the legal awareness of guarding state secrets and strengthening file management, establish sound confidentiality and file work systems, take necessary measures to implement confidentiality and file management responsibilities, and shall not leak national secrets and work secrets of state organizations and undermine national and public interests. Domestic enterprises that provide accounting files or copies of accounting files to relevant securities companies, securities service institutions, overseas regulatory institutions, and other units and individuals shall comply with the corresponding procedures in accordance with relevant regulations of the PRC. Work manuscripts generated in the PRC by securities companies and securities service institutions that provide corresponding services for overseas issuance and listing of securities by domestic enterprises shall be kept in the PRC. Where files need to be transferred outside of the PRC, it shall be subject to the approval procedures in accordance with relevant regulations of the PRC.

H Share Full Circulation

Full circulation means listing and circulation on the Stock Exchange of the domestic Unlisted Shares (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and Unlisted Shares held by foreign shareholders) of H-share companies. On November 14, 2019, the CSRC issued the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》), which was amended on August 10, 2023, allowing certain qualified H-share companies and H-share companies intended for listing to apply to the CSRC for full circulation. According to the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-share Companies, shareholders of domestic Unlisted Shares may determine by themselves through consultation the amount and proportion of shares, with filing to the CSRC by an H-share company commissioned for this purpose. After the application for full circulation has been filed by the CSRC, an H-share company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDC of the shares related to the application has been completed.

According to the Guide for "Full Circulation" Business of H Shares (《H股"全流通"業務指南》) issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (the "CSDCC Shenzhen Branch") on September 20, 2024 amended on June 27, 2025 and became effective on June 30, 2025, the H-share companies shall transfer the full amount of cash dividends in RMB to the bank account of CSDCC Shenzhen Branch before 16:00 on the distribution date of cash dividends as published in the announcement. The CSDCC Shenzhen Branch shall complete clearing of the dividend funds within three H-share "full circulation" working days after the distribution date of cash dividends as published in the announcement, and then the dividend funds will be released to domestic securities companies, and the domestic securities companies will release the dividend funds to the investors.

According to the Trial Measures for the Administration of Overseas Listing, in respect of a domestic company directly listed overseas, shareholders holding its unlisted domestic shares who apply to convert such shares held by them into listed overseas shares and to be listed in an overseas stock exchange, shall comply with the relevant regulations of the CSRC and entrust domestic enterprises to file with the CSRC.

OVERVIEW OF SANCTIONS LAWS AND REGULATIONS

Set out below is a summary of the sanctions regimes imposed by U.S., the United Nations, the EU, the United Kingdom and United Kingdom overseas territories and Australia. This summary does not set out the laws and regulations relating to the U.S., the United Nations, the EU, the United Kingdom and Australian sanctions in their entirety.

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest – no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) – except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea, the so-called Luhansk People's Republic and the Donetsk People's Republic regions. OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. An entity that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) is also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under EU sanction measures, there is no 'blanket' ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to EU sanctions where that counterparty is not a Sanctioned Target and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Targets.

United Kingdom

UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 ("the UK Sanctions Act"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The United Kingdom is no longer an EU member state as of January 1, 2021. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs through regulations setting out the specific measures under each UK sanctions regime.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

OVERVIEW OF LAWS AND REGULATIONS IN SPAIN

This section sets out a summary of material laws and regulations related to our manufacturing business in Spain.

Regulations Regarding the Industrial Sector

Industry Act 21/1992, of July 16 establishes the foundations for the organization of the industrial sector in Spain. Such Act classifies as very serious the voluntary non-compliance with the requirements established in industrial regulations whenever they cause serious risk or damage to people, flora, fauna, property or the environment, and as serious infractions operating manufacturing installations or the exercise of industrial activities in Spain without the corresponding authorization. Serious infractions could be fined with up to 6 million euros and very serious infractions with up to 100 million euros and closure of the establishment or suspension of the activity for up to 5 years.

Regulations Regarding Vehicles Manufacturing

Regulation (EU) 2018/858 imposes on automobile manufacturers the duty to ensure that all vehicles, systems, components, and separate technical units introduced into the market of the EU — Spain included — comply with type-approval requirements. Manufacturers are responsible for production conformity and must keep detailed records of claims and non-compliance issues detected in relation to the vehicles and components they have introduced in the market. In case of non-compliance, manufacturers may be subject to administrative sanctions, including fines and the withdrawal of type-approval, which would prevent the commercialization of the affected products.

Additionally, in Spain, for manufactured vehicles to be put into circulation, Royal Decree 2822/1998, of December 23, which approves the General Vehicle Regulations ("GVR"), requires a previous administrative authorization whereby the authorities verify that vehicles are in perfect working order and conform in their characteristics, equipment, spare parts, and accessories to the technical specifications established in the GVR for each category. This administrative authorization is substantiated in the EU or national type-approval of vehicles, their parts, and pieces, so that all motor vehicles must be approved in Spain or the EU as an indispensable condition for their registration and circulation. Details for both national type-approval and EU type-approval procedures in Spain are laid out in Royal Decree 750/2010, of June 4.

Regulation (EU) 2019/631, which establishes performance standards for CO2 emissions from new passenger cars and new light commercial vehicles, imposes on automobile manufacturers the obligation to comply with specific CO2 emission limits for their vehicle fleets put in the EU market, with limits periodically adjusted according to technological advances. In case of non-compliance, manufacturers could face significant financial fines.

Regulations Regarding Environmental Aspects

Before car factories are built in Spain, Act 21/2013, of December 9, on environmental assessment regulates the bases that should govern the environmental assessment of their projects, to ensure their impact is compatible with the environment. If the assessment of its environmental impact is negative, additional investments in mitigation measures may be required or the project be prohibited, without prejudice to the fines that may apply, of up to 2,404,000 euros.

Royal Legislative Decree 1/2016, of December 16, which approves the revised text of the Act on integrated pollution prevention and control, obliges large industrial installations —which include car factories — to have an integrated environmental authorization and to comply with the conditions established therein, setting their emission limit values, to ensure the existence of a system of pollution prevention and control in terms of production and waste management. Carrying out the activity without said integrated environmental authorization is considered as very serious infraction if it causes damage to the environment or to the health and safety of people and could be fined up to 2 million euros and the accessory sanction of permanent/temporary closure of the premises.

Management of End-Of-Life Vehicles and Parts

Royal Decree 265/2021, of April 13, establishes comprehensive measures for the management of vehicles sold in Spain, at the end of their life cycle, focusing on the prevention of waste and the proper treatment of vehicle components to protect human health and the environment.

Manufacturers are to design and manufacture vehicles in a way that limits the use of hazardous substances such as lead, mercury, cadmium, and hexavalent chromium. Vehicles should be designed to facilitate their reuse, dismantling, decontamination, and recycling at the end of their life cycle.

Regarding the collection and treatment of end-of-life vehicles, manufacturers are responsible for guaranteeing and financing the collection and proper treatment of these vehicles, especially when their market value is negative. This obligation ensures that end-of-life vehicles and their parts (from wheels to batteries) are managed in an environmentally sound manner.

Additionally, manufacturers must ensure the availability of collection facilities across Spain. Manufacturers can fulfill these obligations through individual or collective systems of extended producer responsibility. Moreover, they are required to submit annual reports detailing the market introduction of vehicles, the waste generated, collected and treated, as well as the organization, functioning, and financing of the extended producer responsibility system.

Non-compliance with these obligations will result in fines.

Legal Guarantee and Defective Product Regimes Under the Spanish Consumer Act For Manufacturers

Spanish Consumer Act (RDL 1/2007, November 16) establishes specific protection measures for consumers in relation to the lack of conformity of purchased products (including vehicles). In the event of lack of conformity, consumers are entitled to claim repair or replacement of the non-conforming product and a price reduction or the termination of the agreement. Although the seller of the product is typically directly liable to the consumer for any lack of conformity, the manufacturer may also be held directly liable for the lack of conformity when it relates to the origin, identity, or suitability of the products, or when it is impossible or excessively burdensome for the consumer to pursue a claim against the seller. The seller or manufacturer are liable for any lack of conformity that exists at the time of delivery of the product and that becomes apparent within a period of 3 years from the date of delivery. Furthermore, the legal regime governing liability for defective products is directly applicable to the manufacturer. In this context, the manufacturer of a product is directly and objectively liable for damages caused by defective products or parts for a period of 10 years from the date on which the product causing the damage was put into circulation.

Overview of Labor Regulations in Spain

The key Spanish labor laws are the Workers' Statute Act (RDL 2/2015, October 3) and Collective Bargaining Agreements ("CBA"). Senior managers may be subject to Royal Decree 1382/1985, of August 1st. The Workers' Statute Act covers employer-employee rights and obligations, including contracts, working hours, holidays, and terminations. However, CBAs often enhance these rights and labour conditions. In the automotive sector, it is common to apply the metal industry CBA. Additionally, non-EU employees must comply with immigration and labor laws, including obtaining the appropriate work permits. Non-compliance with labor regulations can lead to sanctions under the Labor Act on Infringements and Sanctions (RDL 5/2000, August 4).

Competition Law

Business entities in Spain are subject to EU and Spanish Competition Act. EU competition law applies to restrictive conducts, which may affect trade between Member States, and it is mainly enforced by the European Commission, whereas Spanish act applies to restrictive conducts with effects in Spain, and it is enforced by the Spanish national competition authority and also regional competition authorities, where they exist.

The main rules at EU level are articles 101 and following of the Treaty on the Functioning of the EU; and the main Spanish statute is Act 15/2007, of July 3, for the Defense of Competition.

Competition law aims at protecting and fostering free, undistorted and effective competition in all sectors of the economy, which is considered a general interest. The main fields of regulation of competition law that could affect the company are the following:

- The prohibition of any agreements or concerted practices that have as their object or effect the prevention, restriction or distortion of competition. These practices include, *inter alia*, price fixing; limiting or controlling production, distribution, technical development or investment; or sharing or allocating markets. Except for those cases where conduct can benefit from an exemption if certain conditions are met, prohibited agreements and practices are null and void and may lead to fines of up to 10% of the total worldwide turnover of the infringing company in the preceding business year.

- The prohibition of abusive conducts if the company held a dominant position in a given market. Abuse of dominance is also subject to fines of up to 10% of the total worldwide turnover of the infringing company in the preceding business year.

- Control of concentrations between companies. In case that the company enters into certain corporate transactions, such as mergers, acquisitions or the incorporation of full-function joint ventures, they may require prior notification and authorization by competition authorities. Failure to comply with the obligation to notify or the implementation of the transaction before clearance may lead to the imposition of fines.

- Control of State aid measures, i.e., any economic advantage — in any form whatsoever — conferred from State resources to companies on a selective basis and resulting in a distortion of competition. EU law establishes a general prohibition of State aid, but such aid can be considered admissible or justified under certain conditions. State aid measures require in some cases prior authorization from the European Commission before they are granted. In case of breach of applicable EU State aid law, it may be required to pay back the aid with interests.

Currently, there is a legal initiative in the Spanish parliament to amend the Act for the Defense of Competition, which would, among other measures, introduce the settlement procedure for competition investigations, in line with the European Commission practice, and increase the fines that can be imposed.

Data Protection

Under the EU General Data Protection Regulation and Spanish Organic Act 3/2018 of December 5, on data protection, companies must legally collect and process personal data, providing clear and accessible information about the processing of such data. Users have rights over their personal data, including the right of access, rectification, erasure, restriction of processing, data portability, and objection. Companies must implement appropriate technical and organizational measures to ensure a level of security appropriate to the risk. Transfers of personal data outside the European Economic Area can only be made to countries that offer an adequate level of protection or through appropriate safeguards, such as standard contractual clauses or binding corporate rules.

Cybersecurity

Under the EU General Data Protection Regulation, in the event of a security breach affecting personal data, the affected company must notify the competent supervisory authority. Additionally, if the breach is likely to result in a high risk to the affected individuals, it must also be communicated to them. Moreover, vehicle manufacturers will be additionally bound by cybersecurity obligations under the European NIS2 Directive (Directive (EU) 2022/2555 on measures for a high common level of cybersecurity across the Union), currently being transposed into Spanish law, requiring manufacturers to implement appropriate measures to manage cybersecurity risks, including identification, assessment, and mitigation of potential threats as well as the appointment of a cybersecurity officer and providing continuous training to directors and staff on this matter.

Tariffs

The general rules and procedures applicable to goods brought into or taken out of the EU customs territory — which comprises the territories of EU Members — are set out in the Union Customs Code ("*Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code*"), supplemented by Commission Delegated Act 2015/2446 ("*Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code*") and Commission Implementing Act 2015/2447 ("*Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code*").

In general, the goods brought into the EU must be cleared by customs, which could trigger the payment of tariffs, indirect taxes, or other trade defense measures. Tariffs apply based on the origin, value, and classification of goods, with a general 10% tariff in the case of complete vehicles imported from third countries with no customs preferences, like China.

The EU has a trade defense policy based on World Trade Organization rules to protect against unfair trade practices, which is set out in the following regulations:

(1) Regulation (EU) 2016/1036: Protection against dumped imports.

(2) Regulation (EU) 2016/1037: Protection against subsidized imports.

(3) Regulation (EU) 2015/478: Common rules for imports.

(4) Regulation (EU) 2015/755: Common rules for imports from certain third countries.

Additionally, regarding electric vehicles, it has been recently approved the Commission Implementing Regulation ("*Commission Implementing Regulation (EU) 2024/2754 imposing a definitive countervailing duty on imports of new battery electric vehicles for the transport of persons from China*").

Intellectual and Industrial Property Regulations

Intellectual and industrial property regulations in Spain are designed to protect the rights of authors and owners of works, inventions, trademarks, designs, and trade secrets. Under these regulations it is essential to respect the IP Rights of third parties to avoid infringements that might entail payment of damages to the owners of said IP Rights or other remedies (e.g., cease of a given conduct). To legally use and/or exploit the IP Rights of third parties, it is necessary to obtain the corresponding assignments of rights or license agreements. Some of those rights (i.e., trademarks and designs) may also be protected as EU trademarks and EU designs within the territory of the entire EU, including Spain, by virtue of registrations with the EU Intellectual Property Office.

Tax Regulations

Corporate Income Tax

Income earned by Spanish resident companies is taxed on a worldwide basis under the Corporate Income Tax ("**CIT**"). Although the general CIT tax rate is 25%, certain rules (such as a patent box regime aligned with OECD standards) can reduce the effective tax rate.

Value Added Tax

VAT is an indirect tax on the consumption of goods and services harmonized within the EU. It applies in Spain, except in the Canary Islands, Ceuta and Melilla. Excluding exempt activities, entrepreneurs and companies must levy VAT at each stage of the production or distribution process of goods and services. However, since input VAT can be offset against output VAT, tax is neutral for businesses. In Spain, the general VAT rate is 21%, although reduced rates apply to certain products.

Other taxes

Among others, different local taxes can be applied; e.g., business activities tax, tax on real property, tax on the increase in value of urban land, and tax on construction, installations and works.

OVERVIEW OF LAWS AND REGULATIONS IN MALAYSIA

This section sets out a summary of material laws and regulations related to our manufacturing business in Malaysia.

Laws and Regulations Governing Our Business

Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 (Act 156 of the Laws of Malaysia) ("**ICA**") requires manufacturing companies engaged in any manufacturing activity to obtain a manufacturing licence issued by the Ministry of International Trade and Industry ("**MITI**") before engaging in any form of manufacturing activities. Any person who fails to comply with this requirement is guilty of an offence and is liable on conviction to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

The manufacturing licence issued by MITI does not have an expiry date, and is subject to revocation at the discretion of MITI if the licencee (i) fails to comply with any condition imposed in the licence; (ii) is no longer engaged in the manufacturing activity in respect of which the manufacturing licence is issued; or (iii) has made a false statement in its application for the manufacturing licence.

Customs Act 1967

The Customs Act 1967 (Act 235 of the Laws of Malaysia) regulates customs laws in Malaysia. It establishes procedures for valuation, classification and declaration of goods and provides for the imposition of customs duties on any goods imported into or exported from Malaysia.

For any good that is imported or exported, the importer or exporter shall make a declaration to the Royal Malaysian Customs Department ("**RMCD**") of the shipment and give a full and true account of, amongst others, the number and description of packages, of the description, weight, measure or quantity, and value of all such goods, unless otherwise exempted from the declaration requirement.

Any person who makes incorrect declarations or fails to make a declaration commits an offence and shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 7 years or to both. Further, engaging in smuggling or unauthorized import or export may attract a fine between a minimum of 10 times the customs duty or RM50,000 (whichever is greater) to a maximum of 20 times the customs duty or RM500,000 (whichever is greater) or to imprisonment for a term not exceeding 5 years or to both.

Goods listed under the Schedules to the Customs (Prohibition of Imports) Order 2023 ("**CPIO**") would require an import licence to be imported into Malaysia, unless absolutely prohibited or imported into specified free zones or duty-island (for certain goods). Under the CPIO, importation of motor vehicles and certain motor vehicle components into Malaysia will generally require an import licence, otherwise known as an Approved Permit, issued by MITI. Further, the import of certain motor vehicles and motor vehicle components may also need to conform to the Malaysian Standard or other standards approved by the relevant Malaysian authorities and in the manner provided (*e.g.*, SIRIM Berhad and Road Transport Department).

As for exports, under the Customs (Prohibition of Export) Order 2023, there is generally no export licence required to export motor vehicles and parts and accessories thereof falling under Chapter 87 of the Customs Duties Order 2022. However, Malaysia imposes a unilateral trade embargo against importation of Israel origin goods and on exports to Israel.

Guidelines on Foreign Participation in Distributive Trade Services issued by the Ministry of Domestic Trade and Costs of Living ("MDTCL") ("MDTCL Guidelines")

Under the MDTCL Guidelines and while not a legal requirement, a majority foreign-owned company which intends to engage in distributive trade activities in Malaysia is encouraged and recommended to obtain the approval from the MDTCL ("**MDTCL Approval**"). "Distributive trade" is defined to mean trade which comprises all linkage activities that channel goods and services from the supply chains to intermediaries for the purpose of resale or to the final buyers.

The MDTCL Guidelines have no force of law and there are no legal sanctions or penalties for non-compliance with the MDTCL Guidelines. Non-compliance with the MDTCL Guidelines is instead enforced by way of administrative measures. For instance, the Expatriate Services Division of the Immigration Department Malaysia requires a majority foreign-owned distributive trade company to submit a copy of the MDTCL Approval as a supporting document in its application for employment pass for its expatriates, and a local authority may refuse to issue or renew a business premise licence to/of a company in breach of the MDTCL Approval requirement.

Local Government Act 1976 and By-Laws

Local authorities are established under the Local Government Act 1976 (Act 171 of the Laws of Malaysia) ("**LGA**") and the respective state ordinances and by-laws. The LGA empowers every local authority to grant any licence or permit for any trade, occupation or premises and such licence shall be subject to such conditions and restrictions as the local authority may prescribe.

Our Group carries on businesses in Federal Territory of Kuala Lumpur ("**KL**") and the city of Shah Alam, Malaysia and are therefore required to comply with the following by-laws:

In respect of Group members carrying on businesses in the Federal Territory of Kuala Lumpur, Malaysia:

The LGA governs the Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-laws 2016 ("**KL By-Laws**"). The KL By-Laws regulates the licensing in relation to trading of businesses and industrial matters carried out in KL.

Section 3 of the KL By-Laws states that any person may use any premise for operating any business activity when a business premise licence has been issued pertaining to the said premise under the KL By-Laws.

Section 38 of the KL By-Laws further states that any person who contravenes any provisions of the KL By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence, to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

In respect of Group members carrying on businesses in Shah Alam, Malaysia:

The LGA governs the Licensing of Trades, Businesses and Industries (Shah Alam City Council) By-Laws 2007 ("**Shah Alam By-Laws**"). The Shah Alam By-Laws regulates the licensing in relation to trading of businesses and industrial matters carried out in Shah Alam.

Section 3 of the Shah Alam By-Laws states that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the Council for any activity of trade, business and industry without a licence issued by the Shah Alam City Council.

Section 47 of the Shah Alam By-Laws further states that any person who contravenes any provisions of these Shah Alam By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM200 or to imprisonment for a term not exceeding 1 year or to both and in the case of continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

The LGA also governs the Advertisement (Shah Alam City Council) By-Laws 2007 ("**Advertising By-Laws**"). The Advertising By-Laws govern the form and substance of advertisements exhibited by businesses.

Section 7 of the Advertising By-Laws states that no person shall exhibit any advertisement without a licence issued by the Shah Alam City Council.

Section 37 of the Advertising By-Laws further states that any person who contravenes any provisions of these Shah Alam By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM200 or to imprisonment for a term not exceeding 1 year or to both and in the case of continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

Street, Drainage and Building Act 1974

The Street, Drainage, and Building Act 1974 (Act 133 of the Laws of Malaysia) ("**SDBA**") provides a comprehensive framework for the construction, maintenance, and regulation of streets, drainage systems, and buildings throughout Malaysia. It empowers local authorities to enforce building control, ensure proper urban planning, and maintain public safety.

A Certificate of Completion and Compliance is a statutory requirement under the SDBA to certify that a building has been completed and is safe for occupation. Any person who occupies or permits to be occupied any building or any part thereof without a certificate of completion and compliance will be liable on conviction to a fine not exceeding RM 250,000 and/or imprisonment for a term not exceeding 10 years. A person is regarded as an occupier under the SDBA if he is in actual occupation of the land or building in concern, or having the charge, management or control thereof either on his own account or as agent of another person, but does not include a lodger. In addition, the local authority may serve an order for the alteration or demolishment of works done without a certificate of completion and compliance.

Fire Services Act 1988

Section 28 (1) of the Fire Service Act 1988 (Act 34 of the Laws of Malaysia) ("**FSA**") provides that every designated premise requires a fire certificate. Section 33 of the FSA further states that where there is no fire certificate in force in respect of any designated premises the owner of the premises shall be guilty of an offence which shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or to both.

Consumer Protection Act 1999 and Sale of Goods Act 1957

The supply of goods and services in Malaysia are primarily governed by 2 legislations, i.e., the Consumer Protection Act 1999 ("**CPA**") and the Sale of Goods Act 1957 ("**SOGA**").

The CPA generally applies in respect of all goods and services that are offered or supplied to one or more consumers in trade including any trade transaction conducted through electronic means. The SOGA generally applies to sale of goods in Peninsular Malaysia.

Both CPA and SOGA set out certain rights, warranties and conditions in favour of consumers. For example, unfair contract terms, unfair practice/misleading and deceptive conduct, implied guarantees as to title, correspondence with description, quality or fitness, reasonable care and skill and rights of redress of consumers against suppliers. In the event such issues occur, the consumer is entitled to make a claim against the seller including but not limited to the manufacturers to the Tribunal for Consumer Claims.

The seller and including but not limited to manufacturer can be fined up to a sum of RM250,000 and for a second or subsequent offence, a fine not exceeding RM500,000.

Taxation

Income Tax Act 1967

The Income Tax Act 1967 (Act 53 of the Laws of Malaysia) ("**ITA**") regulates the imposition of income tax in Malaysia.

Corporate Income Tax

Pursuant to Paragraph 2 of Schedule 1 of the ITA, a company shall be charged for a year of assessment on the chargeable income at the rate of 24%. In Malaysia, companies are required under Section 77A(1) of the ITA to submit an annual tax return in the prescribed form within 7 months following the close of their accounting period to the Inland Revenue Board of Malaysia.

Any person who makes default in furnishing a return in accordance with Section 77A(1) shall, if he does so without reasonable excuse, be guilty of an offence and upon conviction, be liable to a fine not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding 6 months or to both.

Withholding Tax

Under the ITA, withholding tax applies to certain payments made to foreign parties, including interest, royalties and service fees. The withholding tax is generally 10% for royalties and for certain service fees, and 15% for interest, although these rates may vary depending on the type of payment and the provisions of any applicable double tax treaties.

Any failure to deduct or remit the required withholding tax will result in a 10% increase on the amount of the withholding tax failed to be paid.

Dividends

There is no income tax on dividends received by a Malaysian company. However, Malaysian-sourced dividends received by individual shareholders (both residents and non-residents), either through direct shareholder or a nominee, in excess of RM100,000 annually will generally be subject to income tax at the rate of 2% effective 1 January 2025, unless specifically exempted.

Sales Tax Act 2018

The Sales Tax Act 2018 (Act 806 of the Laws of Malaysia) provides for the charging, levying and collecting of sales tax.

Section 8 of the Sales Tax Act 2018 provides that sales tax shall be imposed on the manufacture of taxable goods in Malaysia by a registered manufacturer and importation of taxable goods into Malaysia. From an import perspective, depending on the tariff classification of the goods imported, motor vehicles and their parts and component could attract sales tax.

Companies who manufacture taxable goods are required to register for sales tax if their total sales value exceeds RM 500,000 within a 12-month period. Sales tax is levied at the rate of 5% or 10% or a specified rate, depending on the classification of the goods under the Sales Tax (Rates of Tax) Order 2018. Sales tax exemptions may be granted by way of a statutory order to exempt (i) any goods or class of goods from sales tax; or (ii) any persons or class of persons from the payment of sales tax.

Non-compliance with the registration and tax payment obligations may result in fines and imprisonment.

Service Tax Act 2018

The Service Tax Act 2018 (Act 807 of the Laws of Malaysia) provides for the charging, levying and collecting of service tax.

Section 7 of the Service Tax Act 2018 provides that service tax shall be imposed on any taxable service provided in Malaysia by a registered person in carrying on its business or any imported taxable service. Service tax rate is generally imposed at 8% except for selected services (e.g., food and beverage services, telecommunications services, parking place services, and logistics services, which remain subject to a service tax rate of 6%).

Any person who provides any taxable service and exceeds the prescribed thresholds under the First Schedule to the Service Tax Regulations 2018 is liable to be registered. For example, any person who provides management services or maintenance services, where its total value of taxable service exceeds RM 500,000 within a 12-month period, is liable to register under the Service Tax Act 2018.

Failure to register and account for service tax may result in fines and imprisonment.

Customs Duties

Import/export duties

Under the Customs Duties Order 2022, import duties may apply on motor vehicle, motor vehicle components or raw materials imported into Malaysia, subject to the HS Code of the particular good imported into Malaysia. Certain goods may qualify for preferential duty rates under the applicable Free Trade Agreements between Malaysia and the exporting country(ies).

Conversely, there are generally no export duties on the export of motor vehicles and parts and accessories thereof out of Malaysia falling under Chapter 87 of the Customs Duties Order 2022. Goods can only be released from customs control after the duty and/or sales tax is paid in full, unless otherwise allowed by the RMCD.

Duty and tax exemption facilities

Malaysia has duty and tax suspension facilities such as free zones and Licenced Manufacturing Warehouse (LMW) facilities. Under these facilities, exported-oriented manufacturers may enjoy import duty, excise duty and sales tax suspension on imported inputs. Furthermore, businesses operating under a bonded warehouse facility (public or private) can also store imported goods without immediate payment of duties and taxes, subject to specified conditions. Specific sales tax and import duty exemptions can also be negotiated as part of a tax incentive application or applied for separately to the Ministry of Finance.

Notably, in the electrical vehicle ("**EV**") segment, completely built up (CBU) EVs are granted full import and excise duty exemption until 31 December 2025. Meanwhile, the import of components for locally assembled EVs are fully exempted from import duty until 31 December 2027. Locally assembled EVs would also enjoy a full exemption of excise duty and sales tax exemption until 31 December 2027.

Excise Act 1976

The Excise Act 1976 (Act 176 of the Laws of Malaysia) ("**EXA**") regulates the imposition of excise duties in Malaysia. Excise duties are levied on certain goods manufactured or imported into Malaysia, including certain motor vehicles under 4-digit HS headings 87.03 and 87.11. Under the EXA, a licence is required from the RMCD to manufacture and warehouse dutiable goods in Malaysia.

Under Section 71 of the EXA, making incorrect statements or failing to declare dutiable goods is an offence, which upon conviction, may result in a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 7 years or to both. Additionally, Section 74 of the EXA provides that failure to pay excise duty or manufacture dutiable goods without a licence may attract a fine between 10 to 20 times the customs duty or RM50,000 to RM500,000 (whichever is greater) or to imprisonment for a term not exceeding 5 years or to both.

Strategic Trade Act 2010

The Strategic Trade Act 2010 (Act 708 of the Laws of Malaysia) ("**STA**") regulates the export, transshipment, transit and brokering of strategic items (i.e., military and dual-use items). Under Section 9 of the STA, no person is permitted to export, tranship or bring in transit strategic items, without first obtaining the necessary permit. Furthermore, no person is permitted to export, tranship or bring in transit strategic items or unlisted items to a prohibited end-user. Passenger motor vehicles generally do not fall within the meaning of strategic goods, but parts and components could potentially be caught depending on their technical specifications.

Failure to comply with the STA is a serious offence. Upon conviction, an individual may be punished with death, imprisonment or fine whereas a body corporate could be punished with a fine of up to RM20,000,000.

OVERVIEW

Our history can be traced back to 1997, when Anhui Auto Parts Co., Ltd.* (安徽汽車零部件有限公司), the predecessor of our Company, was established. On March 24, 2008, our Company was converted into a joint stock limited company, and the company name was changed to "Chery Automobile Co., Ltd. (奇瑞汽車股份有限公司)".

We are a passenger vehicle company headquartered in Wuhu, China. Our business covers designing, developing, manufacturing and selling a diverse and expanding portfolio of passenger vehicles, including ICE vehicles and NEVs, to cater to the distinct and evolving needs and preferences of customers in both the domestic and overseas markets. In addition, we design, develop and manufacture engines, transmission systems and chassis, which are primarily used in our passenger vehicles.

MILESTONES

The table below sets forth our major business development milestones since our establishment in 1997 and up to the Latest Practicable Date:

Year	Event
1997	We commenced construction of "Engine Plant No. 1", marking the beginning of our Group's development
1999	We completed the production of our first self-developed engine
	We completed the production of our first sedan, No. 000001 "Fulwin", marking the breakthrough of our independent sedan manufacturing from scratch
2001	Our first batch of "Fulwin" sedans entered the international market in batches, achieving a breakthrough in our export of complete vehicles to overseas markets
2003	We completed the production of our first self-developed NEV
2004	We completed the production of our first self-developed transmission
2005	Our SUV Tiggo was officially launched
	ACTECO as the first proprietary automobile engine brand in the PRC was born
2006	Our first batch of engines were exported overseas
2007	Our cumulative sales exceeded one million vehicles, making us the first Chinese domestic brand passenger vehicle company to achieve sales of over one million vehicles

Year	Event
2008	We won the "National Science and Technology Progress First Prize (國家科學進步一等獎)" established by the State Council; we were awarded as the one of first batch of "Innovative Enterprises" by the Ministry of Science and Technology of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council, and the All-China Federation of Trade Unions
2010	We completed the production of our self-developed continuously variable transmission (CVT)
2013	The continuously variable transmission technology (CVT technology) won the first prize of the 2013 "China Automotive Industry Science & Technology Award (中國汽車工業科學技術獎)"
2014	We completed the production of our first vehicle in our first overseas plant in Brazil
2016	We were listed in the National Patent Operation Pilot Enterprises of Automobile Manufacturing Industry by the China National Intellectual Property Administration
2018	JETOUR X70 as its first model was launched officially
2019	The third-generation ACTECO 1.6 TGDI engine was granted the "China Top Ten" award ("中國心十佳"發動機)
	EXEED TXL as its first model was launched officially
2020	The new energy project "Key technologies and equipment for short-process R&D and manufacturing of aluminum-based lightweight new energy passenger vehicles (鋁基輕量化新能源乘用車短流程研發製造關鍵技術及裝備)" was awarded the first prize of the 2020 "China Automotive Industry Science and Technology Progress Award (中國汽車工業科技進步獎)"
2021	"CHERY POWER (鯤鵬動力)", the ICE and hybrid powertrain solution was officially released
	We completed the production of our full-function hybrid configuration DHT (dedicated hybrid transmission)
2022	The "RX 2025" forward-looking technology strategy was officially released

Year	Event
2023	Our NEV new strategy was officially released. We launched the iCAR and LUXEED brands, created the high-end NEV series EXLANTIX under EXEED, and launched NEV series Fulwin and Shan Hai under the CHERY and JETOUR brands, respectively
2024	Our cumulative sales exceeded 13 million vehicles, ranking No. 1 in exports by Chinese domestic brand passenger vehicle companies for 22 consecutive years
	We completed the production of the first EBRO S700 vehicle at the European production base we built in cooperation with EV MOTORS, a Spanish established automaker

OUR MAJOR SUBSIDIARIES

We carried out our business through 150 subsidiaries as at the end of the Track Record Period. Set out below are the principal business activities and place and date of establishment of our major subsidiaries:

Name	Place of Establishment	Date of Establishment	Shareholding	Principal Business Activities
Chery New Energy . . .	PRC	April 22, 2010	48.20%	Manufacturing and sales of passenger vehicles
Chery Sales	PRC	August 14, 2000	100%	Sales of passenger vehicles
Acteco	PRC	September 29, 2005	100%	Manufacturing and sales of automotive parts and components
Chery Technology . . .	PRC	November 21, 2001	100%	Manufacturing and sales of automotive parts and components
Jetour Sales	PRC	April 28, 2017	100%	Sales of passenger vehicles

Name	Place of Establishment	Date of Establishment	Shareholding	Principal Business Activities
Soueast Motor	PRC	May 21, 1992	70%	Manufacturing and sales of passenger vehicles
iCAR Technology	PRC	November 18, 2015	100% owned by Chery New Energy	Sales of passenger vehicles
Chery Auto Parts Procurement	PRC	September 29, 2005	60% by our Company and 40% by Chery Sales	Supply Chain Management
Chery Russia	Russia	December 5, 2005	100%	Sales of passenger vehicles

CORPORATE DEVELOPMENTS

Establishment of our Company

On January 8, 1997, Wuhu Finance Bureau and Wuhu Construction Corporation (wholly owned by Wuhu Economic and Technological Development Zone Management Committee* (蕪湖經濟技術開發區管理委員會)) jointly established Anhui Auto Parts Co., Ltd.* (安徽汽車零部件有限公司), the predecessor of our Company, with a registered capital of RMB1,680,000,000. The capital contributions subscribed for by Wuhu Finance Bureau and Wuhu Construction Corporation accounted for 89.29% and 10.71% of the then registered capital of our Company, respectively.

Introduction of Wuhu Investment Holding in 2000

In December 2000, Wuhu Investment Holding became our largest Shareholder through the gratuitous equity transfer by Wuhu Finance Bureau and capital increase, holding 45.72% of the then registered capital of our Company. The shareholding of Wuhu Construction Corporation in our Company increased to 10.87% through the capital increase. The other Shareholders include Anhui Credit Financing Guaranty Group Co., Ltd.* (安徽省信用融資擔保集團有限公司) ("**Anhui Credit Guaranty**", formerly known as Anhui Innovation Investment Co., Ltd.* (安徽省創新投資有限公司)), Anhui Provincial Investment Group Holding Co., Ltd.* (安徽省投資集團控股有限公司) ("**Anhui Investment Holding**", formerly known as Anhui Provincial Investment Group Co., Ltd.* (安徽省投資集團有限責任公司)) and an independent Shareholder, holding 27.11%, 14.87% and 1.43% of the then registered capital of our Company, respectively. For details of Wuhu Investment Holding, please refer to the section headed "Relationship with our Single Largest Shareholder" in this document.

Establishment of Management and Employee Stock Ownership Platform in 2004

In December 2004, Ruichuang was set up as our Company's equity incentive platform for the management and key scientific and technological personnel. Pursuant to two equity transfer agreements dated December 31, 2004, all the then existing Shareholders (including Wuhu Investment Holding) agreed to transfer a total of 16.17% equity interest of our Company to Ruichuang in proportion to their shareholdings in our Company, among which the transfer of 8.083% equity interest was at nil consideration and the transfer of 8.083% equity interest was at a total consideration of RMB120,339,485.93, which was determined based on a 50% discount to the appraised net asset value of our Company as at September 30, 2004. Upon completion of the above transfers, Ruichuang held 16.17% equity interest of our Company. For details of Ruichuang, please refer to "— Management and Employee Stock Ownership Platforms".

Conversion into a joint stock company and capital increase in 2008

On March 24, 2008, our Company was converted into a joint stock limited company, and the company name was changed to "Chery Automobile Co., Ltd. (奇瑞汽車股份有限公司)". Upon completion of the conversion, the registered capital of our Company was RMB3,200,000,000, which was divided into 3,200,000,000 Shares with a nominal value of RMB1.00 each.

Establishment of Chery Holding by injecting our Shares in 2010

In October 2010, Wuhu Investment Holding and Ruichuang jointly established Chery Holding by injecting an aggregate of 32.13% equity interest of our Company and certain amount of cash. At the time of establishment of Chery Holding, Wuhu Investment Holding and Ruichuang held 52% and 48% equity interest in Chery Holding, respectively. Meanwhile, Chery Holding became our largest Shareholder and the direct shareholdings of Wuhu Investment Holding and Ruichuang in our Company decreased to 9.68% and 9.50%, respectively.

Introduction of Qingdao Wudaokou and Luxshare from 2019 to 2022

In December 2019, our Company and Chery Holding introduced Qingdao Wudaokou New Energy Automobile Industry Fund (Limited Partnership)* (青島五道口新能源汽車產業基金企業(有限合夥)) ("**Qingdao Wudaokou**") through the capital increase and/or equity transfer. After the completion of the aforesaid transactions, the total issued share capital of our Company increased from RMB4,456,900,000 to RMB5,469,831,633. Qingdao Wudaokou directly held 46.77% equity interest in Chery Holding, and directly and indirectly held a total of 33.71% equity interest in our Company. For the sake of completeness, in order to realize capital gains from its investment, Qingdao Wudaokou divested part of its investment and its direct shareholding in our Company and Chery Holding decreased to 1.96% and 4.96%, respectively, after the transfers to Luxshare, Qingdao Xincheng Haishun New Energy Automobile Partnership (Limited Partnership)* (青島鑫誠海順新能源汽車合夥企業(有限合

夥)) ("**Qingdao Xincheng**") and Wuhu Kinsman Enterprise Management Partnership (Limited Partnership)* (蕪湖金斯曼企業管理合夥企業(有限合夥)) ("**Wuhu Kinsman**", formerly known as Wuhu Ruiboan Enterprise Management Limited Partnership* (蕪湖瑞博安企業管理合夥企業(有限合夥)) in May 2022. For details of the aforesaid transactions, please refer to "— Pre-[**REDACTED**] Investments".

Businesses Combination from 2022 to 2024

As part of our Group's strategy to integrate resources, (i) from June 2022 to January 2024, our Company acquired certain business and equity interests from Chery Holding, including JETOUR-related assets and business, 51% equity interest of Chery Technology (principally engaged in manufacturing and sales of automotive parts and components), 51% equity interest of Acteco (principally engaged in the production of powertrain), and 100% equity interest of Rejoin (Anhui) Supply Chain Technology Co., Ltd.* (瑞鯨(安徽)供應鏈科技有限公司) (principally engaged in the supply chain management). The aforesaid acquisitions were business combinations under common control and the financial statements of the targets were consolidated into the financial statements of the Group from the beginning of the Track Record Period, and therefore do not constitute acquisitions of material subsidiary or business as required to be disclosed under Rule 4.05A of the Listing Rules; (ii) in February 2024, our Company acquired 100% equity interest in Fuzhou Qingkou Holding Co., Ltd.* (福州青口控股有限公司) ("**Fuzhou Qingkou**") from an Independent Third Party. Fuzhou Qingkou is a limited liability company established in the PRC on August 23, 2023 for the purpose of holding 70% equity interest in Soueast Motor which is principally engaged in the production and sales of passenger vehicles. The financial statements of Fuzhou Qingkou were consolidated into the financial statements of the Group upon completion of the acquisition on February 18, 2024. Our Directors have confirmed that none of the applicable percentage ratios as defined under the Listing Rules in respect of the acquisition of Fuzhou Qingkou exceeds 25%. Accordingly, the relevant pre-acquisition financial information of Fuzhou Qingkou is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules. For details, please refer to Note 40 to the section headed "Appendix I — Accountants' Report".

Establishment of Management and Employee Stock Ownership Platforms in 2024

On March 30, 2024, for the purpose of employee equity incentives, our Company repurchased all of our Shares directly held by Ruichuang, representing a total of 6.74% equity interest of our Company, at nil consideration whereby the tax arising from such repurchase was borne by our Company. Our Company further transferred an equivalent number of such repurchased Shares to Hengrui and Zhenrui, the employee stock ownership platforms of our Company. Each of Hengrui and Zhenrui subscribed for 3.37% equity interest of our Company at a consideration of RMB626,595,500, representing an award price of RMB3.4 per Share. For details of Hengrui and Zhenrui, please refer to "— Management and Employee Stock Ownership Platforms".

Flattening of Shareholding Structure by the shareholders of Chery Holding in January 2025

Prior to the Flattening of Shareholding Structure, Chery Holding had been our controlling Shareholder since its establishment in 2010, and had become a diversified group covering encompass passenger vehicles (conducted by us), commercial vehicles, financial investment, and trade in services. After rounds of introduction of investors, there were ten shareholders of Chery Holding immediately before the Flattening of Shareholding Structure, and other than Ruichuang, all of the shareholders of Chery Holding also directly held our Shares.

To meet the business needs of the shareholders of Chery Holding and to enhance the efficiency of decision-making, a restructuring was carried out to remove Chery Holding from the shareholding structure of our Company, such that all of our Shares then held by Chery Holding, representing 42.32% equity interest of our Company, would be allocated to the shareholders of Chery Holding on a pro rata basis (the "**Flattening of Shareholding Structure**"). The Flattening of Shareholding Structure was completed on January 20, 2025, and upon completion of the Flattening of Shareholding Structure, (i) Chery Holding no longer held any of our Shares, and (ii) the shareholders of Chery Holding held our Shares directly.

The table below sets out the shareholding structure of our Company and Chery Holding immediately before and after the Flattening of Shareholding Structure:

Shareholder(s)	Shareholding immediately before the Flattening of Shareholding Structure (%)		Shareholding in our Company immediately after the Flattening of Shareholding Structure and prior to the [REDACTED] (%) (A x 42.32%+B)	Shareholding in our Company immediately upon [REDACTED] (assuming the [REDACTED] is not exercised) (%)
	Chery Holding* (A)	Our Company (B)		
Chery Holding's Shareholders				
Wuhu Investment Holding	29.47	8.70	21.17	[REDACTED]
Ruichuang	27.20	–	11.51	[REDACTED]
Luxshare	21.16	7.87	16.83	[REDACTED]
Qingdao Wudaokou	5.28	1.96	4.20	[REDACTED]
Ningbo Meishan Bonded Port Area Wending Investment Co., Ltd.* (寧波梅山保稅港區問鼎投資有限公司) ("**Ningbo Wending**")	3.97	1.48	3.15	[REDACTED]
Qingdao Xincheng	3.56	1.32	2.83	[REDACTED]
Zhuhai Shangshun Management and Consultancy Partnership (Limited Partnership)* (珠海尚順管理諮詢合夥企業(有限合夥)) ("**Zhuhai Shangshun**")	2.81	1.05	2.24	[REDACTED]
Qingdao Urban Investment International Development Group Co., Ltd.* (青島城投國際發展集團有限公司) ("**Qingdao Urban Investment**")	2.61	0.97	2.08	[REDACTED]

Shareholder(s)	Shareholding immediately before the Flattening of Shareholding Structure (%)		Shareholding in our Company immediately after the Flattening of Shareholding Structure and prior to the [REDACTED] (%) (A x 42.32%+B)	Shareholding in our Company immediately upon [REDACTED] (assuming the [REDACTED] is not exercised) (%)
	Chery Holding* (A)	Our Company (B)		
Hefei Gotion High-tech Power Energy Co., Ltd.* (合肥國軒高科動力能源有限公司) ("**Gotion High-tech**")	2.08	0.78	1.66	[REDACTED]
Qingdao Huoyan Ruixiang No. 1 Industrial Investment Partnership (Limited Partnership)* (青島火眼瑞祥一號產業投資合夥企業(有限合夥)) ("**Qingdao Huoyan**")	1.85	0.69	1.47	[REDACTED]
Our other Shareholders without holding any shares in Chery Holding				
Chery Holding	–	42.32	–	–
Anhui Credit Guaranty	–	9.97	9.97	[REDACTED]
Anhui Investment Holding	–	5.20	5.20	[REDACTED]
Changshu Port Development Construction Co., Ltd.* (常熟港口開發建設有限公司) ("**Changshu Port**")	–	3.57	3.57	[REDACTED]
Hengrui	–	3.37	3.37	[REDACTED]
Zhenrui	–	3.37	3.37	[REDACTED]
Dalian Automobile Industry Investment Co., Ltd.* (大連汽車工業投資有限公司) ("**Dalian Automobile**")	–	1.83	1.83	[REDACTED]
Changshu Economic Development Automotive Technology Co., Ltd.* (常熟經開汽車科技有限公司) ("**Changshu Development**")	–	1.83	1.83	[REDACTED]
Wuhu Construction Corporation	–	1.56	1.56	[REDACTED]
Kaifeng City Operation and Investment Group Co., Ltd.* (開封城市運營投資集團有限公司) ("**Kaifeng Investment**")	–	1.33	1.33	[REDACTED]
Kaifeng Transportation Construction (Group) Co., Ltd.* (開封交通建設(集團)有限公司) ("**Kaifeng Transportation**")	–	0.49	0.49	[REDACTED]
Yancheng Zhiyuan Qirui Investment Partnership (Limited Partnership)* (鹽城致遠祺瑞投資合夥企業) ("**Yancheng Qirui**")	–	0.19	0.19	[REDACTED]
Guiyang Economic and Technological Development Zone Tongsheng Youshi Equity Investment Management Center (Limited Partnership)* (貴陽經濟技術開發區同盛優勢股權投資管理中心(有限合夥)) ("**Guiyang Tongsheng**")	–	0.17	0.17	[REDACTED]
Total	**100%**	**100%**	**100%**	[REDACTED]%

Note: For the avoidance of doubt, following the completion of the Flattening of Shareholding Structure, Chery Holding continues as a diversified group covering commercial vehicles, financial investment, and trade in services. The shareholders of Chery Holding continue to hold shares in Chery Holding. Wuhu Investment Holding confirms that as at the Latest Practicable Date, it did not have any interest in a business which competes with, or is likely to compete with, our principal business, which would otherwise require disclosure to be made under Rule 8.10 of the Listing Rules. For details, see the section headed "Relationship with Our Single Largest Shareholder" in this document.

Save as disclosed above, our Company also conducted several rounds of Pre-[**REDACTED**] Investments. For details, please refer to "— Pre-[**REDACTED**] Investments".

As at the Latest Practicable Date, we have a total of 22 Shareholders with a dispersed shareholding structure including certain state-owned enterprises. As advised by our PRC Legal Adviser, pursuant to the Supervision and Administration Measures for the Trading of State-owned Assets of Enterprises (企業國有資產交易監督管理辦法), our Company is not a state-owned enterprise, a state-controlled enterprise (國有控股企業) or a state-actually-controlled enterprise (國有實際控制企業) as defined therein.

PRC REGULATORY REQUIREMENT

Our PRC Legal Adviser has confirmed that we have legally and properly completed, settled, and obtained the requisite legal approvals or governmental confirmation and completed requisite governmental registrations with relevant Administration Department for Market Regulation in the PRC with respect to all the aforesaid establishment, conversion, subscriptions, transfers and the changes of our shareholdings (including the Pre-[**REDACTED**] Investments).

COMPLIANCE WITH RULE 8.05(1)(C) OF THE LISTING RULES

Rule 8.05(1)(c) of the Listing Rules requires a listing applicant to demonstrate ownership continuity and control for at least the most recent audited financial year.

Since the establishment of Chery Holding in 2010 and prior to the Flattening of Shareholding Structure, it had remained as the controlling shareholder of our Company holding more than 30% equity interest of our Company. As set out in the paragraphs "— Flattening of Shareholding Structure by the shareholders of Chery Holding in January 2025" above, upon completion of the Flattening of Shareholding Structure, Chery Holding no longer directly held any equity interest of our Company with all Chery Holding's shareholders directly holding the equity interest of our Company in proportion to their respective shareholdings in Chery Holding.

Notwithstanding the shareholding changes as a result of the Flattening of Shareholding Structure, our Company is of the view that it satisfies the ownership continuity and control requirement under Rule 8.05(1)(c) of the Listing Rules based on the following grounds:

(1) the purpose of the Flattening of Shareholding Structure by the shareholders of Chery Holding was to flatten the shareholding structure of our Company to (a) enhance the liquidity of the shareholders' equity interest, (b) balance the interest of all Shareholders in our Company's future financing activities and facilitate our Company's capital market operations, and (c) enable a clearer and more transparent ownership structure of our Company;

(2) there has been no material change in the interests of the ultimate Shareholders on a see-through basis since the completion of the Flattening of Shareholding Structure. Before the Flattening of Shareholding Structure, the three largest shareholders of Chery Holding were Wuhu Investment Holding, Ruichuang (one of the Management and Employee Stock Ownership Platforms) and Luxshare, holding 29.47%, 27.20% and 21.16% equity interest of Chery Holding. Following the completion of the Flattening of Shareholding Structure, Wuhu Investment Holding, the Management and Employee Stock Ownership Platforms, and Luxshare remain as the three largest Shareholders, holding 21.17%, 18.25% and 16.83% equity interest of our Company, respectively. Thus, none of the Shareholders has gained or lost control in our Company, or changed their ranking or shareholding percentage of our Company either preceding or following the Flattening of Shareholding Structure;

(3) Chery Holding has no controlling shareholder and there is no single shareholder who can control the composition of a majority of the board of directors or over the decision-making of such board. Despite that Chery Holding falls within the definition of "controlling shareholder" by virtue of the fact that it was entitled to exercise or control the exercise of 42.32% of the voting power at general meetings of our Company, (i) each of the shareholders of Chery Holding exercised their judgement, decision-making and voting power independently at the general meetings of Chery Holding concerning our Company's business based on their respective direct communications with the senior management members of our Company. There had been no acting-in-concert or other voting arrangements among the shareholders of Chery Holding, or any contractual obligations or obligations under the articles of association to be subject to the instruction of any of the shareholders of Chery Holding; (ii) there is no single shareholder of Chery Holding who can control the composition of a majority of the board of directors or has the control over the decision-making of the board of directors of Chery Holding. There had been no special agreement or arrangement among the directors of Chery Holding with respect to the exercise of voting rights. In addition, as Chery Holding is a diversified group with business across different industries, its shareholders should not be presumed as a group of controlling shareholders. As such, the Flattening of Shareholding Structure would have no impact on the shareholders' control over our Company; and

(4) Our Board comprises 15 members, including two executive Directors, seven non-executive Directors and six independent non-executive Directors. Both of the two executive Directors were recommended by the Management and Employee Stock Ownership Platforms. The Flattening of Shareholding Structure does not result in any changes in our senior management members (including our executive Directors).

Joint Sponsors' views

Based on the relevant documents, information, representations and confirmations provided by our Company, no material matter has come to the attention of the Joint Sponsors to reasonably doubt our Company's view that we satisfy the ownership continuity and control requirement under Rule 8.05(1)(c) of the Listing Rules.

MANAGEMENT AND EMPLOYEE STOCK OWNERSHIP PLATFORMS

In recognition of the contributions of, among others, our management and employees and to incentivize them to further promote our development, Ruichuang, Hengrui and Zhenrui were established in the PRC as our management and employee stock ownership platforms.

Ruichuang

Ruichuang was a limited liability company established in the PRC on December 30, 2004 and converted into a joint stock limited company in 2008, holding 11.51% equity interest of our Company as at the Latest Practicable Date.

Ruichuang is the stock ownership platform mainly for the management of Chery Holding and our Company. Save for Chairman Yin, who holds more than 30% of the shares in Ruichuang, there is no other shareholder, directly or indirectly (through their respective associate(s)), holding 5% or more of the shares in Ruichuang.

Hengrui and Zhenrui

Each of Hengrui and Zhenrui is a limited partnership established in the PRC on February 26, 2024, each holding 3.37% equity interest of our Company as at the Latest Practicable Date.

Hengrui and Zhenrui are the employee stock ownership platforms of our Company, with their incentive participants mainly being mid-level employees. Their general partner is Wuhu Yongrui Enterprise Management Consultation Co., Ltd.* (蕪湖永瑞企業管理諮詢有限公司) ("**Yongrui**"), which is owned as to 52%, 16%, 16% and 16% by Chairman Yin, Mr. Zhang Guozhong (張國忠) (our executive Director and executive vice president), Dr. Gao Xinhua (高新華) and Mr. Zhang Guibing (張貴兵) (both being our executive vice presidents), respectively. There is no limited partner, directly or indirectly (through their respective associate(s)), holding 30% or more partnership interest in Hengrui or Zhenrui.

On March 29, 2024, Hengrui and Zhenrui entered into a voting agreement (the "**Original Voting Agreement**") with Chery Holding upon request of the lending banks in order to apply for bank loans to pay for the consideration of the subscription for our Shares (for details of the subscription, please refer to "— Corporate Developments — Establishment of Management and Employee Stock Ownership Platforms in 2024"). Pursuant to the Original Voting Agreement, Hengrui and Zhenrui shall align and reach a consensus with Chery Holding before making any proposals and voting at our Company's board meetings and general meetings; and in the event that a consensus cannot be reached, the opinion of Chery Holding shall prevail. The Original Voting Agreement did not impose any corresponding obligations on Chery Holding and its shareholders other than mainly binding Hengrui and Zhenrui to act in concert with Chery Holding. Given the Original Voting Agreement is an arrangement between our then Shareholders, the entering into of the Original Voting Agreement is not subject to the corporate process and internal control of our Company. Along with Chery Holding's cessation of holding any of our Shares as a result of the Flattening of Shareholding Structure, the Original Voting Agreement was terminated on January 20, 2025. On February 17, 2025, Hengrui, Zhenrui and Ruichuang entered into a new voting agreement (the "**New Voting Agreement**") with a term commencing from the execution date of the agreement until 36 months after the [**REDACTED**]. Pursuant to the New Voting Agreement, the parties shall align and reach a consensus with each other before making any proposals and voting at our Company's board meetings and general meetings; and in the event that a consensus cannot be reached, the opinion of Ruichuang shall prevail.

As at the Latest Practicable Date, all of our Shares held by the three Management and Employee Stock Ownership Platforms have been granted to the participants and have been vested.

PRE-[REDACTED] INVESTMENTS

1. Principal terms of the Pre-[REDACTED] Investments

Our Company has completed several rounds of Pre-[**REDACTED**] Investments through capital increases and equity transfers. The following table summarizes the principal terms of the Pre-[**REDACTED**] Investments in our Company:

Investor(s)	Amount of registered capital or number of Shares acquired/ subscribed for (as the case may be)	Amount of consideration paid	Cost per Share	Discount to the [REDACTED][(1)]	Settlement date
Capital Increase Agreement dated December 27, 2007					
Shanghai Tonghua Venture Capital Centre (Limited Partnership)* (上海同華動力創業投資中心(有限合夥)) ("**Tonghua Venture**")[(2)]	RMB61,473,684	RMB113,050,104.88	RMB1.84	[**REDACTED**]	December 27, 2007

Investor(s)	Amount of registered capital or number of Shares acquired/ subscribed for (as the case may be)	Amount of consideration paid	Cost per Share	Discount to the [REDACTED][(1)]	Settlement date
Shanghai Hushan Investment Center (Limited Partnership)* (上海湖山投資中心(有限合夥)) ("**Hushan Investment**")[(3)] . . .	RMB61,473,684	RMB113,050,104.88	RMB1.84	[**REDACTED**]	December 27, 2007
(Note: the considerations were determined based on the appraised net asset value of our Company as at December 31, 2006 of RMB3,537,449,400)					
Share Subscription and Transfer Agreement dated March 23, 2009					
Bohai Industrial Investment Fund Management Co., Ltd* (渤海產業投資基金管理有限公司) ("**Bohai Industrial Investment**")[(4)] . . .	Subscription: 141,169,993 Shares Shares Transfer: 25,490,007 Shares	RMB423,509,979 RMB76,470,021	RMB3.00	[**REDACTED**]	March 30, 2009
Tianjin CDH Equity Investment Fund I (Limited Partnership)* (天津鼎暉股權投資一期基金(有限合夥)) ("**CDH I**")[(4)]	Subscription: 88,093,599 Shares Shares Transfer: 15,906,401 Shares	RMB264,280,798 RMB47,719,202	RMB3.00	[**REDACTED**]	March 30, 2009
China Huarong Asset Management Co., Ltd.* (中國華融資產管理股份有限公司) ("**China Huarong**")[(4)]	Subscription: 70,728,996 Shares Shares Transfer: 12,771,004 Shares	RMB212,186,988 RMB38,313,013	RMB3.00	[**REDACTED**]	March 30, 2009
Beijing Zhongke Fangshan Venture Capital Fund Co., Ltd.* (北京市中科房山創業投資基金有限責任公司) ("**Beijing Zhongke**")[(4)]	Subscription: 56,474,774 Shares Shares Transfer: 10,197,226 Shares	RMB169,424,321 RMB30,591,679	RMB3.00	[**REDACTED**]	March 30, 2009

Investor(s)	Amount of registered capital or number of Shares acquired/ subscribed for (as the case may be)	Amount of consideration paid	Cost per Share	Discount to the [REDACTED][(1)]	Settlement date
Zhangjiagang Zhongke Huixin Venture Capital Co., Ltd.* (張家港中科匯鑫創業投資有限責任公司) ("**Zhongke Huixin**")[(4)]	Subscription: 28,237,387 Shares Shares Transfer: 5,098,613 Shares	RMB84,712,161 RMB15,295,839	RMB3.00	[**REDACTED**]	March 30, 2009
Shanghai Kebao Equity Investment Co., Ltd.* (上海科寶股權投資有限公司) ("**Shanghai Kebao**")[(4)]	Subscription: 28,237,387 Shares Shares Transfer: 5,098,613 Shares	RMB84,712,161 RMB15,295,839	RMB3.00	[**REDACTED**]	March 30, 2009
Jiangxi Zhongjia Investment Co., Ltd.* (江西中嘉投資有限公司) ("**Zhongjia Investment**")[(4)] . . .	Subscription: 28,237,387 Shares Shares Transfer: 5,098,613 Shares	RMB84,712,161 RMB15,295,839	RMB3.00	[**REDACTED**]	March 30, 2009
Tianjin CDH Yuanbo Equity Investment Fund (Limited Partnership)* (天津鼎暉元博股權投資基金(有限合夥)) ("**CDH Yuanbo**")[(4)] .	Subscription: 24,844,089 Shares Shares Transfer: 4,485,911 Shares	RMB74,532,267 RMB13,457,733	RMB3.00	[**REDACTED**]	March 30, 2009
Rongde Asset Management Co., Ltd.* (融德資產管理有限公司) ("**Rongde**")[(4)]	Subscription: 13,976,388 Shares Shares Transfer: 2,523,612 Shares	RMB41,929,165 RMB7,570,835	RMB3.00	[**REDACTED**]	March 30, 2009

(Note: the considerations were determined based on the appraised net asset value of our Company as at June 30, 2008 of RMB2.3600 per Share)

Share Subscription Agreement dated August 26, 2009

Dalian Automobile.	100,000,000 Shares	RMB1,300,000,000	RMB13.00	[**REDACTED**]	September 14, 2009

Investor(s)	Amount of registered capital or number of Shares acquired/ subscribed for (as the case may be)	Amount of consideration paid	Cost per Share	Discount to the [REDACTED][(1)]	Settlement date
Share Subscription Agreement dated November 6, 2009					
Kaifeng Investment[(5)] .	100,000,000 Shares	RMB1,300,000,000	RMB13.00	[**REDACTED**]	December 28, 2009
Share Subscription Agreements dated May 26, 2010, December 30, 2011 and December 27, 2012 and Share Transfer Agreement dated December 31, 2012					
Changshu Port[(6)]	295,000,000 Shares	RMB5,900,000,000	RMB20.00	[**REDACTED**]	December 26, 2013
(Note: the considerations above were determined having taken into account various factors, including their industrial investment cooperation, and the historical operating performance, the industry ranking, the timing of investments and the business prospects of our Company)					
Capital Increase Agreement dated February 2, 2016					
CIB Chery Changshu Automobile R&D Fund (Limited Partnership)* (興業奇瑞常熟汽車產業研發基金(有限合夥)) ("**CIB Fund**")[(7)] . . .	336,900,000 Shares	RMB1,550,000,000	RMB4.60	[**REDACTED**]	February 4, 2016
(Note: the consideration was determined based on the appraised net asset value of our Company as at December 31, 2014 of RMB4.5631 per Share)					
Capital Increase Agreement dated December 3, 2019					
Qingdao Wudaokou[(8)] .	1,012,931,633 Shares	RMB6,863,217,664	RMB6.78	[**REDACTED**]	December 13, 2019
(Note: the consideration was determined based on the appraised net asset value of our Company as at December 31, 2018 of RMB6.7287 per Share)					

Notes:

(1) The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]).

(2) Tonghua Venture is no longer our Shareholder. On August 10, 2012, Tonghua Venture allocated 4,554,795 Shares, 4,554,795 Shares and 1,301,370 Shares to its limited partners, Mr. Sun Xiang (孫翔), Mr. Zhang Wei (張偉) and Mr. Wang Ting (王挺), being Independent Third Parties, in proportion to their partnership interest in Tonghua Venture in consideration of such limited partners' divestment in Tonghua Venture.

Tonghua Holding Co., Ltd.* (同華控股有限公司) ("**Tonghua Holding**") owed Chery Sales the principal and interest of a loan under an entrustment loan agreement in July 2018, and Chery Holding the investment principal and returns under an investment partnership agreement in March 2016 and the interest of a loan under a loan agreement in February 2018 (the "**Debts**"). Tonghua Venture pledged, among others, a total of 69,589,040 Shares as collateral to secure the repayment of the Debts in the amount of approximately RMB416 million. Due to Tonghua Holding's failure to repay the Debts, Chery Sales and Chery Holding applied for enforcement, and on August 22, 2022, the Intermediate People's Court of Wuhu ruled that Tonghua Venture shall allocate 35,407,771 Shares and 34,181,269 Shares to Chery Holding and Chery Sales to settle the Debts.

On December 31, 2022, Chery Sales transferred 34,181,269 Shares to Chery Holding at a consideration of RMB5.9784 per Share, because it is not allowed to hold any Shares as a wholly-owned subsidiary of our Company. The consideration was determined based on the amount of debt Tonghua Venture owed to Chery Sales and fully settled on January 15, 2023.

On March 26, 2024, due to changes in their own investment arrangements, Mr. Sun, Mr. Zhang and Mr. Wang transferred 4,554,795 Shares, 4,554,795 Shares and 1,301,370 Shares to Yancheng Qirui at a consideration of RMB9.3239 per Share, which was determined after arm's length negotiations with reference to the historical financial performance and business prospects of our Company and fully settled on March 30, 2024. Following the completion of the transfers, Mr. Sun, Mr. Zhang and Mr. Wang are no longer our Shareholders.

(3) Hushan Investment is no longer our Shareholder. On June 23, 2009, Hushan Investment divested its investment in our Company by transfer of 80,000,000 Shares to Ruichuang at a consideration of RMB3.00 per Share.

(4) Each of Bohai Industrial Investment, CDH I, China Huarong, Beijing Zhongke, Zhongke Huixin, Shanghai Kebao, Zhongjia Investment, CDH Yuanbo and Rongde (collectively, the "**2009 Investors**") is no longer our Shareholder. The 2009 Investors made investments in our Company through share subscription and share transfer from Ruichuang in 2009, and divested their investments in our Company by transfer of their Shares to Chery Holding from 2011 to 2017. Among them, (i) Beijing Zhongke, Zhongke Huixin, Shanghai Kebao and Zhongjia Investment transferred 166,680,000 Shares to Chery Holding at a consideration of RMB3.8568 per Share in December 2011; (ii) China Huarong transferred 83,500,000 Shares to Chery Holding at a consideration of RMB4.0749 per Share in October 2012; (iii) Bohai Industrial Investment transferred 166,660,000 Shares to Chery Holding at a consideration of RMB4.1001 per Share in November 2012; (iv) CDH I and CDH Yuanbo transferred 44,443,334 Shares to Chery Holding at a consideration of RMB4.1333 per Share in December 2012, and transferred the remaining 88,886,666 Shares to Chery Holding at a consideration of RMB5.00 per Share in January 2017; and (v) Rongde transferred 16,500,000 Shares to Chery Holding at a consideration of RMB4.2403 per Share in April 2013. The aforesaid considerations were determined based on the investment amount plus interest.

New Horizon Growth (Tianjin) Equity Investment Partnership (Limited Partnership)* (新遠景成長(天津)股權投資有限合夥(有限合夥)) ("**New Horizon**", formerly known as New Tianyu Growth (Tianjin) Equity Investment Partnership (Limited Partnership)* (新天域成長(天津)股權投資有限合夥(有限合夥)) is no longer our Shareholder. On May 12, 2009, New Horizon made an investment in our Company through share transfer from Ruichuang of 27,500,000 Shares at a consideration of RMB3.00 per Share, and divested its investment in our Company by transfer of 9,300,000 Shares to Guiyang Tongsheng at a consideration of RMB6.20 per Share in October 2010 and transfer of the remaining 18,200,000 Shares to Chery Holding at a consideration of RMB4.1622 per Share in April 2013.

(5) On September 13, 2024, due to internal arrangements, Kaifeng Investment transferred 27,000,000 Shares to Kaifeng Transportation at a consideration of RMB13.00 per Share. The consideration was determined based on the investment cost and fully settled on September 14, 2024.

(6) On May 31, 2023, due to internal arrangements, Changshu Port established Changshu Development and made a capital contribution of 100,000,000 Shares (with a book value of RMB2,000,000,000). The consideration was determined based on the investment cost and was fully settled on July 3, 2023.

(7) CIB Fund is no longer our Shareholder. The general partner of CIB Fund, holding 0.0004% partnership interest in CIB Fund, was Shanghai Xingsheng Equity Investment Management Co., Ltd.* (上海興晟股權投資管理有限公司), which is ultimately owned as to 90% by Industrial Bank Co., Ltd. (興業銀行股份有限公司) (the A shares of which are listed on the Shanghai Stock Exchange under stock code 601166) and 10% by COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (dually listed on the Shanghai Stock Exchange (stock code: 601866) and the Stock Exchange (stock code: 2866)). In August 2022, due to changes in their own investment arrangements, CIB Fund divested its investment in our Company by transfer of 336,900,000 Shares to Chery Holding at a consideration of RMB4.3218 per Share. The consideration was determined based on the book value of net assets of our Company as at December 31, 2021 of RMB4.3218 per Share and was fully settled on August 31, 2022.

(8) On February 11, 2022, in order to realize capital gains from its investment, Qingdao Wudaokou transferred 430,522,152 Shares, 262,441,165 Shares and 212,603,532 Shares to Luxshare, Qingdao Xincheng and Wuhu Kinsman at a consideration of RMB8.4144 per Share, which was determined based on the investment amount plus interest and fully settled on November 7, 2022.

On March 27, 2024, due to changes in its own investment arrangements, Qingdao Xincheng allocated 57,215,218 Shares, 53,150,883 Shares, 41,457,689 Shares and 38,268,636 Shares to Zhuhai Shangshun, Qingdao Urban Investment, Qingdao Huoyan and Wuhu Kinsman in proportion to their partnership interest in Qingdao Xincheng (i.e. total capital commitments of RMB4,439,135,770.80) in consideration of such limited partners' divestment in Qingdao Xincheng. On November 8, 2024, the Shares allocated to Wuhu Kinsman and Qingdao Huoyan were amended to 42,037,517 Shares and 37,688,808 Shares based on their respective paid-up capital.

Wuhu Kinsman is no longer our Shareholder. Due to changes in its own investment arrangements, (i) on November 29, 2022, Wuhu Kinsman transferred 80,677,727 Shares to Ningbo Wending at a consideration of RMB8.9324 per Share, which was determined with reference to the investment amount plus interest and fully settled on December 9, 2022; (ii) on March 30, 2024, Wuhu Kinsman allocated 42,393,104 Shares to Gotion High-tech in proportion to its partnership interest in Wuhu Kinsman in consideration of its divestment in Wuhu Kinsman; (iii) on March 30, 2024, Wuhu Kinsman transferred the remaining 127,801,337 Shares to Chery Holding at a consideration of RMB8.93 per Share, which was determined with reference to the investment amount plus interest and fully settled on March 30, 2024; and (iv) on November 9, 2024, Wuhu Kinsman transferred to Chery Holding the additional 3,768,881 Shares allocated by Qingdao Xincheng at a consideration of RMB10.75 per Share, which was determined with reference to the investment amount plus interest and fully settled on November 10, 2024.

2. Use of proceeds

We utilized the proceeds from the Pre-[**REDACTED**] Investments for investment in research and development, and production expansion. As at the Latest Practicable Date, the net proceeds from the Pre-[**REDACTED**] Investments had been fully utilized.

3. Strategic benefits

At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-[**REDACTED**] Investments in our Group, insights for industry, advice on business expansion and strategic direction, upstream and downstream resources that the Pre-[**REDACTED**] Investors brought to our Company, and the knowledge and experience of the Pre-[**REDACTED**] Investors. Their investments also demonstrated their confidence in our Group's operations and served as an endorsement of our Group's performance, strengths and prospects.

4. Information about the Pre-[REDACTED] Investors

(1) Luxshare

Luxshare is the holding vehicle of the family members of Ms. Wang Laichun (王來春) (our non-executive Director). Each of Ms. Wang Laichun (王來春)'s sister, Ms. Wang Laijiao (王來嬌) and Ms. Wang Laichun (王來春)'s brother, Mr. Wang Laixi (王來喜), holds 50% equity interest of Luxshare.

(2) Qingdao Wudaokou

Qingdao Wudaokou is a limited partnership established in the PRC on August 22, 2019, principally engaged in equity investment. The general partner of Qingdao Wudaokou is Qingdao Xingrui Zhicheng New Energy Vehicle Industry Co., Ltd.* (青島興瑞智城新能源汽車產業有限公司) ("**Qingdao Xingrui**"), holding 0.99% partnership interest in Qingdao Wudaokou. Qingdao Xingrui is owned as to 51% and 49% by Beijing Water Wood Equity Investment Center (Limited Partnership)* (北京水木新創股權投資中心(有限合夥)) ("**Beijing Water Wood**") and Qingdao Chengxin Equity Investment Co., Ltd.* (青島城鑫股權投資有限公司) ("**Qingdao Chengxin**"). The general partner holding 0.33% partnership interest in Beijing Water Wood is owned as to 99% by Mr. Mao Jian (毛健), an Independent Third Party, and the limited partner holding 98.67% partnership interest in Beijing Water Wood is Mr. Mao Jian (毛健). Qingdao Chengxin is ultimately owned as to 46% and 54% by the State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government ("**Qingdao SASAC**") and the State-owned Assets Operation Service Center of Jimo District, Qingdao City* (青島市即墨區國有資產運營服務中心) ("**Jimo SAOSC**"), respectively.

The limited partners of Qingdao Wudaokou include Jinan Jiading Investment Partnership (Limited Partnership)* (濟南佳鼎投資合夥企業(有限合夥)) ("**Jinan Jiading**") and Jinan Changying Jinan Investment Partnership (Limited Partnership)* (濟南暢贏金安投資合夥企業(有限合夥)) ("**Jinan Changying**"), each holding 49.51% partnership interest in Qingdao Wudaokou. Each of the general partner and the limited partner of Jinan Jiading is ultimately owned as to 46% and 54% by Qingdao SASAC and Jimo SAOSC. The general partner of Jinan Changying holding 0.01% partnership interest is ultimately controlled as to 37.64% and 35% by Mr. Ba Zhen (巴震) (an Independent Third Party) and Jimo SAOSC. The limited partner of Jinan Changying, holding 99.99% partnership interest in Jinan Changying is wholly owned by Jimo SAOSC.

(3) Changshu Port

Changshu Port is a limited liability company established in the PRC on August 13, 2007, principally engaged in port operations. It is wholly owned by Changshu Economic and Technological Development Zone Management Committee* (常熟經濟技術開發區管理委員會).

(4) Ningbo Wending

Ningbo Wending is a limited liability company established in the PRC on April 6, 2017, principally engaged in industrial investment, investment management and consultation. It is wholly owned by Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司), dully listed on the Shenzhen Stock Exchange (stock code: 300750) and the Stock Exchange (stock code: 3750).

(5) Qingdao Xincheng

Qingdao Xincheng is a limited partnership established in the PRC on February 11, 2022, principally engaged in equity investment. The general partner of Qingdao Xincheng is Qingdao Xincheng Haishun Enterprise Management Co., Ltd.* (青島鑫誠海順企業管理有限公司) ("**Xincheng Haishun**"), holding 0.0059% partnership interest in Qingdao Xincheng. Xincheng Haishun is owned as to 52.83% by Zhuhai Houjiang Consultation Service Co., Ltd.* (珠海厚疆諮詢服務有限責任公司), which is in turn owned as to 60% by Mr. Xie Yongyuan (謝永元) and 40% by Mr. Jiang Bo (姜波) (both being Independent Third Parties), 35.00% by Qingdao Chengxin, which is in turn owned as to 46% by Qingdao SASAC and 54% by Jimo SAOSC, and 12.17% by Qingdao Jimo Innovation Investment Development Co., Ltd.* (青島即墨創智投資發展有限公司), which is in turn wholly owned by Jimo SAOSC.

The limited partners of Qingdao Xincheng include Qingdao Urban Investment (wholly owned by Qingdao SASAC) and Qingdao Jimo Technology Investment Holding Co., Ltd.* (青島即墨科投控股有限公司) (wholly owned by Jimo SAOSC), holding 66.11% and 21.64% partnership interest in Qingdao Xincheng. There is no other limited partner holding 30% or more partnership interest in Qingdao Xincheng.

(6) Zhuhai Shangshun

Zhuhai Shangshun is a limited partnership established in the PRC on March 11, 2024, principally engaged in equity investment. The general partner of Zhuhai Shangshun is Tibet Jinkun Enterprise Management Co., Ltd.* (西藏錦坤企業管理有限公司) ("**Tibet Jinkun**"), holding 0.0006% partnership interest in Zhuhai Shangshun. Tibet Jinkun is owned as to 34%, 33.30% and 32.70% by Mr. Niu Kuiguang (牛奎光), Mr. Li Jianguang (李建光) and Mr. Wang Jingbo (王靜波), all being Independent Third Parties. There is no limited partner ultimately holding 30% or more partnership interest in Zhuhai Shangshun.

(7) Qingdao Urban Investment

Qingdao Urban Investment is a limited liability company established in the PRC on July 21, 2016, principally engaged in equity investment. It is wholly owned by Qingdao SASAC.

(8) Dalian Automobile

Dalian Automobile is a limited liability company established in the PRC on August 18, 2009, principally engaged in investment holding. It is wholly owned by the State-owned Assets Supervision and Administration Bureau of the People's Government of Jinpu New Area, Dalian City.

(9) Changshu Development

Changshu Development is a limited liability company established in the PRC on June 8, 2023, principally engaged in technology promotion and application services. It is wholly owned by Changshu Municipal Finance Bureau (the State-owned Assets Supervision and Administration Office of Changshu Municipal Government).

(10) Gotion High-tech

Gotion High-tech is a limited liability company established in the PRC on May 9, 2006, principally engaged in lithium iron phosphate materials and battery cells, ternary materials and battery cells, power battery packs, energy storage battery packs and battery management systems, etc. It is wholly owned by Gotion High-tech Co., Ltd. (國軒高科股份有限公司), the A shares of which are listed on the Shenzhen Stock Exchange under stock code 002074.

(11) Qingdao Huoyan

Qingdao Huoyan is a limited partnership established in the PRC on January 16, 2024, principally engaged in equity investment. The general partner of Qingdao Huoyan is Shanghai Huoyan Beiai Private Fund Management Co., Ltd.* (上海火眼貝愛私募基金管理有限公司) ("**Huoyan Beiai**"), holding 11.52% partnership interest in Qingdao Huoyan. Huoyan Beiai is ultimately owned as to 51%, 24.99% and 24.01% by Mr. Wang Ailong (王愛龍), Mr. Zhang Yaokun (張耀坤) and Mr. Sun Xiaoping (孫小平) (all being Independent Third Parties), respectively.

The limited partners of Qingdao Huoyan include Huada Automotive Technology Co., Ltd. (華達汽車科技股份有限公司), the A shares of which are listed on the Shanghai Stock Exchange under stock code 603358, holding 30.51% partnership interest in Qingdao Huoyan. There is no other limited partner holding 30% or more partnership interest in Qingdao Huoyan.

(12) Kaifeng Investment

Kaifeng Investment is a limited liability company established in the PRC on February 19, 2009, principally engaged in equity investment. It is owned as to 85% and 15% by the State-owned Assets Supervision and Administration Commission of Kaifeng Municipal People's Government and Kaifeng Municipal Urban and Rural Integration Demonstration Zone Management Committee* (開封市城鄉一體化示範區管理委員會), respectively.

(13) Kaifeng Transportation

Kaifeng Transportation is a limited liability company established in the PRC on June 3, 2014, principally engaged in integrated construction, toll road operation and management, and transportation industry investment. It is wholly owned by Kaifeng Municipal Finance Bureau* (開封市財政局).

(14) Yancheng Qirui

Yancheng Qirui is a limited partnership established in the PRC on March 14, 2024, principally engaged in equity investment. The general partner of Yancheng Qirui is CMS Zhiyuan Capital Co., Ltd.* (招商致遠資本投資有限公司), a wholly-owned subsidiary of China Merchants Securities Co., Ltd. (招商證券股份有限公司) (dually listed on the Shanghai Stock Exchange (stock code: 600999) and the Stock Exchange (stock code: 06099)), holding 0.103% partnership interest in Yancheng Qirui. There is no limited partner ultimately holding 30% or more partnership interest in Yancheng Qirui.

(15) Guiyang Tongsheng

Guiyang Tongsheng is a limited partnership established in the PRC on September 19, 2010, principally engaged in equity investment. The general partner of Guiyang Tongsheng is Mr. Guo Jingjun (郭京軍), an Independent Third Party, holding 10% partnership interest in Guiyang Tongsheng. The limited partner of Guiyang Tongsheng is Mr. Wang Jiwen (王季文), an Independent Third Party, holding 90% partnership interest in Guiyang Tongsheng.

To the best knowledge of our Directors, save for Luxshare, other Pre-[**REDACTED**] investors are Independent Third Parties.

5. Special rights of the Pre-[REDACTED] Investors

Certain Pre-[**REDACTED**] Investors had been granted certain special rights relating to our Company, including but not limited to director nomination right and other nomination right, veto right, transfer restrictions, information right, right of first refusal, and exclusivity right and no more favourable terms. The special rights will be terminated at the time of [**REDACTED**] as agreed by our Company and the Pre-[**REDACTED**] Investors in accordance with the guidance set out in Chapter 4.2 of the Guide for New Listing Applicants. On April 3, 2025, in order to maintain the stability of our management team, the existing Shareholders entered into a shareholders' agreement, pursuant to which they agree to vote for the two director candidates nominated by Ruichuang in the event of election of Directors at the general meetings of our Company after the [**REDACTED**], so as to ensure Ruichuang's board seats. The abovementioned shareholders' agreement is not subject to the guidance set out in Chapter 4.2 of the Guide for New Listing Applicants.

6. Public float

Upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and the conversion of Domestic Unlisted Shares into H Shares, [**REDACTED**] Domestic Unlisted Shares will be converted into H Shares and [**REDACTED**] on the Stock Exchange, while the remaining [**REDACTED**] Unlisted Shares (comprising [**REDACTED**] Foreign Unlisted Shares and [**REDACTED**] Domestic Unlisted Shares) held by our Shareholders as at the Latest Practicable Date will not be considered as a part of the public float as those Shares are Unlisted Shares which will not be converted into H Shares and [**REDACTED**] on the Stock Exchange following the completion of the [**REDACTED**].

Among the [**REDACTED**] Domestic Unlisted Shares to be converted into H Shares, [**REDACTED**] H Shares held by certain of our Shareholders will be counted towards the public float. Set out below is the details of the conversion of Domestic Unlisted Shares into H Shares:

	As at the Latest Practicable Date		Upon completion of the [REDACTED] and the conversion of Domestic Unlisted Shares (assuming the [REDACTED] is not exercised)		
Shareholder	**Number of Unlisted Shares as at the Latest Practicable Date**	**Approximate percentage of the Unlisted Shares in the total share capital of our Company**	**Number of Domestic Unlisted Shares to be converted into H Shares**	**Approximate percentage of the converted H Shares in the total share capital of our Company**	**The converted H Shares whether to count towards the public float or not**
Wuhu Investment Holding	1,157,771,424	21.17	[**REDACTED**]	[**REDACTED**]	No
Luxshare	920,426,548	16.83	[**REDACTED**]	[**REDACTED**]	–
Ruichuang	629,670,207	11.51	[**REDACTED**]	[**REDACTED**]	No
Anhui Credit Guaranty	545,513,600	9.97	[**REDACTED**]	[**REDACTED**]	No
Anhui Investment Holding	284,224,000	5.20	[**REDACTED**]	[**REDACTED**]	No
Qingdao Wudaokou	229,538,473	4.20	[**REDACTED**]	[**REDACTED**]	Yes
Changshu Port	195,000,000	3.57	[**REDACTED**]	[**REDACTED**]	–
Hengrui	184,292,800	3.37	[**REDACTED**]	[**REDACTED**]	No
Zhenrui	184,292,800	3.37	[**REDACTED**]	[**REDACTED**]	No
Ningbo Wending	172,483,393	3.15	[**REDACTED**]	[**REDACTED**]	Yes
Qingdao Xincheng	154,676,594	2.83	[**REDACTED**]	[**REDACTED**]	Yes
Zhuhai Shangshun	122,322,174	2.24	[**REDACTED**]	[**REDACTED**]	Yes
Qingdao Urban Investment	113,632,908	2.08	[**REDACTED**]	[**REDACTED**]	Yes
Dalian Automobile	100,000,000	1.83	[**REDACTED**]	[**REDACTED**]	Yes
Changshu Development	100,000,000	1.83	[**REDACTED**]	[**REDACTED**]	–
Gotion High-tech	90,634,090	1.66	[**REDACTED**]	[**REDACTED**]	Yes
Wuhu Construction Corporation	85,065,600	1.56	[**REDACTED**]	[**REDACTED**]	No
Qingdao Huoyan	80,576,062	1.47	[**REDACTED**]	[**REDACTED**]	Yes
Kaifeng Investment	73,000,000	1.33	[**REDACTED**]	[**REDACTED**]	–
Kaifeng Transportation	27,000,000	0.49	[**REDACTED**]	[**REDACTED**]	Yes
Yancheng Qirui	10,410,960	0.19	[**REDACTED**]	[**REDACTED**]	Yes
Guiyang Tongsheng	9,300,000	0.17	[**REDACTED**]	[**REDACTED**]	Yes

To the best knowledge of our Directors, upon completion of the [**REDACTED**] and the conversion of Domestic Unlisted Shares into H Shares, assuming the [**REDACTED**] is not exercised and [**REDACTED**] H Shares to be issued under the [**REDACTED**] will be held in public hands, a total of [**REDACTED**] H Shares, representing approximately [**REDACTED**]% of the total share capital of our Company will be counted towards the public float, which is higher than the prescribed percentage of H Shares required to be held in public hands of

[**REDACTED**]% with the expected market value of HK$[**REDACTED**] under Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules based on a minimum [**REDACTED**] of HK$[**REDACTED**] per H Share. Therefore, our Company will be able to meet the minimum public float requirements under Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules.

7. Lock-up period

Pursuant to the PRC Company Law, within the 12 months following the [**REDACTED**], no existing Shareholders (including the Pre-[**REDACTED**] Investors) may dispose of any Shares held by them. In addition, each of Wuhu Investment Holding, Ruichuang, Hengrui, and Zhenrui has undertaken not to transfer any Shares held by it within five years from the [**REDACTED**], nor shall the Company repurchase any such Shares during this period.

8. Free float

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50 million; or (b) have an expected market value at the time of listing of not less than HK$600 million.

Our Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

9. Confirmation of the Joint Sponsors

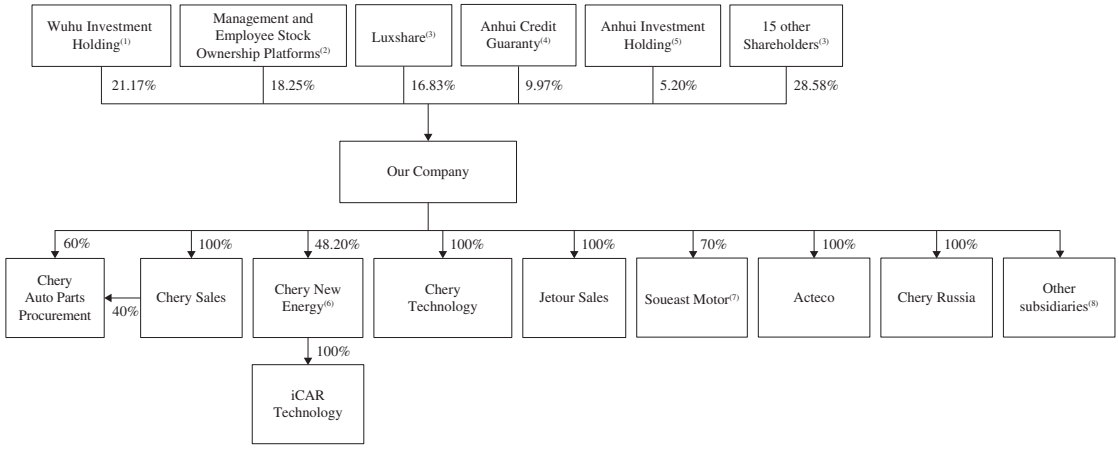
On the basis that (i) the considerations for the Pre-[**REDACTED**] Investments were irrevocably settled more than 28 clear days before the date of first submission of the [**REDACTED**] to the Stock Exchange; and (ii) the special rights granted to the Pre-[**REDACTED**] Investors would be terminated upon [**REDACTED**] as disclosed in "Special rights of the Pre-[**REDACTED**] Investors" above, the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

SHAREHOLDING STRUCTURE OF OUR COMPANY

Shareholding Structure Immediately Prior to the [REDACTED]



Notes:

(1) Wuhu Investment Holding is owned as to 95.59% by Wuhu SASAC and as to 4.41% by Anhui Provincial Department of Finance.

(2) For details, see "— Management and Employee Stock Ownership Platforms".

(3) For details of Luxshare, the other Shareholders and their shareholdings upon [**REDACTED**], see "— Information about the Pre-[**REDACTED**] Investors" and "— Corporate Developments".

(4) Anhui Credit Guaranty is wholly owned by the People's Government of Anhui Province.

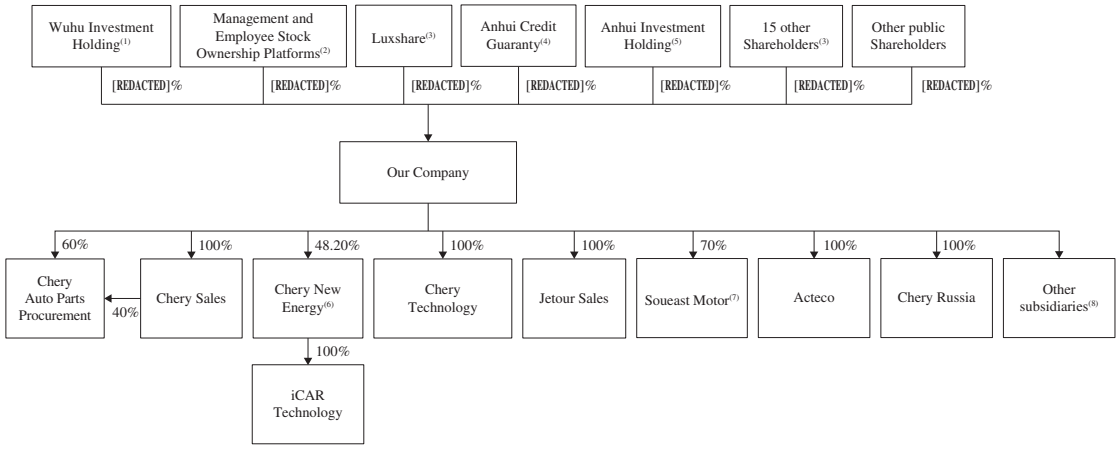
(5) Anhui Investment Holding is wholly owned by Anhui SASAC.

(6) Chery New Energy is owned as to 48.20% and 13.16% by our Company and Shijiazhuang State-owned Capital Investment and Operation Group Co., Ltd.* (石家莊國有資本投資運營集團有限責任公司), a wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of Shijiazhuang Municipal People's Government, respectively. The other shareholders of Chery New Energy include certain Shareholders, namely Wuhu Investment Holding, Ruichuang, Luxshare, Anhui Credit Guaranty, Changshu Port, Anhui Investment Holding, Qingdao Wudaokou, Ningbo Wending, Qingdao Xincheng, Zhuhai Shangshun, Qingdao Urban Investment, Qingdao Huoyan, Wuhu Construction Corporation and Gotion High-tech, each holding less than 10% equity interest in Chery New Energy.

(7) Soueast Motor is ultimately owned as to 70%, 22.02%, 6.32% and 1.66% by our Company, the State-owned Assets Supervision and Administration Commission of Fujian Provincial People's Government, the State-owned Assets Service Center of Minhou County* (閩侯縣國有資產服務中心) and an Independent Third Party.

(8) As at the end of the Track Record Period, our other subsidiaries include 107 subsidiaries established in the PRC, and 34 subsidiaries established overseas.

Shareholding Structure Immediately Following the Completion of the [REDACTED] (Assuming the [REDACTED] is Not Exercised)



Notes (1)-(8): See the respective notes under "— Shareholding Structure Immediately Prior to the [**REDACTED**]".

OVERVIEW



Who We Are

We are a passenger vehicle company headquartered in Wuhu, China. We design, develop, manufacture and sell a diverse and expanding portfolio of passenger vehicles, including internal combustion engine (ICE) vehicles and new energy vehicles (NEVs), to cater to the distinct and evolving needs and preferences of customers in both the domestic and overseas markets.

Since our founding in 1997, with a commitment to leading industrial innovation and engaging in the global market, we offer high quality passenger vehicles to users worldwide. We are the second largest Chinese domestic brand passenger vehicle company, and the 11th largest passenger vehicle company globally, in terms of global sales volume of passenger vehicles in 2024, according to Frost & Sullivan.

The following chart highlights our business achievements:



Notes:

(1) For the year ended December 31, 2024.

(2) In terms of sales volume in 2024 (excluding sales volumes of brands acquired from overseas by Chinese companies for the purpose of comparison of sales volume of Chinese domestic brands only), according to Frost & Sullivan (hereinafter the same).

(3) As of the Latest Practicable Date.

(4) In terms of export volume of Chinese domestic brands from 2003 to 2024 (excluding export volume of brands acquired from overseas by Chinese companies for the purpose of comparison of export volume of Chinese domestic brands only), according to the same source (hereinafter the same).

(5) In terms of sales volume of the global top 20 passenger vehicle companies in 2024, according to the same source.

(6) In terms of sales volume from 2023 to 2024.

(7) From 2023 to 2024.

Our Business and Sales Performance

According to Frost & Sullivan, we are the only passenger vehicle company among the global top 20 to achieve a sales volume increase over 25.0% for both NEVs and ICE vehicles and in both China and overseas markets in 2024, compared to 2023. Our sales volume of passenger vehicles increased by 49.4% in 2024, compared to 2023, the largest growth among the top global 20 passenger vehicle companies, according to the same source. We continually roll out models that enjoy popularity in the market. There were eight models, each achieving an average monthly sales of over 10,000 units in 2024. We have to date achieved success in China and overseas markets.

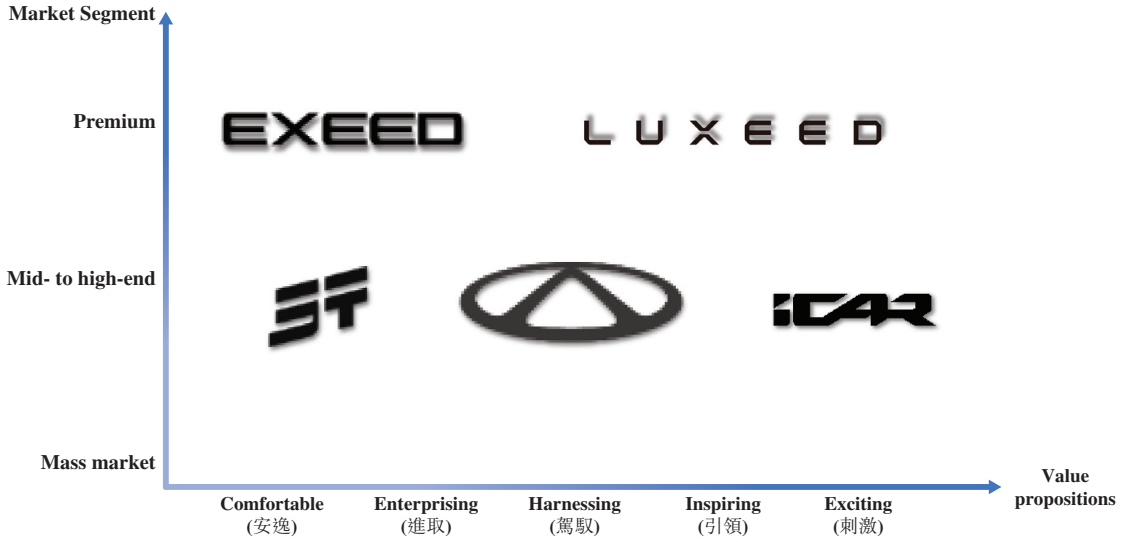
- ***Domestic Market***. Both of our business scale and sales revenue grew rapidly with increasing market share, fueled by industry-leading technologies, a diversified product portfolio, strong brand equity and an extensive sales and distribution network. In 2024, our sales volume of passenger vehicles in China increased by 56.0%, while the sales volume of NEVs increased by 277.3%, compared to 2023. In 2024, we ranked first among the top 10 Chinese passenger vehicle companies in terms of sales volume growth of both ICE vehicles and NEVs in China, according to Frost & Sullivan. With products featuring high performance and safety, and technological innovation capabilities driven by cutting-edge intelligentization, we believe we can continue to drive sales growth going forward.

- ***Overseas Market***. We exported our first vehicle in 2001. Through the 24 years thereafter, we sold over 13 million passenger vehicles globally to more than 100 countries and regions as of the Latest Practicable Date. Leveraging first-mover advantage, we achieved success in overseas markets with a diverse brand portfolio, multi-tier sales networks, a robust supply chain, localized R&D capabilities and a stellar reputation among consumers. All these factors made our passenger vehicles popular in overseas markets and empowered a strong growth of business amidst downturn of the global ICE vehicle market. We are the No. 1 exporter among Chinese domestic brand passenger vehicle companies in terms of export volume of passenger vehicles for 22 consecutive years since 2003, according to Frost & Sullivan. In addition, we are a leader in many major passenger vehicles markets. For example, we ranked first among Chinese domestic brand passenger vehicle companies in Europe, South America, and Middle East and North Africa, and second in North America and Asia (excluding China) in terms of sales volume in 2024, respectively, according to the same source.[(1)]

Note:

1 Rankings exclude sales volume of brands acquired from overseas by Chinese companies to compare sales volume of Chinese domestic brands only in the relevant local markets (hereinafter the same).

Our Brands and Products



The diagram above illustrates our five major brands, namely CHERY, JETOUR, EXEED, iCAR and LUXEED and their respective value propositions. Each of these major brands presents a distinct positioning, modality style and aesthetic experience to satisfy the needs of target customers and capture the significant growth potentials across market segments.

CHERY — Mass market brand

As our signature brand, CHERY is positioned as a first-rated car brand of safety, comfort and quality for the mass market and family use. CHERY was the first Chinese domestic passenger vehicle brand to achieve an accumulated sales of one million units, according to Frost & Sullivan. We sold more than 10 million units of CHERY brand vehicles as of the Latest Practicable Date.

- The CHERY brand consists of core product series of Tiggo, Arrizo and Fulwin, as well as OMODA and JAECOO, which mainly target overseas markets. Major models include Tiggo 8, Tiggo 7, Tiggo 5x, Arrizo 8, OMODA 5 and Fulwin T9, with each of the first five models achieving an average monthly sales volume of over 10,000 units in 2024 and Fulwin T9 recording a robust sales during the same year. In particular, Tiggo 8 ranked No. 1 and No. 3 in the global and China markets, respectively, among ICE vehicle models of Chinese domestic brand passenger vehicles companies by sales volume of ICE vehicles in 2024, according to Frost & Sullivan.

- We sold 813.1 thousand units, 1,141.2 thousand units and 1,523.3 thousand units of CHERY brand vehicles, respectively, in 2022, 2023 and 2024, representing a CAGR of 36.9%. We sold 358.7 thousand units of CHERY brand vehicles in the three months ended March 31, 2025.

JETOUR — Brand for off-road travel

JETOUR targets customers who are passionate about family travel and outdoor leisure. In January 2024, JETOUR brand vehicles quickly achieved an accumulated sales of one million units since their launch in 2018.

- In 2024, the sales volume of JETOUR X70 ranked No. 4 among all B-class SUV models globally, according to Frost & Sullivan.

- We sold 164.7 thousand units, 285.3 thousand units and 533.7 thousand units of JETOUR brand vehicles, respectively, in 2022, 2023 and 2024, representing a CAGR of 80.0%. We sold 148.0 thousand units of JETOUR brand vehicles in the three months ended March 31, 2025.

EXEED — Tech-luxury vehicle brand

EXEED targets customers who value performance and elegance, and provides them with a smooth and sophisticated travel experience.

- EXLANTIX ET (range-extended electric vehicle (REEV) version), a major model of the EXEED brand, is equipped with our REEV powertrain, the first of this kind in China that obtained technical validation by China Automotive Technology and Research Center (CATARC) as "Premium Drive — High-Quality Range Extender", according to Frost & Sullivan.

- In 2022, 2023 and 2024, we sold 47.1 thousand units, 109.5 thousand units and 135.8 thousand units of EXEED brand vehicles, respectively, representing a CAGR of 69.7%. In 2024, the export volume of EXEED brand vehicles ranked No. 1 among high-end Chinese domestic brands, according to the same source. We sold 22.0 thousand units of EXEED brand vehicles in the three months ended March 31, 2025.

iCAR — Brand for young generation



iCAR, targeting Generation Z customers who are keen on technology and value freedom, is designed to bring in contemporary and smart travel experience.

- In 2024, iCAR 03 ranked fifth in terms of sales volume of A-class pure electric SUVs in China, according to Frost & Sullivan. Launched in December 2024, iCAR V23 ranked seventh in terms of sales volume of pure electric SUVs in China in January 2025, according to the same source.

- In 2024, the sales volume of iCAR brand vehicles amounted to 64.5 thousand units, ranking fourth among Chinese domestic brand A-class pure electric SUVs, according to Frost & Sullivan. Since the pre-sale release in late 2023 of iCAR 03, the first model under iCAR, we sold around 1,000 units of iCAR brand vehicles in 2023. In the three months ended March 31, 2025, we sold 18.4 thousand units of iCAR brands vehicles.

LUXEED — Brand for superior and intelligent NEVs



LUXEED, targeting customers who pursue intelligence, performance and innovation, is designed to provide them with a transformative and smart driving experience.

- As of the Latest Practicable Date, we launched two models under the LUXEED brand, namely S7, a smart sedan, and R7, a smart coupe SUV. In terms of sales volume in China in January 2025, R7 ranked No. 1 among all mid- to large-sized pure electric SUV models, according to Frost & Sullivan.

- In 2024 and the three months ended March 31, 2025, we sold 38.5 thousand units and 33.0 thousand units of LUXEED brand vehicles.

Our ESG Initiatives

Adhering to the philosophy of "In somewhere, For somewhere," we are committed to providing green products to users worldwide and contributing to the sustainable development of the society.

- ***Sustainable Development***. We implement full value-chain carbon reduction management. In 2024, renewable energy constituted 17% of our total energy consumption, which increased by 9.4 percentage points compared to 2023. In the same year, renewable electricity accounted for approximately 30% of our total electricity usage, increased by 15.3 percentage points compared to 2023.

- ***Green Operations***. We have received national "Green Factory" certifications for our five production plants in China. In 2024, we launched 10 new models, nine of which were NEV models, to continuously increase the proportion of NEVs in our product portfolio.

Our ESG initiatives have won numerous accolades. We were named in the 2024 Fortune China ESG Impact List by Fortune China, and recognized as a Green Supply Chain Management Enterprise by the MIIT and Excellent Sustainable Development Practice Case by the China Automotive Industry Association in 2024.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success:

Diversified products and brand portfolio to maximize brand equity

We believe product strength is the key of brand equity. After years of industrial accumulation, we have developed comprehensive systemization capability and deep technological expertise, laying a strong foundation for building product strength. We offer safe, reliable and superior mobility experience to users worldwide, underpinned by continuous technological innovations and improvement of product quality and service standards. Our products enjoy a high recognition and trust in China and globally, making our brand image deeply ingrained among customers. We enjoy a leading position in terms of product satisfaction among Chinese domestic brand passenger vehicle companies. The CHERY brand ranked No. 1 among Chinese domestic passenger vehicle brands for the two consecutive years in the 2023 and 2024 China Initial Quality Study, and ranked No. 1 among Chinese domestic passenger vehicle brands in the 2024 China Automotive Performance, Execution and Layout Study, and 2024 China Sales Satisfaction Index by J.D. Power, a global consumer insights and market research firm. Moreover, many of our popular models have won prestigious awards at the China Auto Gala. In 2023, Tiggo 9 and EXLANTIX ES were awarded Best SUV of the Year and Best Sedan of the Year, respectively. In 2024, EXLANTIX ET, Fulwin T9 and iCAR V23 were named as Car of the Year, Best Performance Car and Best Design Car of the Year, respectively. We were the second largest Chinese domestic brand passenger vehicle company

and the 11th largest passenger vehicle company globally in terms of sales volume in 2024, according to Frost & Sullivan. Moreover, we achieved the highest sales growth among the global top 20 passenger vehicle companies in 2024, compared to 2023, according to the same source.

With our five major brands' distinct market positioning and features, we integrate market insights and diverse customer needs into the product definition, design and development processes. This approach enables us to launch popular models to drive sales growth and capture significant growth potentials across market segments. In 2024, there were eight models with an average monthly sales of over 10,000 units, namely Tiggo 8, Tiggo 7, JETOUR Traveler, Tiggo 5X, JETOUR X70, Arrizo 8, OMODA 5 and LUXEED R7, covering both sedan and SUV models. In particular, both Tiggo 8 and Tiggo 7 recorded an average monthly sales of over 20,000 units during the same year. In September 2024, we launched LUXEED R7, a smart coupe SUV, which was well received in the market immediately after launch. R7 deliveries over 15,000 units in December 2024, making it the best-selling model in the same month in China among Chinese domestic brand pure electric SUVs priced over RMB250,000, according to Frost & Sullivan. R7 ranked No. 1 among all mid- to large-sized pure electric SUVs in China in terms of sales volume in January 2025, according to the same source.

We proactively embrace the opportunities brought by the transition to new energy in the global automotive industry. Leveraging our strong technology research and product development capabilities, we swiftly launched high-end NEV brands and models, further improving our brand equity. Since 2023, we successfully launched iCAR and LUXEED, on top of EXEED, a high-end product series under EXLANTIX, and Fulwin and Shan Hai, two NEV product series under the CHERY and the JETOUR brand, respectively. These brands and product series cover A-class to C-class models with powertrain types including battery electric vehicles (BEVs), plug-in hybrid electric vehicle (PHEVs) and REEVs, directing our NEV portfolio into the high-end market segment. Our NEV models targeting the high-end market segment have quickly captured market mindshare. Our NEV sales increased by 267.4% in 2024 compared to 2023, ranking No. 1 among the top 20 passenger vehicle companies globally, according to Frost & Sullivan.

Leveraging our expanding brand portfolio and technologically advanced, high performance product series, we continue to broaden our product lineup and are able to achieve higher product prices amid intensifying competition in the passenger vehicle industry. The average selling price of our passenger vehicles increased steadily, up by 33.5% from 2022 to 2024. For the same periods, the average selling price of our passenger vehicles in the domestic and overseas markets increased by 37.0% and 19.4%, respectively, and the average selling price of CHERY and JETOUR brand vehicles increased by 30.9% and 39.5%, respectively.

Comprehensive technological expertise underpinned by robust R&D capabilities to achieve future technological breakthrough

We uphold the development philosophy of "Building the Enterprise through Technology." Technological innovations are at the core of our business growth. Leveraging our multi-tier, comprehensive R&D system, industry-leading technologies in vehicle architecture, powertrain and intelligentization, and frontier research, we can swiftly develop and launch industry-leading products that meet diverse customer needs across China and overseas markets.

Comprehensive R&D System and Robust R&D Capabilities. Our multi-tier, comprehensive R&D system consists of (i) Kaiyang collaborative research initiative (開陽創新開放聯合體), aimed at fostering cutting-edge innovations and promoting the commercialization of scientific breakthroughs along the industry value chain, (ii) Stellar Lab (瑤光實驗室), our R&D platform for core technologies and (iii) our R&D centers located in China, Europe, South America, North America and Southeast Asia. Our R&D system encompasses foundational and interdisciplinary research, core technologies and innovative functions, and vehicles mass-production. This comprehensive R&D system is the backbone of our technology development strategies across three stages from mass production to product development and further to exploratory study and continuously drives technological innovations. We have received numerous awards and accolades in respect of our technologies and products. For example, we won the First Prize and Second Prize of National Science and Technology Progress Award and the First Prize of the China Automotive Industry Science and Technology Progress Award. We also participated in multiple national key research and development programs. As of March 31, 2025, we had more than 14,400 R&D professionals, accounting for over 50% of our non-manufacturing employees. We had obtained over 13,900 patents, including more than 4,400 invention patents, as of March 31, 2025.

Vehicle Platforms with High Compatibility and Adaptability. Our primary vehicle platforms, namely T1X, T2X and E0X, feature high compatibility and adaptability. We are committed to developing and manufacturing a chassis with high safety, spacious interior design, low energy consumption, enabling a comfortable mobility experience. Developed on our vehicle safety development system that meets international standards, our 16 models obtained a total of 25 five-star safety certifications both domestically and internationally, placing us at the forefront in the industry, according to Frost & Sullivan. Our EXLANTIX ES is one of the first models in China to receive the NESTA six-dimensional electric safety certification from CATARC. Our vehicle platforms cover models with different positioning, sizes and power types. In addition, leveraging a platform-based development system, we utilize standard automotive parts and components across different models developed by the same platform to achieve economies of scale and cost-effectiveness, thereby reducing R&D investment and shortening the development cycle. For example, according to Frost & Sullivan, over 80% of our automobile components and parts are interchangeable in models with the same powertrain type developed by the same vehicle platform, leading the industry practice. Moreover, the development cycle for new models based on our T1X, T2X and E0X platforms can be as short as 18 months. Our multiple vehicle bodies and chassis were awarded the "China Top Ten" by CATARC. Moreover, our intelligent chassis of EXLANTIX ET won two

prestigious awards, namely China's Top 10 Chassis 2024 and Best Intelligent Award. In addition, we have licensed our proprietary vehicle architecture technologies to overseas original equipment manufacturers (OEMs), exemplifying how our proprietary cutting-edge technologies empower renowned overseas OEMs.

Industry-leading Proprietary Powertrain. Adhering to our technological strategy of "Dual Strategy of ICE vehicles and NEVs," we have achieved technological synergies between ICE vehicle and NEV models. We produced China's first self-develop proprietary ICE engine for passenger vehicle in 1999, according to Frost & Sullivan. Our state-of-the-art ACTECO 1.6 TGDI engine and ACTECO 2.0 TGDI engine are among the most advanced in the world, according to the same source. Our in-house developed Chery Power 8-speed automatic transmission was the first proprietary 8AT transmission with full intellectual property rights in China, according to Frost & Sullivan. Our eight types of fuel engines have been acclaimed as "China Top Ten" by Automobile and Sports, a magazine hosted by the China Automotive News. Our deep expertise in ICE technologies accumulated over the years enable us to swiftly achieve a technological breakthrough in respect of hybrid powertrains for NEVs. Our high-performance hybrid engine boasts industry-leading thermal efficiency, according to Frost & Sullivan. Our REEV engine can achieve an oil-to-electricity conversion efficiency of 3.7 kWh/L, ranking among the best in the industry, according to the same source. Our hybrid DHT's maximum mechanical efficiency in pure electric mode is among one of the highest globally, according to Frost & Sullivan. Our hybrid engines and hybrid DHT have been awarded "China Top Ten" by Automobile and Sports due to their cutting-edge performance.

Vehicle Intelligence Solutions with High Adoption Rate. To promote intelligence technologies for NEVs to the next level and accelerate the adoption of intelligence solutions for ICE vehicles, we are committed to providing cost-effective intelligence solutions to users of both ICE vehicles and NEVs so that they can enjoy an intelligent mobility experience empowered by driving assistance and intelligent cockpit technologies. Benefiting from our multi-modal, multi-network communication management platform, our intelligent cockpit with in-cabin mobile communications are eligible to be deployed in nearly 30 countries and regions. Leveraging our in-house development on middleware, application layer and domain-specific large AI models, we can offer intelligent cockpit system and applications featuring smooth connectivity, personalized intelligence and comprehensive functions across China and overseas markets. Moreover, we offer varied levels of driving assistance systems on our vehicles, making us one of the leading Chinese domestic brand passenger vehicle companies in respect of driving assistance technologies, according to Frost & Sullivan. We endeavor to promote "technology equality" and provide users worldwide with superior driving assistance solutions that are highly cost-effective. In 2023, the percentage of our passenger vehicles equipped with our driving assistant system that features the provision of both steering and brake/acceleration support to the driver was 43.8%, as compared with the global average of 31.0%, according to Frost & Sullivan. In 2024, our percentage rose further to 49.6% as compared with the global average of 35.6%, according to the same source.

Most globalized Chinese passenger vehicle company endeavoring to expand overseas markets

We have long been committed to building a world-class global passenger vehicle company. We were one of the first Chinese domestic brand passenger vehicle companies to venture abroad with international sales of passenger vehicles, knock down (KD) kits and engines, according to Frost & Sullivan. Over the past two decades, we have grown from a vehicle manufacturer and exporter to a company capable of leveraging technology, brand and management to build overseas presence, and become a global automaker that contributes locally and benefits worldwide. We partnered with EV MOTORS, an established Spanish automaker, to operate production facilities in Barcelona, making us the first Chinese domestic brand company to manufacture passenger vehicles in Europe. The Barcelona plant rolled out the first EBRO S700 car in December 2024. Due to our successful globalization strategy, we have been honored five times successively as the Top 20 China Enterprises with Best Overseas Corporate Image by China Foreign Languages Publishing Administration. We ranked No. 1 in the automotive category of the 2024 Top 50 China Global Brand by Google and Kantar. We believe we have become a prominent benchmark of Chinese automotive brands going global.

With our globalization strategy, we have established a R&D, production and sales network globally, which allows us to capitalize on significant growth opportunities in overseas markets. As of the Latest Practicable Date, we had established research institutes in Germany, Spain, Brazil, Mexico and Malaysia, to carry out R&D in the European, South American, North American and Southeast Asian markets, respectively. With R&D resources on a global scale, we are equipped with R&D capabilities that combine localized development with advanced research. Through direct investment and collaboration with local partners, we have expanded production capacities in overseas markets including Asia, Europe, Africa and South America to provide efficient production and delivery support for overseas market expansion. Moreover, we have established an effective and extensive overseas sales network with first-mover advantages in overseas markets. As of December 31, 2024, we had 1,075 overseas dealers, one of the most among Chinese domestic brand passenger vehicle companies, according to Frost & Sullivan.

With our deep expertise in localized product development, we can provide customized products and services that meet customer needs and preferences as well as regulatory requirements in local markets. Our platform-based manufacturing capabilities, combined with global-scale operations, fueled our rapid expansion in overseas markets characterized by diverse consumer groups, various driving conditions and regulatory requirements. Since our inception, we have sold over 13 million passenger vehicles globally to more than 100 countries and regions. During the Track Record Period, we expanded our business and sales from emerging markets to major passenger vehicle markets. We ranked No. 1 among Chinese domestic brand passenger vehicle companies in terms of export volume of passenger vehicles for 22 consecutive years since 2003, according to Frost & Sullivan. In 2024, we ranked first among Chinese domestic brand passenger vehicle companies in Europe, South America, and Middle East and North Africa, and second in North America and Asia (excluding China) in terms of sales volume of passenger vehicles, respectively, according to Frost & Sullivan. Our revenue generated from sales in overseas markets accounted for 37.4% of our total revenue in 2024.

Collaborative industry ecosystem to drive upstream advancement along the value chain

Leveraging our extensive industry expertise and deep insights into the automotive mobility technology trend, we implement the development philosophy of "Keep Core Technology In-house and Ensure Controllable Supply Chain." We are committed to proprietary development and innovations in vehicle technologies, powertrains, intelligent technologies and core systems and components, which we believe is key to enable us to accumulate core technology know-how. At the same time, we adopt a collaborative innovation model with ecosystem partners across the industry value chain to leverage the technological accumulation and comparative advantages of industry partners in the global automotive and technology industry. Through equity investment and strategic partnership, we collaborate extensively with business partners to build an industrial ecosystem with a controllable full-stack supply chain. To date, we have invested in automotive chassis and body molds companies. With respect to vehicle intelligence and powertrain, we entered into strategic partnerships with global industry leaders to achieve supply chain efficiency, high product quality and joint technological innovations.

We believe the collaborative industry ecosystem can provide us with a safe, flexible and efficient supply chain, which enables us to build a high quality, efficient and cost effective vehicle development system and supports our multi-brand strategies and diversified product portfolio in China and overseas markets. It also allows us to achieve technological and product innovations in a highly competitive market. In addition, the collaboration with industrial ecosystem partners strengthens our full-stack technology capabilities, fostering upstream advancement along the industry value chain. For example, we cooperated with a world leading supplier of parts and components for NEVs to develop industry-leading hybrid transmission motor controllers, which features a compact design that can significantly enhance the motor controller performance. In addition, we collaborated with a leading global powertrain system company to develop a dual motor distributed drive system. As of the Latest Practicable Date, we completed prototype development with ongoing vehicle testing. Moreover, through close collaboration with industry leaders, we shortened the development cycle of our driving assistance solutions, reduced development costs, and quickly built our capabilities of driving assistance technologies.

Capable management team and efficient organization contributing to corporate success

We have an outstanding and visionary management team. Our founder and chairman, Mr. Yin Tongyue, with over 40 years of experience in the automobile industry, has been awarded numerous accolades, including Distinguished Figure in the Chinese Automotive Industry, China's Top Ten Innovators, China Brand Figures, Leaders in Overseas Expansion, National Science and Technology Progress Award (Second Class), the China Machinery Industry Science and Technology Award, and the Outstanding Figure in China's Automotive Industry Award for 30 Years of Reform and Opening Up and the Ho Leung Ho Lee Foundation Science and Technology Innovation Award. Our core management team has extensive experience with an average of 20 years in the automotive industry, navigating industry development cycles and our corporate development stages with deep market insights and keen global perspective. Under their leadership, we have seized strategic market development opportunities to navigate through market cycles and thrive in a highly competitive industry.

We implement a scientific and efficient organizational management approach. For our users, we have established various forms of Amoeba autonomous business units within our Company, focusing on different business segments and user groups, to conduct refined autonomous management and operational optimization of all business processes, ensuring that each business process accurately meets user needs and operates efficiently. Internally, we are committed to implementing a digital transformation strategy. We carry out digital transformation across the value chain, including marketing, R&D, logistics, manufacturing, quality, service and operations, through unified data security and foundational support services.

We adhere to a people-oriented corporate culture, placing great importance on the value of individuals and endeavoring to achieve mutual growth for both employees and the organization. We have established market-based incentive and training system. We have continuously expanded our equity incentive program to provide ample support and care for employees, significantly enhance motivation for innovation and attract and retain the best talent in the industry.

OUR STRATEGIES

We are committed to becoming an innovation-driven, globally trusted player in the intelligent mobility ecosystem. To achieve this goal, we intend to steadfastly implement the following strategies, continuously enhance corporate value, actively fulfill environmental and social responsibilities and strengthen our brand awareness globally:

Further expand product lineup and sharpen brand positioning to enhance our brand equity

Our five major brands constitute a complementary brand portfolio. With distinct positioning and features, each brand targets different market segments with an expanding product lineup to meet diverse customer needs. Going forward, we plan to further expand our product portfolio. In particular, (i) based on customer perceptions and brand positioning, we plan to develop and roll out new models that address unmet needs across market segments and launch best-selling products with a distinct brand identity for each model; (ii) we plan to develop localized products by incorporating and considering cultural difference, customer preferences, climate environments, infrastructure conditions across different countries and regions to enhance our brand awareness and product competitiveness globally; and (iii) we plan to further improve product and service quality by enhancing the level of manufacturing intelligence, implementing more stringent quality control systems and standards and continuously optimizing and upgrading the after-sales service system, with an aim to improve customer satisfaction and brand loyalty and make our five brands hallmarks resided in the hearts of users worldwide.

Continue to invest in R&D on next-generation technologies to strengthen our competencies

Adhering to the technology development strategy across three stages from mass production to product development and further to exploratory study, we plan to continue to invest in R&D, strengthen our technological advantages and accelerate cutting-edge innovations through: (i) developing ICE powertrain technology with higher thermal efficiency, lower energy consumption and higher performance to maintain our technological barrier of ICE vehicles; (ii) advancing new energy technologies, including optimizing the technologies of battery, electric motor and electronic control, electrical/electronic architecture (E/E architecture) and intelligence chassis to develop NEVs with high performance, high energy efficiency and superior mobility experience; (iii) enhancing the competence of our driving assistance technologies, intelligent cockpit and their respective large AI models to further drive intelligentization of passenger vehicles; (iv) vigorously promoting the development of cutting-edge technologies by increasing investment in frontier areas such as new materials, green energy and next-generation batteries, aiming to promote green and low-carbon footprint. We intend to increase investment in artificial intelligence to drive digitalization and data industrialization, and facilitate business model innovations alongside building a high-tech ecosystem. We also intend to develop eco-products, such as in-car drones and humanoid to expand our presence across the technological value chain.

Continue to enhance vehicle electrification and intelligentization to embrace global mobility transformation

We proactively embrace the transformation brought by electrification and intelligentization in the automotive industry and strive to become an innovation-driven, globally trusted player in the intelligent mobility ecosystem.

To drive continuous advancement in electrification, we plan to (i) expand our NEV product portfolio and explore NEVs with next-generation energy type by launching new NEV models in both China and overseas markets, covering multiple powertrain types, such as BEVs, PHEVs and REEVs, based on customer needs and preferences as well as regulatory requirements of target markets globally. We are committed to promoting NEV adoption domestically and accelerating NEV adoption abroad to provide global users with green mobility products that best meet their needs; and (ii) continue to invest in R&D in new energy technologies, including upgrading key auto parts such as electric motor, engines, transmissions for PHEVs, REEVs and BEVs to drive our hybrid technologies to the next level. Moreover, we expect to achieve mass production of in-house developed high performance batteries and accelerate the R&D and commercialization of next-generation battery technologies.

With respect to driving assistance technologies, we plan to advance "technology equality" by offering driving assistance solutions with high cost-effectiveness to NEV and ICE vehicle users worldwide taking advantage of the high adoption rate on our vehicles globally so that more users can enjoy the convenience and safety brought by driving assistance technologies. Moreover, by collaboration with leading industry partners of driving assistance solutions

providers, we plan to further invest in R&D on driving assistance technologies to accelerate commercialization of advanced driving assistance solutions and solidify our driving assistance technologies leadership among Chinese domestic brand passenger vehicle companies. With respect to intelligent cockpit, we plan to continue to develop both hardware and software in-house or in collaboration with industry partners, expand the coverage of our intelligent cockpit, optimize the interactive experience of the vehicle intelligence system and enhance the application of large AI models across mobility scenarios, thereby creating a personalized, human-like intelligent cockpit experience for users.

Expand our international footprints with globalization strategy to solidify overseas market leadership

We intend to steadfastly implement the globalization strategy to solidify our overseas market leadership by (i) further expanding our global sales and service network, including entering into right-hand drive markets and the European market and actively exploring market opportunities in the North America, Japan, South Korea and other markets with high entry barrier to continuously expand our overseas outreach and global market share; (ii) enhancing our R&D capabilities in technologically advanced regions such as Europe and North America, attract local talents and strengthen collaboration with local research institutions to carry out joint R&D and sharing of cutting-edge technologies and incorporate industry-leading technologies into our products to enhance product competence; (iii) continuing to identify suitable jurisdictions globally to build production facilities to expand our global manufacturing capacity, and enhance supply chain localization and resiliency; and (iv) adopting an adaptable sales strategy and develop products that meet local customer needs in consideration of the market trends, the penetration of new energy infrastructure and local regulatory requirements, enhancing our product competitiveness and adaptability.

OUR BUSINESS

We are a passenger vehicle company headquartered in Wuhu, China. We design, develop, manufacture and sell a diverse and expanding portfolio of passenger vehicles, including ICE vehicles and NEVs, to cater to the distinct and evolving needs and preferences of customers in both the domestic and overseas markets. In addition, we design, develop and manufacture engines, transmission systems and chassis, which are primarily used in our passenger vehicles.

We take pride in our technological prowess. With our technological breakthroughs and innovations, including industry-leading vehicle platforms, state-of-the-art fuel and hybrid engine and transmission systems, E/E architecture, driving assistance technologies and intelligent cockpit system, we provide users worldwide with a superior mobility experience featuring high performance, comprehensive safety and superior comfort and intelligence. See "— Our Technological Prowess."

During the Track Record Period, we generated a majority of revenue from the sales of passenger vehicles and automotive parts and components. In addition, we also manufacture and sell KD kits, the revenue of which are included in the sales of passenger vehicles. The following table sets forth our revenue breakdown by product type for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	(RMB million)	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*
							(unaudited)			
Passenger vehicles[1][2]										
ICE vehicles	70,258	75.9	143,316	87.8	187,891	69.6	45,951	83.7	42,974	63.0
NEVs	12,253	13.2	7,912	4.9	58,931	21.9	4,596	8.4	18,665	27.3
– PHEVs and REEVs	1,301	1.4	2,727	1.7	35,314	13.1	2,584	4.7	10,709	15.6
– BEVs	10,952	11.8	5,185	3.2	23,617	8.8	2,012	3.7	7,956	11.7
Automotive parts and components[3]	8,675	9.4	8,904	5.5	15,864	5.9	2,936	5.3	5,743	8.4
Others[4]	1,432	1.5	3,073	1.8	7,211	2.6	1,427	2.6	841	1.3
Total	**92,618**	**100.0**	**163,205**	**100.0**	**269,897**	**100.0**	**54,910**	**100.0**	**68,223**	**100.0**

Notes:

1. Including sales of (1) passenger vehicles in the domestic and overseas markets; and (2) KD kits to be assembled and sold as passenger vehicles. See "— Sales and Marketing — Other Sales Channels" and "— Manufacturing — Overseas Production Facilities." The revenue generated from the sales of KD kits accounted for less than 10.0% of the total revenue in each period during the Track Record Period.

2. All of our passenger vehicles including KD kits are categorized into our five major brands.

3. Mainly including sales of (1) engines, transmissions and other automotive parts and components; and (2) spare parts and components in connection with our after-sales services.

4. Including automotive business-related procurement, production, technology development and other supporting services.

We have achieved significant scale, growth and profitability. Our revenue increased from RMB92,618 million in 2022 to RMB163,205 million in 2023 and further to RMB269,897 million in 2024, representing a CAGR of 70.7%. Our profit for the year increased from RMB5,806 million in 2022 to RMB10,444 million in 2023 and further to RMB14,334 million in 2024, representing a CAGR of 57.1%. Our revenue and net profit increased by 24.2% and 90.9%, from RMB54,910 million and RMB2,476 million in the three months ended March 31, 2024 to RMB68,223 million and RMB4,726 million in the three months ended March 31, 2025, respectively.

2024 was a momentous year for us. According to Frost & Sullivan, we are the only passenger vehicle company among the global top 20 to achieve a sale volume increase over 25.0% for both NEVs and ICE vehicles and in both China and overseas markets in 2024, compared to 2023. In 2024, our sales volume of passenger vehicles in China and overseas markets increased by 56.0% and 37.4%, respectively, compared to 2023. The sales volume of our NEVs and ICE vehicles increased by 267.4% and 29.2%, respectively, compared to 2023. The gross margin from the sales of our vehicles under each of the three major brands, namely CHERY, JETOUR and EXEED, was higher than 10% in 2024. The gross margin from the sales of our EXEED vehicles decreased throughout the Track Record Period as a result of (i) intensifying competition in overseas markets and (ii) increased sales which had lower gross margin in domestic markets. We recorded gross profit from the sales of our iCAR vehicles in 2024 and we incurred gross loss from the sales of LUXEED vehicles in 2024 as we were still in the process of ramping up sales volumes.

We ranked No. 1 among Chinese brand passenger vehicle companies in terms of export volume of passenger vehicles for 22 years consecutively since 2003, according to Frost & Sullivan. As of the Latest Practicable Date, we sold over 13 million passenger vehicles globally to more than 100 countries and regions. The gross margin from the sales generated in both PRC and overseas markets was higher than 10% in 2024. The gross margin from the sales in overseas markets decreased throughout the Track Record Period as a result of (i) intensifying competition in overseas markets; and (ii) increase of recycling fees on the imported vehicles in Russia since the fourth quarter of 2024. The following table sets forth the revenue breakdown of our passenger vehicles by geographical region for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	(RMB million)	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*
							(unaudited)			
PRC[1]	53,359	64.7	76,695	50.7	148,954	60.3	30,901	61.1	36,971	60.0
Other countries and regions	29,152	35.3	74,533	49.3	97,868	39.7	19,646	38.9	24,668	40.0
– Asia (excluding the PRC)	*6,048*	*7.3*	*18,341*	*12.1*	*29,449*	*11.9*	*5,844*	*11.6*	*10,382*	*16.8*
– Europe[2]	*13,964*	*16.9*	*42,289*	*28.0*	*51,297*	*20.8*	*10,103*	*20.0*	*10,420*	*16.9*
– Americas	*8,545*	*10.4*	*12,427*	*8.2*	*13,268*	*5.4*	*2,918*	*5.8*	*2,394*	*3.9*
– Africa	*558*	*0.7*	*482*	*0.3*	*2,170*	*0.9*	*578*	*1.1*	*805*	*1.3*
– Oceania and others	*37*	*0.0*	*994*	*0.7*	*1,684*	*0.7*	*203*	*0.4*	*667*	*1.1*
Total	**82,511**	**100.0**	**151,228**	**100.0**	**246,822**	**100.0**	**50,547**	**100.0**	**61,639**	**100.0**

Notes:

1. Including Hong Kong, Macau and Taiwan.

2. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our revenue from sales of passenger vehicles in Russia represented 14.6%, 26.8%, 18.6%, 18.4% and 10.9% of our revenue from sales of passenger vehicles, respectively.

We expect to further increase sales of our ICE vehicles and NEVs with different models and versions under our five major brands in the future. See "— Our Strategies — Further expand product lineup and sharpen brand positioning to enhance our brand equity" and "— Our Products — Pipeline of Future Vehicle Models."

OUR BRAND PORTFOLIO

We design, develop, manufacture and sell passenger vehicles under five major brands namely, CHERY, JETOUR, EXEED, iCAR and LUXEED.

CHERY — Mass market brand



- As our signature brand, CHERY is positioned as a first-rated car brand of safety, comfort and quality for mass market and family use. The CHERY brand consists of key product series of Tiggo, Arrizo and Fulwin, as well as OMODA and JAECOO mainly targeting overseas markets. The CHERY brand covers sedans and SUVs with ICE, PHEV and BEV versions.

JETOUR — Brand for off-road travel



- JETOUR targets customers who are passionate about family travel and outdoor leisure. The JETOUR brand include ICE vehicles and PHEVs.

EXEED — Tech-luxury vehicle brand



- EXEED targets customers who value performance and elegance, and provides them with a smooth and sophisticated travel experience. EXEED brand comprises product series of EXEED and EXLANTIX, covering sedans and SUVs with multiple powertrain options including ICE, PHEV, REEV and BEV versions.

iCAR — Brand for young generation

- iCAR, targeting Generation Z customers who are keen on technology and value freedom, is designed to bring in contemporary and smart travel experiences. iCAR currently offers two models, iCAR 03 and iCAR V23, and focuses on pure electric SUV models.

LUXEED — Brand for superior and intelligent NEVs

- LUXEED, targeting customers who pursue intelligence, performance and innovation, is designed to provide them with a transformative and smart driving experience. LUXEED offers two models, namely S7, a smart sedan, and R7, a smart coupe SUV with both BEV and REEV versions.

OUR PRODUCTS

Passenger Vehicles

During the Track Record Period, we sold passenger vehicles mainly in two product categories, namely sedans and SUVs, with multiple powertrain options targeting mass market, mid- to high-end and premium segments, to cater to the distinct and evolving needs and preferences of customers. The following table illustrates the market positioning, product category, powertrain option and manufacturer's suggested retail price (MSRP) range of major product series available for sale under our five major brands as of the Latest Practicable Date:

	Market positioning[1]	Product category	Powertrain	MSRP range in the PRC[3]
				(RMB)
CHERY				
– Tiggo series	Mass market and mid- to high-end	SUV	ICE/PHEV	57,900-203,900
– Arrizo series	Mass market and mid- to high-end	Sedan	ICE	59,900-148,900
– Fulwin series	Mid- to high-end	Sedan/SUV	PHEV	99,900-229,900
– OMODA and JAECOO	—[2]	SUV	ICE/PHEV/BEV	—[2]

	Market positioning[1]	Product category	Powertrain	MSRP range in the PRC[3]
				(RMB)
JETOUR				
– JETOUR series	Mid- to high-end	SUV	ICE	93,900-191,900
– Shan Hai series	Mid- to high-end	SUV	PHEV	123,900-234,900
EXEED				
– EXEED series	Mid- to high-end	SUV	ICE/PHEV	109,900-233,900
– EXLANTIX series	Mid- to high-end and premium	Sedan/SUV	REEV/BEV	152,800-319,800
iCAR				
– iCAR 03	Mid- to high-end	SUV	BEV	109,800-169,800
– iCAR V23	Mid- to high-end	SUV	BEV	99,800-149,800
LUXEED				
– S7	Mid- to high-end and premium	Sedan	BEV	229,800-329,800
– R7	Mid- to high-end and premium	Coupe SUV	REEV/BEV	249,800-339,800

Note:

1. According to Frost & Sullivan, China's passenger vehicle market can be categorized into mainly three market segments primarily in terms of selling prices, namely (i) mass market segment (below RMB80,000), (ii) mid- to high-end segment (RMB80,000-RMB300,000) and (iii) premium segment (above RMB300,000).

2. OMODA & JAECOO mainly target overseas markets with a mid- to high-end positioning.

3. We routinely published MSRPs on our websites. The retail selling prices of our vehicles vary in different markets.

CHERY

CHERY, our signature brand, is positioned as a first-rated car brand of safety, comfort and quality for mass market and family use. The CHERY brand consists of core product series of Tiggo, Arrizo and Fulwin, as well as OMODA and JAECOO mainly targeting overseas markets. The best-selling product series, Tiggo and Arrizo, are well-suited for everyday driving, making them popular choices for families looking for cost-effective yet stylish options. Moreover, the CHERY brand also has product series focusing on compact and mini electric vehicles such as Little Ant and QQ Ice Cream.

Tiggo

Tiggo, a core product series of CHERY brand's line-up, offers affordable, reliable and stylish SUVs that emphasize modern design, advanced technology, and practicality, making it a popular choice for families and young customers.

We manufacture and sell five major models under Tiggo series, namely Tiggo 9, Tiggo 8, Tiggo 7, Tiggo 5x and Tiggo 3x, with different versions and editions.

- Tiggo 9, the latest model launched in 2023, combines cutting-edge technology and powerful performance. Tiggo 9 is equipped with the latest continuously damping control (CDC) magnetic suspension system and intelligent all-wheel drive (AWD) system, offering a stable and comfort riding experience. Moreover, the ICE version of Tiggo 9 is available with a 2.0TGDI engine and a 8AT transmission, facilitating high efficient engine operation and low fuel consumption. The PHEV version of Tiggo 9 is equipped with a 1.5TGDI hybrid engine and a DHT transmission, delivering a high acceleration from zero to 100km/h in 8.8 seconds and a maximum China light-duty vehicle test cycle (CLTC) driving range up to 106 km.

- Tiggo 8 and Tiggo 7 feature high performance, high safety and cost-effectiveness. Both vehicles are available with ACTECO 1.6TGDI engine, a "China Top Ten" award-winning engine, with maximum power of 145 kw and maximum torque of 290 Nm. Both vehicles are equipped with six air bags and built with high intensity steels, greatly enhancing vehicle safety. Tiggo 7 achieved a five-star C-NCAP safety rating for occupant protection in 2017 and Tiggo 8 achieved a five-star C-NCAP safety rating for occupant protection, pedestrian protection and active safety in 2019.

Tiggo 7 and Tiggo 8 were our best-selling models during the Track Record Period. Tiggo 7 was the best-selling passenger vehicle model among Chinese domestic brand passenger vehicles in terms of export volume of passenger vehicles in 2024, according to Frost & Sullivan. Tiggo 8 ranked No. 1 and No. 3 in the global and China markets, respectively, among ICE vehicle models of Chinese domestic brand passenger vehicles companies by sales volume of ICE vehicles, in 2024, according to the same source.

The following table sets forth details of the major models under the Tiggo product series as of the Latest Practicable Date:

Model	Tiggo 9	Tiggo 8	Tiggo 7	Tiggo 5x	Tiggo 3x
					
Initial launch year	2023	2018	2016	2017	2016
Product category	Mid-size SUV	Mid-size SUV	Compact SUV	Subcompact SUV	Subcompact SUV
Powertrain	Tiggo 9 offers two powertrain options: ICE vehicle and PHEV versions. The ICE version is available with a 2.0TGDI engine and with 7DCT or 8AT transmission. The PHEV version is available with a 1.5TGDI hybrid engine and with a 3DHT transmission.	Tiggo 8 offers two powertrain options: ICE vehicle and PHEV versions. The ICE version is available with 1.6TGDI and 2.0TGDI engine options and with 7DCT or 8AT transmission. The PHEV version is available with 1.5TGDI hybrid engine and with a DHT transmission.	Tiggo 7 offers two powertrain options: ICE vehicle and PHEV versions. The ICE version is available with options of (i) a 1.5L turbocharged engine with a CVT transmission or (ii) a 1.6TGDI engine with a 7DCT transmission. The PHEV version is available with 1.5TGDI hybrid engine and with a DHT transmission.	Tiggo 5x is an ICE vehicle available with a 1.5L naturally aspirated engine and with MT or CVT transmission.	Tiggo 3x is an ICE vehicle, available with a 1.5L naturally aspirated engine and with a 9CVT transmission.
Driving Assistance System	Available with driving assistance system.	Available with driving assistance system.	Available with driving assistance system.	N/A	N/A
Intelligent Cockpit System	Available with Lion OS system.	Available with Lion OS system.	Available with Lion OS system.	Available with Lion OS system.	N/A
MSRP Range	RMB152,900 to RMB203,900 in the PRC	RMB109,900 to RMB164,900 in the PRC	RMB74,900 to RMB142,900 in the PRC	RMB62,900 to RMB83,900 in the PRC	RMB57,900 in the PRC

Arrizo

Arrizo product series are sedans targeting mass and mid- to high-end market segments. We manufacture and sell two major models under Arrizo series, namely Arrizo 8 and Arrizo 5, in different versions and editions. Arrizo targets customers who seek cost-effective vehicles offering comfort and safe driving experience.

The following table sets forth details of the major models under the Arrizo product series as of the Latest Practicable Date:

Model	Arrizo 8	Arrizo 5
		
Initial launch year	2022	2016
Product category	Compact sedan	Compact sedan
Powertrain	Arrizo 8 is an ICE vehicle available with 1.6 TGDI and 2.0TGDI engine options and with 7DCT or 8AT transmission.	Arrizo 5 is an ICE vehicle available with a 1.5L DVVT engine and with MT or CVT transmission.
Driving Assistance System	Available with driving assistance system.	N/A
Intelligent Cockpit System	Available with Lion OS system.	N/A
MSRP Range	RMB99,900 to RMB148,900 in the PRC	RMB59,900 to RMB69,900 in the PRC

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Fulwin

Fulwin product series, launched in 2024, focus on hybrid SUVs and Sedans. We manufacture and sell four major models under Fulwin series, namely T10, T9, T8 and A8L, respectively, in different versions and editions. The following table sets forth details of the major models under the Fulwin product series as of the Latest Practicable Date:

Model	T10	T9	T8	A8L
				
Initial launch year	2024	2024	2025	2024
Product category	Mid-size SUV	Mid-size SUV	Mid-size SUV	Compact sedan
Powertrain	T10 is an PHEV available with a 1.5TGDI hybrid engine and with a 3DHT transmission.	T9 is an PHEV available with a 1.5TGDI hybrid engine and with a DHT or 3DHT transmission.	T8 is an PHEV available with a 1.5TGDI hybrid engine and with a DHT transmission.	A8L is an PHEV available with a 1.5TGDI hybrid engine and with a DHT transmission.
Driving Assistance System	Available with driving assistance system.	Available with driving assistance system.	Available with driving assistance system.	Available with driving assistance system.
Intelligent Cockpit System	Available with Lion OS system.	Available with Lion OS system.	Available with Lion OS system.	Available with Lion OS system.
MSRP Range	RMB189,900 to RMB229,900 in the PRC	RMB132,900 to RMB183,900 in the PRC	RMB99,900 to RMB146,900 in the PRC	RMB109,900 to RMB149,900 in the PRC

OMODA and JAECOO

OMODA and JAECOO mainly focus on SUVs in different versions and editions, primarily targeting the overseas markets.

The following table sets forth details of the major models under the OMODA and JAECOO brands as of the Latest Practicable Date:

Model	OMODA 5	JAECOO 7
		
Initial launch year	2022	2023
Product category	Compact SUV	Compact SUV
Powertrain	OMODA 5 offers two powertrain options: ICE vehicle and BEV versions. The ICE version is available with a 1.5L DVVT engine and with 9CVT transmission.	JAECOO 7 offers two powertrain options: ICE vehicle and PHEV versions. The ICE version is available with a 1.6TGDI engine and with a 7DCT transmission. The PHEV version is available with 1.5TGDI hybrid engine and with a DHT transmission.
Driving Assistance System	Available with driving assistance system	Available with driving assistance system
Intelligent Cockpit System	Available with Lion OS system.	Available with Lion OS system.

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JETOUR

JETOUR brand targets customers who are passionate about family travel and outdoor leisure. JETOUR offers ICE and hybrid SUVs in different versions and editions. In 2024, the sales volume of JETOUR X70 ranked No. 4 among all B-class SUV models globally, according to Frost & Sullivan.

The following table sets forth details of the major ICE models under the JETOUR series as of the Latest Practicable Date:

Model	Traveler	X90	X70	Dashing
				
Initial launch year	2023	2019	2018	2022
Product category	Compact SUV	Mid-size SUV	Mid-size SUV	Compact SUV
Powertrain	Traveler is an ICE vehicle available with the options of (i) a 2.0TGDI engine with 7DCT or 8AT transmission and (ii) a 1.5TGDI engine with a 7DCT transmission.	X90 is an ICE vehicle available with 1.6TGDI and 2.0TGDI engine options and with 7DCT or 6MT transmission.	X70 is an ICE vehicle available with 1.5TGDI and 1.5L turbocharged engine options and with 7DCT or 6DCT transmission.	Dashing is an ICE vehicle available with the options of a 1.5TGDI engine with a 7DCT transmission and (ii) a 1.5L turbocharged engine with a 6DCT transmission.
Driving Assistance System	Available with driving assistance solution.	Available with driving assistance solution.	Available with driving assistance solution.	Available with driving assistance solution.
Intelligent Cockpit System[(1)]	Available with TOUR OS system.	Available with TOUR OS system.	Available with TOUR OS system.	Available with TOUR OS system.
MSRP Range	RMB139,900 to RMB191,900 in the PRC	RMB105,900 to RMB169,900 in the PRC	RMB102,900 to RMB137,900 in the PRC	RMB93,900 to RMB127,900 in the PRC

Note:

1. TOUR OS was co-developed with a third-party intelligent cockpit solution provider.

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The following table sets forth details of the major models under the Shan Hai series, JETOUR's NEV product lineup, as of the Latest Practicable Date:

Model	Shan Hai T2	Shan Hai T1	Shan Hai L9	Shan Hai L7	Shan Hai L6
					
Initial launch year	2024	2024	2023	2024	2024
Product category	Compact SUVs	Compact SUV	Mid-size SUV	Mid-size SUV	Compact SUV
Powertrain	Shan Hai T2 is an PHEV available with a 1.5TGDI hybrid engine and with a 3DHT transmission.	Shan Hai T1 is an PHEV available with a 1.5TGDI hybrid engine and with a DHT transmission.	Shan Hai L9 is an PHEV available with a 1.5TGDI hybrid engine and with a 2DHT transmission.	Shan Hai L7 is an PHEV available with a 1.5TGDI hybrid engine and with a 2DHT transmission.	Shan Hai L6 is an PHEV available with a 1.5TGDI hybrid engine and with a DHT transmission.
Driving Assistance System	Available with driving assistance system.	Available with driving assistance system.	Available with driving assistance system.	Available with driving assistance system.	Available with driving assistance system.
Intelligent Cockpit System[(1)]	Available with TOUR OS system.	Available with TOUR OS system.	Available with TOUR OS system.	Available with TOUR OS system.	Available with TOUR OS system.
MSRP Range	RMB179,900 to RMB234,900 in the PRC	RMB154,800 to RMB174,800 in the PRC	RMB164,900 to RMB183,900 in the PRC	RMB129,800 to RMB159,800 in the PRC	RMB123,900 to RMB144,900 in the PRC

Note:

1. TOUR OS was co-developed with a third-party intelligent cockpit solution provider.

EXEED

Launched in 2018, the EXEED brand is positioned as a preferred tech-luxury vehicle. EXEED aims to provide high-quality vehicles with a smooth and sophisticated travel experience to customers who value performance and elegance. We manufacture and sell EXEED brand vehicles under two product series, namely, EXEED series and EXLANTIX series.

EXEED Series

EXEED series focuses on SUVs with both ICE and PHEV versions. As of the Latest Practicable Date, there were four models under EXEED series, namely VX, RX, TXL and LX in different versions and editions.

The following table sets forth the details of EXEED series as of the Latest Practicable Date:

Model	VX	RX	TXL	LX
				
Initial launch year	2021	2023	2019	2019
Product category	Mid-size SUV	Mid-size SUV	Mid-size SUV	Compact SUV
Powertrain	VX offers two powertain options: ICE vehicle and PHEV versions. The ICE vehicle is available with a 2.0TGDI engine and with a 8AT transmission. The PHEV version is available with a 1.5TGDI hybrid engine and with a 3DHT transmission.	RX offers two powertrain options: ICE vehicle and PHEV versions. The ICE vehicle version is available with a 2.0TGDI engine and with 7DCT or 8AT transmission. The PHEV version is available with a 1.5TGDI hybrid engine and with a 3DHT transmission.	TXL is an ICE vehicle available with 1.6TGDI and 2.0TGDI engine options and with 7DCT or 8AT transmission.	LX offers two powertrain options: ICE vehicle and PHEV versions. The ICE vehicle is available with a 1.5TGDI engine. The PHEV version is available with a 1.5TGDI hybrid engine and with a 3DHT transmission.
Driving Assistance System	Available with driving assistance system.	Available with driving assistance system.	Available with driving assistance system.	Available with driving assistance system.
Intelligent Cockpit System	Available with Lion OS system.	Available with Lion OS system.	Available with Lion OS system.	Available with Lion OS system.
MSRP Range	RMB189,900 to RMB233,900 in the PRC	RMB149,800 to RMB219,900 in the PRC	RMB129,900 to RMB169,900 in the PRC	RMB109,900 to RMB149,800 in the PRC

EXLANTIX Series

EXLANTIX series focuses on SUVs and sedans covering REEV and BEV. We offer two models under our EXLANTIX product series, namely EXLANTIX ET and EXLANTIX ES, in different versions and editions. EXLANTIX ET (REEV version), as a major model of the EXEED brand, is equipped with our REEV powertrain, the first of this kind in China that obtained technical validation by CATARC as "Premium Drive — High-Quality Range Extender", according to Frost & Sullivan.

The following table sets forth the details of EXLANTIX series as of the Latest Practicable Date:

Model	EXLANTIX ET	EXLANTIX ES
		
Initial launch year	2024	2023
Product category	Mid- to large-sized SUV	Mid- to large-sized sedan
Powertrain	REEV and BEV versions	REEV and BEV versions
CLTC range (km)	Available with CLTC range of up to 200 km or 240 km for REEV version Available with CLTC range of up to 540 km, 625 km, 655 km and 760 km for BEV version	Available with CLTC range of up to 255 km for REEV version Available with CLTC range of up to 705 km or 710 km for BEV version
0-100 km/h acceleration (s)	4.8s for REEV 3.8s for BEV	4.6s for REEV 3.7s for BEV
Driving Assistance System	Available with driving assistance system.	Available with driving assistance system.
Intelligent Cockpit System	Available with Lion OS system.	Available with Lion OS system.
MSRP Range	RMB189,800 to RMB319,800 in the PRC	RMB152,800 to RMB269,800 in the PRC

iCAR

iCAR, targeting Generation Z customers who are keen on technology and value freedom, is designed to bring in contemporary and smart travel experiences. iCAR is an electric play brand. We currently manufacture and sell two models under the iCAR brand, namely, iCAR 03 and iCAR V23, in different versions and editions.

iCAR combines a stylish and personalized design with safety standards and reliable performance. iCAR offers a wide range of customizable configurations, to appeal to young customers. For example, customers are able to choose the color, touchscreen, headlights or certain interior features of iCAR V23 as well as customize the vehicle roof with a modification limit of 200kg. Moreover, the rear wheels of iCAR V23 are equipped with a five-arm independent suspension, enhancing control over wheel movement and delivering improved stability and more comfortable ride. Over 70% of the car body is made with high strength steel and the chassis is tuned to drive effortlessly in all kinds of terrain with six driving modes, offering comfortable driving experience with safety assured.

The following table sets forth the details of the iCAR brand vehicles as of the Latest Practicable Date:

Model	**iCAR 03**	**iCAR V23**
		
Initial launch year	2024	2024
Product category	Compact SUV	Compact SUV
Powertrain	BEV	BEV
CLTC range (km)	Available with CLTC range of up to 401 km, 472 km or 501 km	Available with CLTC range of up to 301 km, 401 km or 501km
0-100 km/h acceleration (s)	10.5s for two-wheel drive version 6.5s for four-wheel drive version	11s for two-wheel drive version 7.5s for four-wheel drive version
Driving Assistance System	Available with driving assistance system	Available with driving assistance system
Intelligent Cockpit System[(1)]	iCAR OS	iCAR OS
MSRP Range	RMB109,800 to RMB169,800 in the PRC	RMB99,800 to RMB149,800 in the PRC

Note:

1. iCAR OS was co-developed with a third-party intelligent cockpit solution provider.

LUXEED

LUXEED, targeting customers who pursue intelligence, performance and innovation, is designed to provide them with a transformative and smart driving experience. LUXEED focuses on mid- to large-sized electric sedan and SUV. We currently manufacture and sell two models under LUXEED, namely, S7 and R7. S7 is an electric vehicle currently offering four editions and R7 offers two powertrain options: a BEV and a REEV, with three and two editions, respectively.

R7, the latest model, features long driving range, high level of safety and advanced driving assistance system and cockpit. Built with 800V "Giant Whale" high voltage battery platform, R7 boasts a maximum CLTC driving range of up 802 kilometers and supports a recharge up to 200 km within five minutes, significantly alleviating the range anxiety of NEV users. Moreover, R7 is equipped with omni-directional collision avoidance system (CAS3.0), Qiankun advanced driving system and HarmonyOS intelligent cockpit system, delivering a safe and advanced driving experience.

The follows table sets forth the details of R7 and S7 as of the Latest Practicable Date:

Model	**R7**	**S7**
		
Initial launch year	2024	2023
Product category	Mid- to large-sized coupe SUV	Mid- to large-sized sedan
Powertrain	BEV and REEV	BEV
CLTC range	Available with CLTC range of up to 802 km for single motor RWD version Available with CLTC range of up to 736 km for dual motor AWD version	Available with CLTC range of up to 855 km for single motor RWD version Available with CLTC range of up to 785 km for dual motor AWD version
0-100 km/h acceleration	7.4s for single motor RWD version 3.9s for dual motor AWD version	5.6s for single motor RWD version 3.3s for dual motor AWD version
Driving Assistance System	Available with driving assistance solution	Available with driving assistance solution
Intelligent Cockpit System	HarmonyOS system	HarmonyOS system
MSRP Range	RMB249,800 to RMB339,800 in the PRC	RMB229,800 to RMB329,800 in the PRC

We collaborate with Huawei Device Co., Ltd. (華為終端有限公司), Huawei Technologies Co., Ltd. (華為技術有限公司) and their respective affiliates in respect of LUXEED S7 and R7. We are primarily involved in product development, supply chain management, manufacturing, quality assurance and after-sales services. Huawei Device Co., Ltd. (華為終端有限公司) primarily provides us with services in relation to product definition, marketing and management consulting. Moreover, we procure driving assistance systems, intelligent cockpit systems and other related auto parts and components from Huawei Technologies Co., Ltd. (華為技術有限公司) and its affiliates.

Pipeline of Future Vehicle Models

We will continue to launch new models to expand our product portfolio to meet diverse customer needs and penetrate further into mid- to high-end and premium market segments. In 2025, we plan to launch more than 60 new models and versions of passenger vehicles, covering sedans and SUVs with ICE, PHEV, REEV and BEV versions. See "— Our Strategies — Further expand product lineup and sharpen brand positioning to enhance our brand equity."

Automotive Parts and Components

In addition to sales of passenger vehicles, we sell (i) engines, transmissions and automotive parts and components primarily to third-party vehicle manufacturers and (ii) spare parts and components in support of our after-sales services. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and March 31, 2025, our revenue derived from sales of automotive parts and components was RMB8,675 million, RMB8,904 million, RMB15,864 million, RMB2,936 million and RMB5,743 million, respectively, accounting for 9.4%, 5.5%, 5.9%, 5.3% and 8.4% of our total revenue for the same periods, respectively.

OUR TECHNOLOGICAL PROWESS

Technological prowess lies at the core of our vehicle development and witnesses our success to date. Through years, we have built a full-range technology stack including (i) Chery Power, our powertrain systems; (ii) Mars Architecture, our vehicle development platform; (iii) Lion Intelligent Cockpit, our intelligent cockpit system; and (iv) Our driving assistance systems.

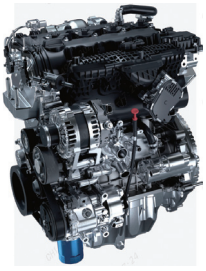
Chery Power — Our Powertrain Systems

Chery Power covers four core technologies, namely engine, transmission, electric drive, and battery safety system. We are a frontrunner in the development and manufacturing of engine and transmission systems in China automotive industry, according to Frost & Sullivan. With industry-leading ICE and hybrid powertrain technologies, our powertrains are designed to deliver driving experience in terms of energy efficiency, longest possible range and acceleration. As of the Latest Practicable Date, our eight types of fuel engines and our hybrid engines and hybrid DHT have been acclaimed as "China Top Ten" by Automobile and Sports, a magazine hosted by the China Automotive News.

ICE Powertrain

ICE powertrain primarily consists of engine and transmission. We developed in-house and manufactured ACTECO 1.6 and 2.0 TGDI engines. Compared to traditional naturally aspirated engine with the same engine displacement, TGDI engine delivers higher power and fuel efficiency and lower emission. Our 1.6TGDI and 2.0TGDI engines were awarded "China's Top Ten Engines" by Auto & Sports magazine in 2019 and 2021, respectively. In 2023, we developed and manufactured an advanced ACTECO 1.5TGDI engine. All three engine models feature a smart thermal management system, with the 1.5TGDI engine achieving a maximum thermal efficiency of 40%, which is higher than the industry average of around 35% by Chinese brand passenger vehicles powered by ICE, according to Frost & Sullivan. Moreover, we have performed over 30,000 hours of bench testing on each of the three engines, ensuring their compliance with regulatory requirements in major passenger vehicle markets in terms of emission, safety and performance.

The following table sets forth certain technical features and configurations of ACTECO 1.6TGDI, 2.0TGDI and 1.5TGDI engines, respectively.

Configuration	**ACTECO 1.6TGDI engine**	**ACTECO 2.0TGDI engine**	**ACTECO 1.5TGDI engine**
			
Engine displacement (L)	1.598	1.998	1.499
Compression ratio	9.9:1	10.2:1	11.6:1
Maximum net power/Speed (kW/rpm)	140/5500	180/5500	125/5500
Maximum net torque/Speed (Nm/rpm)	275/2000–4000	375/1750–4000	270/2000–3500
Maximum thermal efficiency	37%	38%	40%
Weight (kg)	125	137	≤108
Emission standards	CN6b (China VI, Phase 6), EU6D and EU6E	CN6b (China VI, Phase 6) and EU6D	CN6b (China VI, Phase 6), EU6D and EU6E

In addition to our proprietary fuel engines, we developed the Chery 8AT transmission, which is the first proprietary automatic transmission developed in-house with full intellectual property rights in China, according to Frost & Sullivan. 8AT is primarily paired with our ACTECO 1.6TGDI and 2.0TGDI engines. 8AT features RAVIGNEAUX-style planetary gear system, which is known for its compact and spacing-saving design. With a speed ratio range of 7.8 and eight forward gears, 8AT transmission ensures efficient engine operation and low fuel consumption.

PHEV and REEV powertrain

A PHEV has both internal combust engine and electric motors, which can be powered by gasoline and batteries, or be plugged into external power source through a charging cable. By comparison, an REEV is purely driven by its electric motor, and its energy source comes from both its battery pack and range extension system. A PHEV powertrain primarily consists of engine, transmission, motor, and battery and a REEV powertrain mainly consists of engine, motor, generator and battery. Supported by hybrid engine, dedicated hybrid transmission, battery system and electric drive system, our dedicated hybrid powertrain systems empower our PHEVs and REEVs, achieving high efficiency, long driving range and better performance whiling maintaining high safety standards.

Hybrid Engine

In 2023, we developed in-house and manufactured ACTECO 1.5TGDI hybrid engine for PHEVs. ACTECO 1.5TGDI hybrid engine is also our hybrid engine for REEVs, the first REEV engine in China certified as "Premium Drive — High-Quality Range Extender" by CATARC. It has a high efficiency of energy conversion during combustion with a high compression ratio of 14.5:1. Leveraging an intelligent thermal management system and low friction technology, our ACTECO 1.5TGDI hybrid engine can achieve a maximum thermal efficiency of 44.5%, which is higher than the industry average of around 40% by Chinese brand passenger vehicles powered by hybrid engine, according to Frost & Sullivan.

The following table sets forth certain technical features of the configuration of the ACTECO 1.5TGDI hybrid engine.

Configuration	ACTECO 1.5TGDI hybrid engine
	
Engine displacement (L)	1.498
Compression ratio	14.5:1
Maximum net power/Speed (kW/rpm)	105/5200
Maximum net torque/Speed (Nm/rpm)	215/2500
Maximum thermal efficiency	44.5%
Weight (kg)	106
Emission standards	CN6b and Euro 7

Dedicated Hybrid Transmission

We developed in-house two models of dedicated hybrid transmissions, namely DHT165 and DHT150. DHT165 is a 3-speed transmission with a dual electric motor drive that enables the engine and motor to operate efficiently. With a maximum output power of 165kW and maximum output of torque of 4,000Nm, DHT165 allows the vehicle to accelerate from 0 to 100 kilometers per hour in 4.3 seconds. DHT150 is an E-CVT that uses an electronic control system to regulate the engagement of the electromagnetic clutch, ensuring a smooth transmission process. An E-CVT combines an electronic motor and generator, automatically adjusting the power distribution between the engine, electric motor and generator based on the vehicle's driving conditions. DHT150 boasts a maximum mechanical efficiency of up to 98.5% in pure electric mode, reducing noise and fuel consumption to improve driving range and enhancing ride comfort.

The following table sets forth certain technical features and configurations of DHT165 and DHT150, respectively:

Configuration		DHT165	DHT150
Electric Motor 1	Peak Power (kW)	75	150
	Peak torque (Nm)	170	310
Electric Motor 2	Peak Power (kW)	90	N/A
	Peak torque (Nm)	220	N/A
Generator	Peak Power (kW)	N/A	100
	Peak torque (Nm)	N/A	120
Peak transmission efficiency		97.6%	98.5%
Weight (kg)		122 (including MCU)	121 (including MCU)

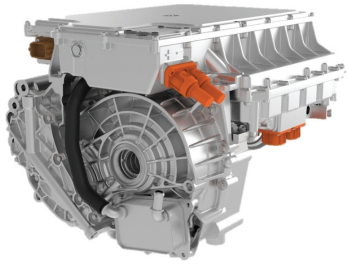
Protector Battery Safety System

We design and develop in-house the Protector battery safety system to enhance power performance and driving range of our vehicles. We procure battery cells from top-tier suppliers, and pack them into battery modules using our proprietary packing techniques. We require such battery cells to be waterproof, anti-collision and fire resistant and to satisfy various national and international testing and inspection standards. With our uniquely designed battery pack structure, we seal battery cells and high-perfomance materials into modules to prevent batteries from overheating and integrate the modules with highly efficient thermal management components and durable battery cases. Such a structure reduces vibration of the battery system to the minimum level, enhances safety in the event of a collision, and achieves high-standard water- and dust-resistance performance.

Moreover, our Protector battery safety system is connected to our self-developed big data cloud platform, which enables us to monitor the status of battery pack, such as temperature, voltage, current and power output. Such a system accurately calculates the remaining battery energy, and the accuracy of such calculation is essential to the safety and lifetime of the battery, as well as to our customers' driving experience.

Electric Drive System

The electric drive system uses battery as power source to drive a vehicle, and mainly consists of an electric motor, a motor control unit and a fixed gear transmission. Our self-developed AEH240 electric-drive system features 7-functions integrated with 800V high-voltage. The following table sets forth certain technical features of ACTECO AEH240:

Configuration	ACTECO AEH240
	
Integration	Electric Motors/MCU/reducer/OBC/ DCDC/PDU/DAC
Efficiency	91.1% (CLTC conditions measured)
Power Density (kW/kg)	2.297
Cooling Method	MCU: water cooling/ Electric Motor: oil cooling
Peak Power (kW)	240
Wheel End Peak Torque (Nm)	4,800
Maximum Output Speed (rpm)	1,490

Mars Architecture — Our Vehicle Development Platform

Mars Architecture, mainly consisting of two core technologies — the vehicle platform and the E/E architecture, is our platform for the design, development and engineering of our vehicles. With modularized hardware and cross-platform software, Mars Architecture enables us to achieve cost effectiveness in R&D, reduce development risks, and accelerate the launch of new and reliable products, for models across different platforms.

Vehicle Platforms

During the Track Record Period, we mainly designed and developed vehicles on three vehicle platforms, namely T1X, T2X and E0X. These vehicle platforms are designed to be adaptable and scalable for future models and features.

T1X platform is our first self-developed platform, with Tiggo 7 as its first mass production model in 2016. T1X platform is used to develop ICE vehicles, PHEVs and BEVs. It is also used to develop A0 to A+ class vehicles with mechanical four-wheel drive system and electric four-wheel drive system. In addition, Tiggo 3x and Tiggo 5x were developed on T1X platform.

T2X platform is used to develop ICE vehicles, PHEVs and BEVs with high performance, covering A+ to C class sedans and SUVs with mechanical or electric four-wheel drive system. The system offers continuously damping control (CDC) magnetic suspension system, which utilizes magnetic dampers to adjust the damping forces. Moreover, T2X platform is used to develop vehicles with intelligent all-wheel drive (AWD) system. Such system adjusts the distribution of powers between the front and rear wheels automatically in response to real-time driving and road conditions to achieve stability. Developed on T2X platform with CDC magnetic suspension system and AWD system, our vehicles deliver smoothy and comfortable riding experience for our users. Tiggo 9, Fulwin T9 and T10 and EXEED RX and VX were developed on T2X platform.

E0X platform is used to develop REEVs and BEVs with high performance, high intelligence and safe driving, covering B to C+ class sedans and SUVs with spacious interiors. The platform can be framed with our proprietary E/E architecture, to support advanced driving assistance solutions. E0X platform seamlessly integrates proactive safety solutions with driving assistance functions, including AEB, LKA, ACC and forward collision warning. See "— Our Technological Prowess — Our Driving Assistance System." Moreover, E0X platform offers advanced technological solutions such as 800V high-voltage architecture, battery safety system, and a steel-aluminum composite body structure, featuring high level of safety. Our EXLANTIX ET and ES and LUXEED S7 and R7 were developed based on E0X platform.

E/E Architecture

The E/E architecture connects the electronic component systems and controls various vehicle functions. We design the E/E architecture to enable seamless integration between software and hardware and facilitate technology innovations of our vehicles. Our E/E architecture is compatible with ICE vehicles, PHEVs, REEVs and BEVs. Our latest version features high-bandwidth Ethernet-enabled data communication with multi-service interface, which supports in-car communication and data, driving assistance system and intelligent cockpit. See "— Our Technological Prowess — Lion Intelligent Cockpit" and "— Our Technological Prowess — Our Driving Assistance System."

Moreover, our E/E architecture allows us to upgrade our vehicles through flexible and efficient firmware and software over-the-air (OTA) updates. We deliver regular OTA updates throughout the entire vehicle lifecycle, from enhancement of the central control screen interface, operation menu and in-vehicle infotainment system, to major upgrades of the driving assistance system. We proactively and regularly seek feedback from our users, and deliver OTA upgrades responding to their feedback in a timely manner.

Lion Intelligent Cockpit

Lion OS, our intelligent cockpit system, is designed to enhance the in-cabin experience for both drivers and passengers by providing a safer and more comfortable driving environment and intelligent in-cabin functions. Lion OS is tailored to match individual user preferences leveraging our proprietary operating system and application software. Moreover, with modular design, Lion OS is compatible with our vehicle models with minimal re-configuration. Highlights of key functions are set out below:

- **AI Voice Assistant.** Our intelligent in-car assistant, with continuous voice recognition capabilities, can control most of the in-car functions.

- **Customized Interactive Functions.** Lion OS is able to customize in-car settings, such as rear-view mirrors, seat position, air conditioning and driving mode, based on user's preferences.

- **Navigation System.** We developed an in-house navigation system and integrated it into our assistance driving system to achieve better user experience.

- **Interactive Entertainment.** We offer a number of interactive entertainment functions catering to users across different age groups, such as music, video games, and in-cabin KTV.

- **Vehicle Remote Control.** We offer various remote control capabilities, such as car locking and unlocking, turning on and off air conditioning, opening and closing the trunk and seat heating.

We can continue to update Lion OS, with new features and applications through OTA updates. In the future, we will leverage large AI models into our intelligent cockpit system to refine the features and functionalities and enhance user experience.

Our Driving Assistance System

We provide driving assistance system for our passenger vehicles. Our vehicles models that are equipped with our driving assistance system can meet the active safety regulations in both China and EU and are rated five-stars or excellence by various evaluation programs or systems including ENCAP, ANCAP, CNCAP, IVISTA and C-ICAP, adapting well to different road conditions and complex scenarios in both China and overseas markets.

Our driving assistance system primarily provide the following driving assistance functions:

- **Adaptive cruise control (ACC)**. ACC controls the longitudinal movement of the vehicle to ensure driving safety, and also supports the recognition and tracking of dozens of vehicle types, including unconventional ones, providing a smooth vehicle-following experience.

- **Lane Keep Assist (LKA)**. LKA continuously monitors the vehicle's position relative to the lane markings and controls the lateral movement of the vehicle, either continuously or when necessary to ensure the vehicle stays within its lane.

- **Autonomous Emergency Braking (AEB)**. AEB activates an alarm or initiates braking automatically when the driver brakes too late, applies insufficient braking force, or fails to brake at all.

- **Intelligent Speed Adaptation (ISA)**. ISA helps drivers comply with traffic regulations and enhances road safety by providing speed limit alerts or taking control of the vehicle. It utilizes technologies such as GPS and cameras to recognize traffic signs, including speed limits and stop signs. The system alerts drivers through visual cues (e.g., dashboard or HUD displays), auditory signals (e.g., warning sounds), or tactile feedback (e.g., steering wheel vibrations). In certain situations, it can also activate automatic speed limit control or adjust to dynamic speed limit changes.

- **Parking Assist (PA)**. PA uses the vehicle's own sensors to monitor the relative distance, speed and angle between the vehicle and surrounding obstacles. PA controls the vehicle's acceleration, deceleration and navigation, to park into or out of designated parking space. Moreover, PA has a parking memory function accommodating route length of up to one km.

- **Blind Spot Detection (BSD)**. BSD monitors vehicles, motorcycles, bicycles, pedestrians, and other objects within the blind spots on both sides of the automobiles. It alerts the driver to ensure safe lane changes and reduces the risk of collisions during lane transitions.

- **Traffic Jam Assist (TJA)**. TJA manages the vehicle's lateral movement in low-speed, congested traffic scenarios. It provides automated follow-up driving and assistance on congested roads, reducing the driver's workload and enhancing comfort during traffic jams.

- **Driver Monitoring System (DMS)**. DMS monitors the driver's state during driving and alerts them to stay focused, helping to prevent safety risks caused by fatigue or distracted driving.

- **Lane Change Control (LCC)**. LCC allows the vehicle to initiate lane changes using the turn signal stalk. It also assists the vehicle to stay centered in its current lane and ensures the vehicle maintain a consistent following distance in lanes or curves with clear markings. LCC can operate in its basic function even without the assistance of navigation maps.

Our driving assistance system enhances driving experiences in the following scenarios, including (i) activating NOA at zero-speed at roadside; (ii) navigating on internal roads; (iii) U-turning in narrow spaces; (iv) passing through barrier gate lift; (v) changing lanes and avoiding obstacles; (vi) passing through roundabouts in the city; and (vii) point to point driving and memory driving assistance.

OUR GLOBAL PRESENCE

We started from China with a global vision and have successfully achieved prominent global presence. We were one of the first Chinese domestic brand passenger vehicle companies to venture abroad with international sales of passenger vehicles, KD kits and engines, according to Frost & Sullivan. Over the past two decades, we have grown from a vehicle manufacturer and exporter company exporting vehicles to a company capable of leveraging technology, brand and management to build overseas presence, and become a global automaker that contributes locally and benefits worldwide. We have achieved significant business growth in the overseas markets during the Track Record Period. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our revenue from sales of passenger vehicles in overseas markets amounted to RMB29,152 million, RMB74,533 million, RMB97,868 million, RMB19,646 million and RMB24,668 million, respectively, representing 35.3%, 49.3%, 39.7%, 38.9% and 40.0%, respectively, of our revenue of passenger vehicles during the same periods.

Sales

We have built an extensive network of dealerships in the overseas markets over the years. As of March 31, 2025, we had 1,092 overseas dealers with 2,958 overseas dealership outlets in Asia (excluding China), Europe, Africa, Oceania and the Americas. See "— Sales and Marketing — Dealership — Overseas Dealership." We adopt a multi-brand strategy for overseas markets. In emerging markets, we typically introduce and market our own brand of vehicles with of high product quality and localized designs and quickly capture market share. In mature markets, we formed joint ventures with established automobile OEMs in the local markets and leveraged their well-known brand to tap into the local markets, laying the foundation for the penetration of our own vehicle brands in the future.

Our passenger vehicles have gained popularity in the overseas markets. The overseas sales volume of OMODA vehicles increased by 35.5% in 2024 compared to 2023. Tiggo 7 was the best-selling passenger vehicle among the Chinese domestic brand passenger vehicles in terms of export volume of passenger vehicles in 2024, according to Frost & Sullivan. Moreover, EXEED brand vehicles achieved growth in both sales volume and selling price in the Middle East market in 2024 compared to 2023. According to Frost & Sullivan, EXEED brand vehicles ranked No. 1 among high-end Chinese domestic brands in terms of export volume. In addition, JETOUR Traveler and JETOUR X70 are popular vehicles for off-road travel in overseas markets, with JETOUR Traveler having been sold to over 50 countries and regions as of the Latest Practicable Date.

Production

We have established a network of overseas production facilities through our own subsidiary or partnership with local OEMs. As of the Latest Practicable Date, we had one production base owned by our subsidiary in Malaysia and one production base owned by the joint venture with EV MOTORS, an established Spanish automaker, in Barcelona. In addition, we also contract with overseas OEMs located in overseas jurisdictions including Indonesia, Brazil and Uzbekistan to manufacture passenger vehicles and for sales in local markets. See "— Manufacturing — Overseas Production Facilities." In particular, our joint venture with EV MOTORS rolled out the first EBRO S700 car in December 2024, making us the first Chinese domestic brand passenger vehicle company to manufacture passenger vehicles in Europe. Our production plant in Malaysia focuses on production of right-hand drive vehicles. With overseas production capabilities, we can achieve mass production and swift delivery to capitalize the significant growth opportunities of the overseas markets.

R&D

We have established research institutes in Germany, Spain, Brazil, Mexico and Malaysia, to carry out R&D activities in the European, South American, North American and Southeast Asian markets, respectively. We have strong capabilities of product localization and adaptative development. We tailor passenger vehicles to meet the needs and preferences of a diverse customer base in overseas markets. Our R&D efforts ensure the compliance with local regulations and focus on product adaptation, which enables us to provide customized products and services for local markets. For example, we have established a global adaptability development and inspection system covering seven dimensions including temperature, humidity, fuel quality, corrosion, sunlight, precipitation and sand. We conducted vehicle tests in Brazil, Saudi Arabia, Malaysia and Eastern Europe under challenging conditions such as cold, heat, high altitude and high humidity to meet all-weather test standards in various regions. With over 30,000 hours of engine bench test and 5,000,000 km of vehicle test, we believe we can translate different usage scenarios and conditions into vehicle development and engineering requirements to develop and manufacture passenger vehicles with global standards, achieving a globalized product definition and vehicle development.

SALES AND MARKETING

Our Sales Network

We sell our passenger vehicles under the CHERY, JETOUR, EXEED and iCAR brands primarily through a network of dealerships in China and overseas markets. Moreover, OMODA and JAECOO are dedicated brands mainly targeting overseas markets. For the sales and distribution of the LUXEED brand vehicles, see "— Sales and Marketing — Other Sales Channels." We establish a seller-buyer relationship with our dealers. Our dealers do not have the right to return any unsold passenger vehicles to us except for defects. The outlets of our dealers are strategically located in the major cities of China and overseas countries and regions for marketing and sales of our vehicles. We have established an extensive network of dealerships globally over the years. As of March 31, 2025, we had 3,663 dealership outlets covering over 310 cities in the PRC and 2,958 overseas dealership outlets in Asia (excluding China), Europe, Africa, Oceania and the Americas.

The following table sets forth our sales channels and their respective revenue contribution with respect to our passenger vehicles for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	(RMB million)	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*
							(unaudited)			
Dealership[(1)]	69,734	84.5	128,809	85.2	216,222	87.6	40,642	80.4	56,133	91.1
Others[(2)]	12,777	15.5	22,419	14.8	30,600	12.4	9,905	19.6	5,506	8.9
Total	**82,511**	**100.0**	**151,228**	**100.0**	**246,822**	**100.0**	**50,547**	**100.0**	**61,639**	**100.0**

Notes:

(1) Including the revenue generated from the sales of the passenger vehicle under LUXEED brand.

(2) See "— Sales and Marketing — Other Sales Channels."

Dealership

China Dealership

In line with industry norm, we primarily sell our passenger vehicles under the CHERY, JETOUR, EXEED and iCAR brands through a network of dealerships to effectively cover the China market. Sales and marketing activities are carried out separately under the CHERY, JETOUR, EXEED and iCAR brands. We allow candidates to apply for new dealerships and dealership outlets through an open application process. We consider a number of criteria in selecting dealers, including financial condition, operational scale and location of the proposed dealership outlet, transportation conditions, management capabilities, reputation and creditworthiness. To grant a license, we require the candidate to submit an application. Upon reviewing, we invite the candidate for an interview and pay a visit to the venue of the potential dealership outlet for an on-site inspection. We make a final decision based on the results of the on-site inspection, formal proposal and qualifications of the candidate.

Once a new dealer is selected, the dealer places a security deposit and enters into a letter of intent with us. We provide guidelines for the set-up of the new dealership outlet, including standard internal and external decoration, the display of our logos and vehicles, and time frame for the construction and launch of the new dealership outlet, as well as staffing and trainings. We arrange our own staff to monitor the work onsite. In addition, we will provide the new dealer with our proprietary information system, which is to be installed in the dealership outlet to track sales and inventories and collect relevant financial and operation data. A new dealership outlet must pass our inspection and obtain our formal authorization before it can commence operation. We usually enter into a dealership agreement with each of our dealers.

The following table sets forth the movement of our dealers for the passenger vehicles under the CHERY, JETOUR, EXEED and iCAR brands in the PRC for the periods indicated:

	As of/Year ended December 31,			As of/Three months ended March 31,
	2022	2023	2024	2025
At the beginning of the period	1,556	2,312	2,528	3,480
Addition of new dealers	1,174	988	1,361	401
Termination of existing dealers[(1)]	418	772	409	224
Net increase/(decrease) in the number of dealers	756	216	952	177
At the end of the period	2,312	2,528	3,480	3,657

Note:

1. The termination of dealers in 2023 was comparatively higher than the counterparts in 2022 and 2024, primarily due to the gradual phase-out of our certain BEV models that are no longer our strategic focus going forward.

The following table sets forth the movement of the dealership outlets operated by our dealers for the CHERY, JETOUR, EXEED and iCAR brands in China for the periods indicated:

	As of/Year ended December 31,			As of/Three months ended March 31,
	2022	2023	2024	2025
At the beginning of the period	1,556	2,813	2,673	3,486
Opening of new dealership outlets	1,858	992	1,361	401
Closure of dealership outlets[(1)]	601	1,132	548	224
Net increase/(decrease) in the number dealership outlets	1,257	(140)	813	177
At the end of the period	2,813	2,673	3,486	3,663

Note:

1. The closure of dealership outlets in 2023 was comparatively higher than the counterparts in 2022 and 2024, primarily due to the gradual phase-out of our certain BEV models that are no longer our strategic focus going forward.

We typically enter into dealership agreement with our dealers. The following table sets forth a summary of the key commercial terms and arrangements that we typically enter into with our dealers:

Terms:	one to five years, which is automatically renewable upon expiration or is renewable by written agreement of the parties.
Pricing and Payment:	We issue market-guided price, which is subject to adjustment based on market conditions. We settle with our dealers with bank transfer or bank acceptance bill.
Sales target:	We set sales target on month, quarter or annual basis with our dealers specifying the sales volume by different models as agreed in their agreement. The achievement of the sales target by our dealers is a key performance indicator and the basis for the sales initiatives and rebates programs.

Sub-dealers:	Dealers are allowed to appoint sub-dealers.
Inventory:	We and dealers agree on the designated vehicle models and quantities and maintaining reasonable inventory levels.
Return of products:	Return are only available with quality issues pursuant to applicable laws and regulations.
Termination:	Upon occurrence of certain customary termination events: for example, the dealer (i) becomes insolvent or enters into liquidation; (ii) is revoked business license; (iii) is in suspension of business; (iv) undermines our interests and images; or (v) is in material breach of our management policy, we may unilaterally terminate the distributorship agreement.

Overseas Dealership

In addition to domestic market, we have also built an extensive network of dealerships in overseas markets. Over the years, we have established overseas subsidiaries in markets with significant market potential and returns. In these overseas markets, we have developed a network of local dealers through our overseas subsidiaries. For the jurisdictions where we do not have overseas subsidiaries, we generally appoint a general agent which is also our dealer to market and sell our passenger vehicles to customers within the designated jurisdiction. In addition to those standard dealer responsibilities, such as dealership management and customer engagement, the general agent is also responsible for establishing a distribution and sales network within such designated jurisdiction with its local resources. Moreover, different from other dealers, for some of our general agents, we usually include a minimum purchase requirement clause in the distributorship agreement, which is in essence an adjustable sales target for our general agent to incentivize their sales and demonstrate their commitments to market and sell the passenger vehicles within the respective designated jurisdictions. Leveraging the distribution and sales networks established by the general agents, we are able to tap into new markets efficiently. As of March 31, 2025, we partnered with 1,092 overseas dealers globally. In selecting our overseas dealers, we generally adopt the similar approach in selecting dealers and dealership outlets in our home market. For the selection of the general agent, we consider a range of factors including the industry experience, financial strength and regional or national sales networks and capabilities.

The following table sets for the movement of our overseas dealers for the periods indicated.

	As of/Year ended December 31,			As of/Three months ended March 31,
	2022	2023	2024	2025
At the beginning of the period	252	327	741	1,075
Addition of new overseas dealers	112	469	432	19
Termination of existing overseas dealers[(1)]	37	55	98	2
Net increase/(decrease) in the number of overseas dealers	75	414	334	17
At the end of the period	327	741	1,075	1,092

Note:

(1) During the Track Record Period, the termination of overseas dealers was primarily because (i) we did not renew distribution agreements with certain dealers upon expiry or upon mutual agreement when they failed to perform to the satisfaction of the Group; and (ii) certain dealers discontinued their passenger vehicle dealership business due to their own commercial considerations.

The following table sets forth the movement of the overseas dealership outlets operated by our dealers for the periods indicated:

	As of/Year ended December 31,			As of/Three months ended March 31,
	2022	2023	2024	2025
At the beginning of the period	905	1,088	1,997	2,799
Opening of new overseas dealership outlets	243	1,032	1,041	174
Closure of overseas dealership outlets	60	123	212	15
Net increase/(decrease) in the number overseas dealership outlets	183	909	802	159
At the end of the period	1,088	1,997	2,799	2,958

The following table sets forth a summary of the key commercial terms and arrangements that we typically enter into with our overseas dealers:

Terms:	one to five years, which is automatically renewable upon expiration or is renewable by written agreement of the parties.
Pricing and Payment:	We provide a guidance price list, which is subject to change from time to time at our sole discretion by a prior written notice. We settle with our overseas dealers with bank transfer or bank acceptance bill.
Sales targets:	We set sales target or minimum purchase requirements with our overseas dealers, usually opting for minimum purchase requirements with some of our general agents. The minimum purchase requirement is not a mandatory purchase commitment but an adjustable sales target. The minimum purchase requirement gives the Company an initiative to first negotiate if the general agent does not meet the agreed sales target and an option to terminate the distribution agreement if such negotiation fails. The Company will first approach such general agent to discuss and evaluate the reasons. As the next step, both parties will re-negotiate the minimum purchase amount with reference to the sales target in the following year and the achieved sales in the past years as well as taking into account the then market condition, competition, and capabilities of the dealers. It is an industry norm to set sales target or equivalent minimum purchase requirement to incentivize and manage dealers effectively, according to Frost & Sullivan. The achievement of the sales target by our overseas dealers is a key performance indicator and the basis for the sales initiatives and rebates programs.
Inventory:	We and dealers agree on the designated vehicle models and quantities and maintaining reasonable inventory levels by dealers.

Sub-dealers:	Dealers who are representative of general agents can appoint sub-dealers in their countries or regions.
Product return:	Return only available for products with quality issues pursuant to applicable laws and regulations.
Termination:	Upon occurrence of certain customary termination events: for example, the dealer (i) becomes insolvent or entering into liquidation; (ii) is revoked business license; (iii) is in suspension of business; (iv) undermines our interests and images; or (v) is in material breach of our management policy, we may unilaterally terminate the distributorship agreement.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with our dealers in China and overseas markets. To the knowledge of our Directors, all of our dealers during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties.

Dealership Management

We have established a robust dealership management system to manage our dealership networks, offering a consistent brand image and customer experience. Set forth below are key aspects of our dealer management policies and measures:

- **Minimize cannibalization**: To minimize the risk of cannibalization among dealers, we adopt the following measures: (i) managing the number of regional dealers for each geographical region; (ii) clearly delineating the geographic coverage of our dealers and explicitly prohibiting them from selling our vehicles outside their designated geographical regions, and delegating our dealers to manage their respective sub-dealers to avoid cannibalization. Our dealers are required to ensure their sub-dealers operate within their designated geographical regions; and (iii) managing the pricing policy and provide market-guided price for our vehicles sold domestically and overseas.

- **Management of auto dealers in China and overseas markets**. We have a variety of measures to monitor and inspect our dealers. We require dealers to connect to our dealership management system, so that we are able to monitor their sales and operation activities closely. In addition, we may conduct on-site inspections of our dealership outlets to monitor business operations including sales performance, inventory level, service quality, sales and marketing efforts and compliance with our policies and guidelines. Based on the our inspection results, we identify those dealers with unsatisfactory or unusual performance. Such dealers are required to address and rectify all the issues identified in a specified time or we will terminate

the dealership otherwise. We have direct contract with our general agents, which may further distribute our vehicles to their sub-dealers. Our dealers are permitted to develop sub-dealers within their designated territories, subject to our oversight and control. We do not have contractual relationship with the sub-dealers. We primarily regulate and monitor the sales activities of sub-dealers through our dealers. Our dealers track the sales and inventory level of their respective sub-dealers and report the same to us on a regular basis and we will adjust the sales to our dealers accordingly to avoid the risk of accumulation of significant inventory at the sub-dealers. Moreover, our dealers conduct annual inspection or evaluation to ensure that the sub-dealers are in compliance with relevant laws and regulations and our management policies. We are not responsible for sales misconduct by the sub-dealers, should any occur.

- **Sales and inventory management**. To reduce channel stuffing risks, we manage our dealers to ensure that they would maintain a reasonable inventory level. We monitor and record the sales of our vehicles and the inventory levels of our dealers primarily through our real-time dealership management system or conduct inventory checks on a regular basis. Through this system, we are able to monitor our dealers throughout vehicle sales process from ordering, invoicing, delivery, to after sales. For some of our overseas dealers who do not have access to our dealership management system, we manage them by monitoring orders and inventory level on a monthly basis through our local staff. Moreover, in China, we can further monitor the actual demands of our vehicles through the vehicle registration system, enabling us to have better understanding as to the inventory turnover of our dealers. Moreover, we do not allow returns of vehicles except for product defects.

- **Internal control policies and measures on dealers**. We have implemented internal control polices and measures on the conduct of our dealers, which include (i) requiring our dealers to timely and effectively communicate and deal with consumers on inquiries received by us through multiple communication channels, particularly in the case of delivery urgency; (ii) setting out clearly in the vehicle delivery confirmation form that upon delivery, the certificate of conformity must also be delivered; (iii) incorporating customer feedback into our evaluation on dealers as part of its dealers satisfactory management; (iv) imposing penalties on our dealers as part of the sales operations evaluation system, if any misconduct was found, such as malicious competition, misleading pricing, financial misrepresentation, and improper handling of deposits; and (v) establishing a dealer integrity scoring system to evaluate dealers every two months across six dimensions, including market conduct, financial integrity, integrity verification and accountability, integrity in compliance, integrity in customer management, and employee integrity.

- **Compliance management**. We require our dealers to strictly comply with relevant laws and regulations, as well as our management policies, in their sales practices. If any of our distributors fails to comply with the relevant laws and regulations, or our management policies, we may reserve the right to unilaterally terminate our distributorship agreement with them.

LUXEED corporate distributor

We sell the LUXEED brand vehicles to an exclusive corporate distributor, which is principally engaged in the sales of NEVs in the PRC, and further sells the LUXEED brand vehicles to end customers in China. We have entered into the general distributorship agreement with this distributor, the terms of which are not different from those in our typical dealership agreements in material aspects. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with this distributor. To the knowledge of our Directors, this distributor is an Independent Third Party.

The following table sets forth a summary of the salient terms and arrangements that we entered into with the corporate distributor:

Terms:	The term of the general distributorship agreement is five years and is renewable upon mutual agreement upon expiry.
Pricing and payment:	We agree with the general distributor on the purchase price of vehicles, which is subject to change from time to time upon mutual agreement. We settle with the distributor with bank transfer.
Inventory:	The general distributor shall maintain certain vehicle inventory. It procures vehicles from us based on the purchase orders from end customers and market forecasts.
Product return:	We typically do not allow the general distributor to return products to us once the vehicles have been accepted by the general distributor.

Renewal and termination:

During the term of the general distributorship agreement, unless either party notifies the other party in writing of its intention not to continue the cooperation at least three months prior to the expiration of the distributorship agreement, a new agreement shall be entered into upon expiry. To ensure continuity of cooperation, the term of the general distributorship agreement shall be automatically extended for three months. If renewal is not completed within such three-month period, the general distributorship agreement shall terminate.

During the term of the general distributorship agreement, either party can terminate the agreement if the other party breaches any terms in material respects and fails to correct such breaches after 90 days upon the correction request from the non-breaching party.

Other Sales Channels

Passenger Vehicles

During the Track Record Period, we also sold passenger vehicles under the CHERY, JETOUR, EXEED and iCAR brands to individual and corporate customers and trading companies.

KD Kits

During the Track Record Period, we primarily sold KD kits to (i) overseas OEMs and overseas joint ventures for assembling to passenger vehicles in their respective overseas production facilities and for sale under our brands such as Chery, OMODA and JAECOO and EXEED or under the brands of overseas joint ventures and overseas OEMs such as EBRO; and (ii) trading companies in China which would on-sell the KD kits to its customers.

We also engage overseas contract manufacturers to assemble our KD kits to passenger vehicles for sales in overseas markets. We pay services fees to such overseas contract manufacturers in respect of the assembly service. During the Track Record Period, the assembly services fees to the overseas contract manufacturers amounted to nil, RMB40 million, RMB779 million and RMB928 million, accounting for nil, 0.03%, 0.33% and 1.55% of our cost of sales for each of the same periods, respectively. Overseas OEMs and overseas joint ventures are our customers that purchased KD kits from us whereas the overseas contract manufacturers are suppliers that provide assembly services to us. See "— Manufacturing — Overseas Production Facilities."

Pricing

Our pricing policy varies among different countries and regions, considering factors such as market maturity, penetration rate, purchasing power, competition landscape and product costs. We provide market-guided prices to our dealers for their reference. We usually review our pricing model at the different development stages of a vehicle model, in particular, the beginning of the development, the completion of the development and prior to the formal launch. In addition, we will review and adjust the market-guided price from time to time and taking into prevailing market conditions.

Marketing

We increase our brand presence through traditional marketing campaigns, the network of dealerships, and online promotion on social media platforms. Our offline marketing and brand building activities include participating in the organizing new model launch events, seminars, trade shows and exhibitions to showcases and obtain users' feedback for our products. For example, we attend Guangzhou International Auto Exhibition every year, demonstrating our latest concept vehicles and cutting-edge technologies to our users and potential customers.

In addition, for our vehicles sold under the CHERY, JETOUR, EXEED and iCAR brands, we rely on our dealers to carry out sales and marketing activities separately for each of those brands. Our dealers make annual marketing budgets and plans to promote our product, thus increasing brand penetration in the PRC, and expanding our network of dealerships. We review and provide feedback on our dealers' marketing plans, and they will carry out marketing campaigns accordingly. From time to time, we also invite our dealers to participate in our own marketing campaigns.

We are committed to increasing our brand exposure through creating content on major social media platforms. We promote our brand history and newly launched models and editions of our vehicles through popular social media platform including Douyin, Kuaishou and Rednote. Our marketing content also includes live streaming test drives of the new models and editions of our vehicles. Leveraging the data driven functions of such platforms, we are able to accurately target our end-customers. Our online marketing achieved a great success, allowing us to accumulate a large number of followers on our social media platform. This reflect our ability to reach and impact a broad audience, and the potential to monetize on brand awareness and user interaction.

We believe that the optimization of our marketing channels through dealership network, in conjunction with high quality content through social media, which enables us to achieve continued brand exposure and attract potential customers effectively.

CUSTOMERS

During the Track Record Period, we sold our passenger vehicles primarily through dealers in domestic and overseas markets. In addition, we also sold to overseas OEMs, overseas joint ventures and trading companies during the same periods. We have a broad base of customers and we do not believe that we have material concentration risks. The revenue generated from our five largest customers in each period during the Track Record Period amounted to RMB16,035 million, RMB23,799 million, RMB41,698 million and RMB12,989 million accounted for 17.3%, 14.6%, 15.4% and 19.0% of our total revenue in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively. We typically settle with our five largest customers with bank transfer or bank acceptance bills. The following table sets forth the details of our five largest customers for each period during the Track Record Period:

For the year ended December 31, 2022

Customer	Background	Products purchased from us	Approximate years of business relationship
Customer A.	A company that is primarily engaged in manufacturing and sale of automobiles and auto parts	Passenger vehicles, auto parts and components	6
Customer B.	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	9
Customer C.	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	11
Customer D	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	19
Customer E.	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	3

For the year ended December 31, 2023

Customer	Background	Products purchased from us	Approximate years of relationship
Customer A.	A company that is primarily engaged in manufacturing and sale of automobiles and auto parts	Passenger vehicles, auto parts and components	6
Customer B.	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	9
Customer C.	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	11
Chery Holding . . .	A company that is primarily engaged in production and R&D of automobiles and auto parts and investment	Passenger vehicles, auto parts and components	15
Customer F.	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	7

For the year ended December 31, 2024

Customer	Background	Products purchased from us	Approximate years of relationship
Customer A.	A company that is primarily engaged in manufacture and sale of automobiles and auto parts	Passenger vehicles, auto parts and components	6
Customer G	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	2
Customer B.	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	9
Customer C.	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	11
Chery Holding . . .	A company that is primarily engaged in production and R&D of automobiles and auto parts and investment	Passenger vehicles, auto parts and components	15

For the three months ended March 31, 2025

Customer	Background	Products purchased from us	Approximate years of relationship
Customer G	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	2
Customer A.	A company that is primarily engaged in manufacture and sale of automobiles and auto parts	Passenger vehicles, auto parts and components	6
Customer H	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	4
Customer C.	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	11
Customer I	A company that is primarily engaged in sale of automobiles and auto parts	Passenger vehicles, auto parts and components	2

During each year/period of the Track Record Period and up to the Latest Practicable Date, none of our Directors or their respective close associates or any of our shareholders, to the knowledge of our Directors, owned more than 5% of our issued shares, had any interest in any of our five largest customers (except for Chery Holding). During the Track Record Period, we did not have any material disputes with, nor did we receive any material complaints from, our customers.

SUPPLIERS

We procure a wide variety of raw materials mainly including steel products, seats, tires, battery cells and electronic components for our passenger vehicles. We also engage overseas contract manufacturers to assemble our KD kits to passenger vehicles for sales in overseas markets. A localized and stable supply chain is a key focus in production of vehicles. We select suppliers very carefully, taking into account their price, quality, production capacity, financial conditions, delivery scheme, business scale and reputation. During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issue with our suppliers that materially affect our operations nor did we experience any material disruption in the manufacture of our vehicles due to supply shortage of any major components. We have a broad base of suppliers and we do not believe that we have material concentration risks.

In 2022, 2023 and 2024 and the three months ended March 31, 2025, purchases of raw materials from our five largest suppliers in each period during the Track Record Period amounted to RMB12,096 million, RMB20,503 million, RMB28,672 million and RMB8,903 million, respectively, accounting for 15.8%, 16.9%, 14.4% and 17.1% of our total purchases of raw materials for each of the same periods. We typically settle payments with our five largest suppliers with bank transfer or bank acceptance bills. The following table sets forth the details of our five largest suppliers for each period during the Track Record Period:

For the year ended December 31, 2022

Supplier	Background	Products/services offered to us	Approximate years of business relationship
Chery Holding . . .	A company that is primarily engaged in production and R&D of automobiles and automobile parts and investment	Auto parts and components	15
Supplier A	A company that is primarily engaged in automobile manufacturing supply chain business	KD kits and Auto parts	4
Supplier B	A company that is primarily engaged in production of auto parts and components	Automobile transmission	27
Supplier C	A company that is primarily engaged in production of automobile transmission	Automobile transmission	9
Supplier D	A company that is primarily engaged in production of automobile safety system and components	Automobile brake system, steering system and suspension system	19

For the year ended December 31, 2023

Supplier	Background	Products/services offered to us	Approximate years of business relationship
Supplier A	A company that is primarily engaged in automobile manufacturing supply chain business	KD kits and auto parts	4
Supplier B	A company that is primarily engaged in production of auto parts and components	Automobile transmission	27
Chery Holding . . .	A company that is primarily engaged in production and R&D of automobiles and automobile parts and investment	Auto parts and components	15
Supplier C	A company that is primarily engaged in production of automobile transmission	Automobile transmission	9
Supplier D	A company that is primarily engaged in production of automobile safety system and components	Automobile brake system, steering system and suspension system	19

For the year ended December 31, 2024

Supplier	Background	Products/services offered to us	Approximate years of business relationship
Supplier B	A company that is primarily engaged in production of auto parts and components	Automobile transmission	27
Supplier E.	A company that is primarily engaged in the R&D, production and sales of batteries	Power battery	5
Supplier D	A company that is primarily engaged in production of automobile safety system and components	Automobile brake system, steering system and suspension system	19
Supplier F.	A company that is primarily engaged in production of automobile parts and components	Engine parts and components	5

Supplier	Background	Products/services offered to us	Approximate years of business relationship
Supplier A	A company that is primarily engaged in automobile manufacturing supply chain business	KD kits and Auto parts	4

For the three months ended March 31, 2025

Supplier	Background	Products/services offered to us	Approximate years of business relationship
Supplier E	A company that is primarily engaged in the R&D, production and sales of batteries	Power battery	5
Supplier B	A company that is primarily engaged in production of auto parts and components	Automobile transmission	27
Supplier G	A company that is primarily engaged in manufacturing of communication system equipment	Driving assistance systems, intelligent cockpit system and other related auto parts and components	3
Supplier H	A company that is primarily engaged in production of automobile	OEM	2
Supplier D	A company that is primarily engaged in production of automobile safety system and components	Automobile brake system, steering system and suspension system	19

During each year/period of the Track Record Period and up to the Latest Practicable Date, none of our Directors or their respective close associates or any of our shareholders, to the knowledge of our Directors, owned more than 5% of our issued shares, had any interest in any of our five largest suppliers (except for Chery Holding).

OVERLAPPING CUSTOMER AND SUPPLIER

Supplier A is one of our five largest suppliers in 2022, 2023 and 2024 and a supplier of our Company in the three months ended March 31, 2025. Meanwhile, supplier A was also a customer of our Company in each period during the Track Record Period. Supplier A is a company engaging in automobile manufacturing supply chain business in China. Save for the purchases and sales transactions, we do not have any other past or present relationships (including, without limitation, financing, family, employment, trust or otherwise) with Supplier A, its respective substantial shareholders, directors or senior management, or any of its respective associates. We primarily sold automotive parts and components to Supplier A and primarily procured KD kits from it. For manufacturing the KD kits sold to us, Supplier A used some of our automotive parts and components sold to it as raw materials and procured other raw materials from third party suppliers. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our sales to Supplier A amounted to RMB1,577 million, RMB2,133 million, RMB3,959 million and RMB989 million, respectively, accounting for 1.7%, 1.3%, 1.5%, and 1.4% of our total revenue for the same periods, respectively. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our purchases from Supplier A amounted to RMB2,529 million, RMB5,976 million, RMB4,107 million and RMB603 million, accounting for 3.3%, 4.9%, 2.1%, and 1.2% of our total purchases of raw materials for the same periods.

Chery Holding was one of five largest suppliers in 2022 and 2023 and a supplier of our Company in 2024 and the three months ended March 31, 2025. Meanwhile, Chery Holding was also one of our five largest customers in each period during the Track Record Period. For the relationship between our Company and Chery Holding, as well as the shareholding structure of our Company and Chery Holding, see "History, Development and Corporate Structure — Corporate Developments." In each period during the Track Record Period, (i) our purchases of products from Chery Holding, primarily including battery pack, amounted to RMB3,124 million, RMB3,415 million, RMB2,426 million and RMB858 million in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively, accounting for 4.1%, 2.8%, 1.2%, and 1.7% of our total purchase of raw materials amounts in the same periods, respectively; and (ii) our sales to Chery Holding, primarily including passenger vehicles, engines, transmissions, chassis and other key parts, amounted to RMB1,339 million, RMB2,111 million, RMB3,018 million and RMB120 million in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively, accounting for 1.4%, 1.3%, 1.1%, and 0.2% of our total revenue in the same periods, respectively.

The negotiations of the terms of our sales to and purchases from each of Supplier A and Chery Holding were conducted on an individual basis and the sales and purchases were not inter-conditional upon each other. Moreover, the major terms of transactions with each of Supplier A and Chery Holding were similar to those with our other customers and suppliers and were in line with normal commercial terms. Save as disclosed above, to the best of our knowledge, none of our five largest customers/suppliers in each period during the Track Record Period was a supplier/customer of us.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics and Warehouse

We have our warehouses in Wuhu, Ordos, Dalian, Qingdao and Kaifeng primarily for storage of automobile components and parts and raw materials. Raw materials and automobile components are delivered to us directly by suppliers or through third-party transportation service providers. To the extent possible, we have prioritized partnering with suppliers with operations in close proximity to our warehouses to minimize logistics costs. We engage third-party logistics service providers for the delivery of our passenger vehicles from our production facilities to our dealership outlets.

Inventory Management

Our inventory primarily includes finished and semi-finished passenger vehicles, automotive parts and components. Our inventory turnover days were 43.5 days, 58.4 days, 52.6 days and 56.3 days in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively. We implement strict inventory control policies to monitor our inventory levels at our production facilities and warehouses, and maintain a relatively low level of inventory as we generally adopt a make-to-order approach.

RESEARCH AND DEVELOPMENT

Our technological prowess is empowered by our strong and comprehensive R&D capabilities. We have strategically focused our R&D efforts on the design and development of high quality passenger vehicles to deliver superior and intelligent mobility experience for our users. Over the years, we have achieved significant success in developing of diversified and expanding passenger vehicle portfolio as well as state-of-the-art vehicle technologies in electrification and intelligentization. See "— Our Technological Prowess" and "— Intellectual Property".

As of March 31, 2025, we established three R&D centers in Wuhu, Hefei and Shanghai in China, and five overseas R&D centers in Germany, Spain, Brazil, Mexico and Malaysia. As of the same date, we had over 14,400 R&D professionals, among which approximately 23% possess a master's degree or above. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our R&D expenditure amounted to RMB4,128 million, RMB6,849 million, RMB10,544 million and RMB2,761 million, respectively.

R&D System

Strong R&D capabilities in vehicle architecture, fuel and electric powertrains, and vehicle intelligentization are our core competence. We have built a multi-level R&D system, consisting of Kaiyang collaborative research initiative (開陽創新開放聯合體), aimed at fostering cutting-edge innovations and promoting the commercialization of scientific breakthroughs across the industry value chain, Stellar Lab (瑤光實驗室), our R&D platform for core technologies, our global R&D centers and state-of-the-art manufacturing facilities to cover foundational and interdisciplinary research, core technologies and features innovations, and mass-production of new models and solutions. Adhering to the technology development strategies across three stages from mass production to product development and further to exploratory study, we are also carrying out R&D in forward-looking technologies to further strengthen our technology advantages and accelerate the cutting-edge innovations.

R&D Collaboration

As part of our R&D efforts, we collaborated with renowned industry leaders and top academic institutions to co-develop key vehicle parts. For example, we have collaborated with a leading global powertrain system company to develop the next-generation high-efficiency hybrid engine with a thermal efficiency of 48.0%, highlighting superior efficiency and long driving range. We also worked with the same company on a dual motor distributed drive system and have completed prototype development with ongoing vehicle testing. Moreover, we collaborated with a top university in China to on a R&D project on solid battery to explore the limits and patterns of energy density in solid-state lithium batteries. We also collaborated with a world leading supplier of parts and components for NEVs to develop industry-leading hybrid transmission motor controllers, which feature a compact design that significantly enhances the motor controller's performance. Through close collaboration with multiple industry-leading companies, we have shortened the development cycle of our driving assistance solutions, reduced development costs, and quickly built our capabilities of driving assistance solutions.

MANUFACTURING

We have established a network of production facilities in China and overseas to manufacture passenger vehicles and KD kits. As of the Latest Practicable Date, we had 10 production facilities in China, which are located in Wuhu, Ordos, Dalian, Qingdao, Kaifeng, Dezhou and Shijiazhuang, respectively. As of the same date, we had one production base owned by our subsidiary in Malaysia and one production base owned by the joint venture we established with EV MOTORS, an established Spanish automaker. We also contracted with overseas OEMs to manufacture passenger vehicles and for sales in the local markets. See "— Manufacturing — Overseas Production Facilities."

Domestic Production Facilities

The following table sets forth the designed annual production capacity, production volume of passenger vehicles (including KD kits) and the utilization rate of our production bases in the PRC during the Track Record Period:

	For the year ended December 31,									For the three months ended March 31,		
	2022			2023			2024			2025		
	Designed production capacity[1]	Actual production Volume[2]	Utilization Rate[3]	Designed production capacity[1]	Actual production Volume[2]	Utilization rate[3]	Designed production capacity[1]	Actual production Volume[2]	Utilization rate[3]	Designed production capacity[1]	Actual production Volume[2]	Utilization rate[3]
	(Units'000)	*(Units/ Set'000)*	*(%)*	*(Units'000)*	*(Units/ Set'000)*	*(%)*	*(Units'000)*	*(Units/ Set'000)*	*(%)*	*(Units'000)*	*(Units/ Set'000)*	*(%)*
Passenger Vehicles .	1,018	1,150	113.0	1,198	1,622	135.4	1,498	2,411	161.0	368	585	158.9

Notes:

1. The designed production capacity of the relevant year/period is calculated (i) based on the bottleneck production capacity at the painting and assembly stages and (ii) assuming the production lines operate 17 working hours per day (including the necessary time for shift changes and breaks) and 250 days per year. According to Frost & Sullivan, the bottleneck production capacity is the key basis for calculating the designed production capacity in the automotive industry.

2. Including (i) passenger vehicles and (ii) KD kits.

3. The utilization rate is calculated by dividing the actual production volume by the designed production capacity for the period indicated.

4. The utilization rate exceeded 100.0% for the periods indicated mainly because (i) certain production lines at our major production bases operated 24 working hours per day (including the necessary time for shift changes and breaks) or more than 250 days per year due to the high demand of our products; and (ii) the designed production capacity for the periods indicated does not include a separate production capacity of KD kits as the production process for manufacturing KD kits is different from those for the whole passenger vehicles whereby the KD kits may not go through all the stages for producing the passenger vehicles.

5. The production cycle of passenger vehicles is approximately 2.5 days including all the stages in the production process. See "– Manufacturing – Our Production Process." The production cycle of KD kits varies depending on the type of KD kits and is generally less than 2.5 days.

Overseas Production Facilities

We adopt a two-pronged approach to build up our overseas production network. For the markets where there are OEMs with manufacturing capabilities, we (i) enter into contracted manufacturing arrangements with overseas contract manufacturers, such as those in Indonesia and Uzbekistan as our OEM service providers, for assembling our KD kits into passenger vehicles and sales in local markets, (ii) sell KD kits to (a) joint ventures formed with OEMs in Spain, Brazil, Thailand and Vietnam and (b) overseas OEMs as our customers, such as Kazakhstan and Brazil, for their own assembling to and sales of passenger vehicles in local markets. During the Track Record Period, the sales volumes of passenger vehicles that were

assembled by our overseas contract manufacturers accounted for nil, 0.5%, 1.3% and 3.9% of our total sales volume of passenger vehicles for the same periods, respectively. For the overseas markets where we believe it suitable to build our production bases to be operated by our overseas subsidiaries, we would establish our own production base, such is the case with our production base in Malaysia. As of the Latest Practicable Date, the production bases of our joint ventures in Thailand and Vietnam were under plan. We also plan to expand the production capacity at our production base in Malaysia.

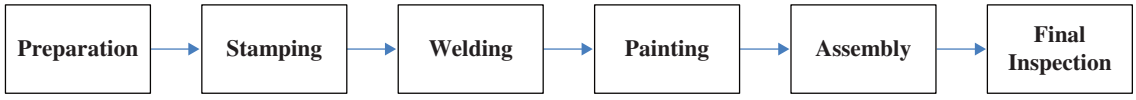
During Track Record Period, we primarily adopted a "knock-down" model for overseas production. We manufacture KD kits in China. Overseas OEMs, overseas joint ventures and overseas contract manufacturers assemble the KD kits to finished passenger vehicles for sales in local markets under our brands or the brands of our overseas joint ventures and overseas OEMs, mainly through local dealerships. Our KD kits are primarily in the form of completely knocked down (CKD), semi knocked down (SKD) and direct knocked down (DKD) depending on the requirements of our customers, such as the local law and regulations on automotive industry, tax and tariff implications and overall costs. CKD refers to completely knocked down parts and components primarily comprising welded body components, powertrain and other components including interior and exterior decoration, automotive electronics and chassis. SKD refers to semi knocked down parts and components primarily comprising vehicle body, powertrain and other components including interior and exterior decoration, automotive electronics. DKD refers to direct knocked down parts and components, which is a more pre-assembled form than SKD. DKD comprises a vehicle body with interior and exterior decorations and pre-installed electric system, powertrain, suspension and tires.

We supervise the assembly and inspection process at overseas joint ventures or OEMs by deploying our local staff to production bases. Our staff provides technical assistance to support the assembly and inspection process. We are responsible for the product quality of KD kits we sold to our joint venture customers and OEM customers pursuant to the relevant agreement. Our joint venture customers and OEM customers are responsible for vehicle manufacturing and product quality of the whole vehicles.

We believe the knock-down model enables us to quickly enter into new markets and establish a strong market presence while catering to customer needs and preferences and adapting to local laws and regulations. Third-party logistics service providers are engaged for the delivery of all finished goods from overseas production facilities to local dealership outlets.

Our Production Process

Our production process of passenger vehicles is designed to promote high standards of quality and facilitate a rapid production ramp-up to satisfy customers' needs. The following chart illustrates the principal steps in the production of our passenger vehicles:



- **Preparation**. We process and assemble automobile parts and components into a complete chassis and powertrain. We also prepare upholstery components, such as seats, interior sideboards and lights and air-conditioning equipment, and other components, such as batteries and headlights, for final assembly.

- **Stamping**. Steel and aluminum plates are stamped onto vehicle body parts.

- **Welding**. Welding is a process whereby the vehicle bodies are formed by welding together the relevant vehicle body parts and other stamped parts and components procured from our suppliers. We use welding robots to automate the welding of joints and adopt laser welding on the vehicle roof for enhanced body stiffness, thereby improving vehicle safety.

- **Painting**. Painting involves mid-electrophoresis painting, layer painting and surface coating to protect against corrosion. The painting process is fully automated and computer-controlled.

- **Assembly**. At this stage, the chassis, wheels, electric drive systems, lights, and braking systems are assembled to the vehicle body. We have equipped our assembly lines with fully automated quality control and inspection systems.

- **Final Inspection**. Final inspection involves road tests and production inspection, including the examination of exhaust emission, steering, braking, engine, transmission and electrical appliances. It will also involve an inspection of the vehicle's interior and its exterior.

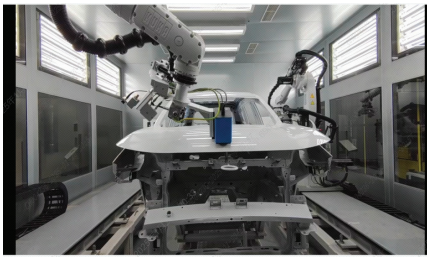
Set forth below are examples of our production lines of our production bases in China:



Stamping



Welding



Painting



Assembly

The quality control procedure is implemented in each stage of our manufacturing process to ensure that our vehicles are in compliance with our quality control standards. See "— Quality Control, Warranty and After-sale Services and Product Recall — Quality Control."

QUALITY CONTROL, WARRANTY AND AFTER-SALE SERVICES AND PRODUCT RECALL

Quality Control

We are committed to maintaining high product quality of our passenger vehicles. We have implemented an effective quality management system based on internationally recognized standard for quality management system ISO9001 and internationally accepted automotive industry quality management standard IATF16949 to cover the full lifecycle of a vehicle, from research and development, procurement, production, sales and marketing to aftersales services. Our systematic quality control measures are benchmarked against good practices in the automotive industry.

R&D

In the research and development process, we develop our products in accordance with the requirements of relevant laws and regulations and industry practices. We conduct a series of rigorous testing and validation processes on prototype products to ensure product quality while controlling production costs. Our new models are tested under a variety of environmental conditions to meet the diverse needs of our users globally.

Manufacturing

In the manufacturing process, we implement strict quality control measures and apply advanced quality testing equipment and tools to ensure each of our vehicles meets high quality standards. We have invested substantial resources to the automation of production to ensure the comprehensive quality management system. Moreover, our production facilities have stringent system to monitor the key process of production, ensuring the delivery of consistent products to our users. Once any product defect has been identified, our quality control department will conduct analysis on the quality or technical issue, formulate rectification plans, and implement corrective and preventive measures accordingly. We have formulated our evaluation standards and our quality evaluation department is responsible for reviewing and evaluating our product quality and production processes. We conduct regular internal audits and management evaluations to ensure that our quality control system is proper, effective and adequate.

Supply Chain

For our supply chain management, we have comprehensive policies and detailed procedures in place to ensure the quality of the components and raw materials we purchase from suppliers. We have established a system to identify and manage qualified suppliers, and we require all procurement to be made through qualified suppliers. When selecting and evaluating qualified suppliers, we conduct due diligence and consider a number of factors, including, but not limited to, their reputations, credentials, experience, service or product availability, price and delivery time. For those parts and components customized for our vehicles, we require suppliers to develop, test and produce in accordance with our project plan and quality control standards. Our suppliers are expected to follow our requirements for product labeling and packaging identification to ensure traceability.

After-sales Services

We have implemented quality control measures on the after-sales services and product repairs to ensure high customer satisfaction. We take a proactive approach whereby we notify users timely once we spot any defects of our vehicles through our internal tracing system, and offer free maintenance services. Moreover, our customer service department will follow up the users for any feedback our users may have and ensure that any issues are resolved in a timely manner.

Our strict quality control have earned us widespread market recognition and industry honors. The CHERY brand ranked No. 1 Chinese passenger vehicle brand for the two consecutive years in the 2023 and 2024 China Initial Quality Study and ranked No. 1 among Chinese passenger vehicle brands in the 2024 China Automotive Performance, Execution and Layout Study and 2024 China Sales Satisfaction Index by J.D. Power, a global consumer insights and market research firm.

Warranty and After-sales Services

We are customer-centered and attach great emphasis on customer satisfaction. Our products also feature a comprehensive package of after-sales services. We are committed to providing high-quality and pleasant digital after-sales service.

Our users may seek free repair and maintenance services, including replacement of parts and components due to quality defects, during the warranty period. Users are entitled to services from any of our dealership outlets, regardless of their purchase location. According to the Regulations on the Responsibility for Repair, Replacement and Return of Household Automobile Products (《家用汽車產品修理、更換、退貨責任規定》) and the industry practice, we offer "Three Guarantee Policy" (i.e. guaranteed repair, guaranteed replacement and guaranteed return) for our passenger vehicles for a period of two years or within a mileage of 50,000 kilometers following the sales, whichever is earlier. Additionally, for most of our passenger vehicles, we offer a warranty covering the whole vehicle for a period of no less than three years or within a mileage of 60,000 kilometers following sales, whichever is earlier. We provide in-warranty repair services through dealership outlets, and reimburse the dealers for in-warranty repairs conducted. Out-of-warranty repair services are provided by our dealers on a fee-basis, which includes replacement of parts due to wear and tear or repair of damage resulting from collisions or other accidents.

We have established a holistic system to handle the complaints from users, including 400 hotline, customer service hotline, car owner clubs and corporate emails. Once we receive a complaint from our user, we will notify our designated dealers' sales personnel and require them to contact the user within one hour. We require our designated dealers' sales personnel to report and update the status until the issue is resolved and closed.

In 2022, 2023 and 2024 and the three months ended March 31, 2025, we had product warranty provisions in the amount of RMB2,858 million, RMB5,213 million, RMB7,477 million and RMB2,046 million, respectively.

Product Recall

Automotive recalls have long been a critical aspect of our industry, serving as a reminder that even well-engineered vehicles may occasionally require intervention to ensure public safety. As consumer expectations have grown and technologies advanced, so too have the standards for safety and the strategies employed to address recall issues. We are subject to the Regulations on the Administration of Recall of Defective Automobile Products (《缺陷汽車產品召回管理規定》), Regulations on the Administration of Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例實施辦法》) and Regulations on the Administration of Recall of Motor Vehicle Emissions (《機動車排放召回管理規定》) in the PRC and other recall regulations and requirements in other jurisdictions where we sell our passenger vehicles.

During the Track Record Period, we initiated 12 recalls of approximately 307,900 passenger vehicles in China and overseas markets as part of our quality control measure intended to correct defects that may jeopardize performance or safety of our vehicles. The product recalls were primarily due to automotive components and software issues such as those related transmission oil cooler line, air conditioning system, radiator core and software for integrated braking system. Our suppliers borne the liabilities for seven of the 12 recalls because the relevant auto components and software issues were attributable to the suppliers' manufacturing process control and software management. We borne the liabilities for five recalls because the auto components issues were attributable to our manufacturing process control. We paid RMB23.3 million to the users and dealers in respect of the product recalls, which was negligible compared to our total revenues combined during the Track Record Period. We recalled all the passenger vehicles in question to replace the relevant auto parts and returned the repaired vehicles to the users. There were not any cases where the entire vehicle is scrapped after being recalled. The recalls had no any material and adverse impact on the Group's results of operations and financial conditions during the Track Record Period.

In respect of the quality control and product safety, we enhanced the quality control standards in the production process and upgraded our automated manufacturing equipment to minimize the product defect during the production. We established a management system covering full product cycle of auto parts and components from procurement, production, delivery and after-sales. We also implemented a comprehensive after-sales systems and protocols to handle urgent matters, such as customer complaints and product recalls, in a responsive matter.

INTELLECTUAL PROPERTY

We regard our proprietary domain names, copyrights, trademarks, trade secrets, and other intellectual property, critical to our business operations and fundamental to our success and competitiveness, and we devote significant time and resources to the development and protection. We rely on a combination of patents, copyrights, trademarks, trade secret laws, and restrictions on disclosure to protect our intellectual property. As of March 31, 2025, we had over 13,900 registered patents and over 7,100 patent applications, over 7,300 trademarks, over 140 registered software copyrights.

For detailed information about our material intellectual property, see "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights."

During the Track Record Period and up until the Latest Practicable Date, we were not involved in any legal proceedings in relation to infringement of any intellectual property rights which would have any material adverse impacts on our business, financial condition and results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — We may need to defend ourselves against claims for intellectual property infringement, which may be

time-consuming and would cause us to incur substantial costs" and "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to prevent others from unauthorized use of our intellectual properties, which could harm our business and competitive position."

SEASONALITY

Our passenger vehicles sales generally decline over January and February, particularly around the Chinese New Year, and gradually pick up over spring and summer. Passenger vehicles sales generally culminate in the last quarter of a calendar year, which is traditionally an important sales season for the automotive industry, mainly due to nationwide auto shows and increasing vehicle purchases near year end.

IMPACT OF COVID-19

The outbreak of COVID-19 has affected the Chinese and global economy. During the COVID-19 outbreak in 2022, we had not experienced material disruptions in our production. Our headquarter in Wuhu was temporarily closed for a short period of time, yet without any material disruptions to our business operations. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, the COVID-19 outbreak did not materially and adversely impact on our business, results of operations and financial condition nor caused material disruption to our supply chain. Our revenue increased from RMB92,618 million in 2022 to RMB163,205 million in 2023 and further to RMB269,897 million in 2024, representing a CAGR of 70.7%. Our revenue increased by 24.2%, from RMB54,910 million in the three months ended March 31, 2024 to RMB68,223 million in the three months ended March 31, 2025.

DATA PRIVACY AND PROTECTION

Overview

We are committed to complying with data privacy laws and protecting the security of customer data. In the course of our business, we mainly collect and store data relating to the usage of the driving assistance solutions and the intelligent cockpit systems, as well as data collected through our sales and services channels. Such data primarily includes, among others, name, ID number, address, phone number, driving license information and payment information. In addition, we also collect or cooperate with qualified partners to collect data of our passenger vehicles, including, among others, vehicle condition, location information, assisted driving information, maintenance status, as well as information of the intelligent cockpit system, information relating to AI voice assistant. Such information is collected with prior consent from our customers in accordance with applicable laws and regulations. Our data usage and privacy policies, which is provided to every customer, describes our data practices. Specifically, we undertake to manage and use the data collected from customers in accordance with applicable laws and make reasonable efforts to prevent the unauthorized use, loss, or leak of customer data and will not disclose sensitive customer data to any third party without

customers' approval except under legal requirement or certain circumstances in accordance with applicable laws and regulations. We implement access control and account authority control, and strictly limit and monitor employee access to customer data. We provide data privacy training to our employees and require them to report any data security breach. Our business partners may have access to the data collected within the scope of their service. We take various measures to protect such data, such as entering into separate confidentiality agreements with our business partners, adopting encrypted data storage and transformation and de-sensitive and de-identify personal information.

We pay close attention to risk management relating to our IT system, as storage and protection of personal and corporate data and related information is critical to us. We de-sensitize customer data by removing personally identifiable information, when such information is not relevant to our business. To ensure data security, we have adopted rigorous encrypted algorithm to store sensitive data and strictly execute a data accessing and transmitting policy to ensure the confidentiality of our data. We have also developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing. We have established a set of internal protocols on data security and privacy protection, which set forth detailed, stringent requirements in relation to the use, disclosure and protection of data and personal information. Among other things, such internal protocols provide limited authorization to our employees holding specific positions at specific levels to access and process corporate data on a need-to-know basis, who shall use such data only for the purposes of performing their work assignment.

For driving assistance services offering, we provide a series of functions such as voice recognition, driving monitoring system (DMS), occupancy monitoring system (OMS) and vehicle control and collects intelligent driving related data and location information upon obtaining consents from end customers. The details of format, the point in time and frequency of consent are as follow:

- **Voice recognition data**: i) format: end customers' consent is obtained via a pop-up window when the vehicle is activated. ii) point in time: data collection begins after customers click "consent" on the pop-up. iii) frequency: we continuously collect data after the consent pop-up is clicked, until the vehicle is powered off or the customer withdraws consent.

- **Vehicle control related data (such as vehicle location information)**: i) format: customers actively click on vehicle control functions (namely keyless entry, vehicle locating and map display) in the Apps to give consent to the collection of necessary vehicle location information. ii) point in time: data collection begins after the customers click on the vehicle control functions in the Apps. iii) frequency: vehicle location information is collected each time the customer clicks on the vehicle control function in the Apps.

Data Storage and Cross-border Transfer

All data collected or generated during the Group's ordinary course of business in China is stored in mainland China. Specifically, data related to production and R&D is stored in domestic local data center computer rooms located at manufacturing bases in mainland China. Data related to marketing and other business activities is stored in domestic public cloud servers located in mainland China. The Group does not transfer any personal information or important data collected or generated during its ordinary course of business in China to locations outside mainland China, and therefore does not trigger the prior approval requirements for cross-border data transfer under the relevant PRC laws and regulations.

As confirmed by our legal adviser as to PRC data compliance law, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance with applicable PRC laws and regulations with respect to cyber security, data security and personal information protection in all material aspects.

Internal Control and Data Accessing Mechanisms

We have established strict internal control and data accessing mechanisms regarding data storage and process, covering data security management, cybersecurity management and personnel management:

- **Data security management**: we have formulated the uniform data security management specifications to clarify the requirements for full life-cycle data security management. Under this mechanism, i) a prior approval is needed for the access of customer data after verifying the purposes of data accessing, and ii) protection measures would be taken if any suspectable attempt which failed to prove true and genuine purposes of data accessing was detected. Data usage activities are recorded through logs and subject to regular audits, and abnormal operations such as bulk data export or download will be monitored and alarmed. Upon receiving such alarms, immediate emergency measures will be promptly implemented. In addition, access to classified data is subject to identity authentication, such as multi-factor authentication and secondary authorization, to prevent unauthorized access.

- **Cybersecurity management**: we have formulated the uniform cybersecurity management specifications, under which the network configuration of our information systems is uniformly planned by the digital intelligence center and implemented in accordance with relevant standards, and therefore no unauthorized modifications are permitted. Based on the unified system account and authority management specifications, access application control is implemented under the principles of default prohibition and minimal authorization, with access control policies set to prohibit all unauthorized access and the opening of high-risk ports. To reinforce our cybersecurity management, network access requests are examined and verified, before granting access and allocating corresponding network resources.

- **Personnel management**: we conduct annual trainings for employees on cybersecurity and data security through various means. Meanwhile, personnel security control is implemented through background check, signing of confidentiality clauses or responsibility letter. Upon employee departure, information system accounts are promptly deactivated to prevent data security risks.

COMPETITION

The global and China passenger vehicle markets are highly competitive, driven by key factors including (i) development of products that can meet diverse and evolving customer needs; (ii) technological innovations in electrification and intelligentization; (iii) strong brand equity; (iv) efficient production capabilities with robust and localized supply chain; and (v) an extensive and locally adapted sales network and after-sales services. The competition in the NEV market is increasingly intensified in both domestic and overseas markets. In the China market, as the penetration rate of NEVs continues to rise, both traditional OEMs and emerging NEV brands accelerate the speed of product launches. Competition is also intense in respect of retail price, product design, intelligent cockpit, driving assistance systems, battery performance, and charging efficiency. Meanwhile, competition is escalating in overseas markets. Traditional overseas OEMs are leveraging their established brand recognition, global supply chain systems, and manufacturing expertise to build up their NEV product portfolio whereas Chinese domestic brand passenger vehicle companies are rapidly gaining market shares by optimizing production process to minimize costs and catering to rapid responses to market demands and customer preference. In response to such intense competition in the PRC, China Association of Automobile Manufacturers (CAAM) and MIIT have issued related initiatives, urging for strict adherence to the fair competition principles and implementing strong measures to curb unfair pricing practices within the automotive industry. The competition in the NEV market is no longer solely based on technological superiority or price competitiveness, but increasingly on the overall capabilities including operational efficiency, global expansion and brand building. We primarily compete with global passenger vehicle companies and Chinese domestic brand passenger vehicle companies in both domestic and overseas markets. In the future, we may also face competition from new entrants both in China and globally that will increase the level of competition.

We are the second largest Chinese domestic brand passenger vehicle company and the 11th largest passenger vehicle company globally by sales volume in 2024, according to Frost & Sullivan. We are the only one among the global top 20 passenger vehicle companies to achieve over 25.0% sales volume increases of both NEVs and ICE vehicles and in both China and overseas markets in 2024 compared to 2023, according to the same source. See "Industry Overview — Competitive Landscape of Global Passenger Vehicle Market" for details. Leveraging our cutting-edge technologies, strong R&D and manufacturing capabilities and an extensive sales and distribution network, we believe we can capitalize the market growth opportunities of global and China passenger vehicle markets. In response to the related initiatives issued by CAAM and MIIT, firstly, we will sustain our commitment to our technological innovation. In particular, we will continue to heavily invest in the research and development of core automobile technologies while accelerating the adopting of vehicle

electrification and intelligentization. Through these efforts, we aim to deliver better driving experience to our users and foster healthier and more rational competition across the industry. Secondly, we ranked No. 1 among Chinese brand passenger vehicle companies in terms of export volume of passenger vehicles for 22 years consecutively since 2003, according to Frost & Sullivan. In 2024, our sales volume of passenger vehicles in overseas markets increased by 37.4% compared to 2023. With our success and strong growth potential in the overseas markets, we will not compete on price in the China market but instead continue to differentiate ourselves through technological and product innovations in the China and overseas markets.

EMPLOYEES

As of March 31, 2025, we had 54,408 full-time employees based in the PRC and 1,712 full-time employees based outside the PRC.

The following table shows the numbers and percentages of our full-time employees by function as of March 31, 2025:

Function/department	Number of employees	% of total employees
Production	29,011	51.7
Research and Development	14,461	25.8
Sales and Marketing	6,318	11.2
Procurement	955	1.7
Administration	4,214	7.5
Finance	1,161	2.1
Total	**56,120**	**100.0**

We believe that our employees are valuable assets that contribute to the success of our Group. We recruit our employees based on a number of factors such as their industry experience in the passenger vehicle industry, their educational background, and our vacancy needs. We generally pay our employees a fixed salary and other allowances based on their respective positions and responsibilities. We also entered into individual employment contracts with our employees covering matters such as wages, employee benefits, employment scope and grounds for termination. We provide mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance, medical insurance and maternity insurance.

Our employees would undergo training to enhance their technical skills, knowledge of industry quality standards, occupational health and safety standards and applicable laws and regulations. We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages or labor strikes that led to disruptions in our Group's operations.

INSURANCE

We consider our insurance coverage adequate and in accordance with the commercial practices in the industries in which we operate. We primarily maintain property insurance, machinery breakdown insurance, domestic cargo transportation insurance, import and export cargo insurance and export product liability insurance, which we believe is in line with those of other companies in the same industry of similar size in China. We also maintain life insurance for our employees. We do not maintain business interruption insurance or key-man insurance. Our management evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all the losses associated with our business operations."

PROPERTIES

Owned Properties

As of March 31, 2025, our Company and major subsidiaries in the PRC owned the land use rights of 35 parcels of land with an aggregate site area of approximately 5,136,000 sq.m., and 151 properties with an aggregate GFA of approximately 2,040,000 sq.m. We use these properties as premises for production facilities, offices, research centers and other ancillary purposes. See "History, Development and Corporate Structure — Our Major Subsidiaries" for details of our major subsidiaries in China.

As of March 31, 2025, we owned one property with a total GFA of approximately 18,673 sq.m. in Malaysia. We use this property as premises for production facilities.

As of the Latest Practicable Date, we and our major subsidiaries had not obtained the building ownership certificates of certain properties with a gross floor area of approximately 2,000 square meters (accounting for less than 0.2% of the aggregate gross floor area of our owned properties). These properties are located in Wuhu, which we primarily use for ancillary purposes, such as sewage treatment station and guardhouses, and for staff accommodations. Our Directors are of the view that the defects of such properties would not materially and adversely affect our business operations, primarily because we have obtained a confirmation letter from the relevant competent authority indicating that such defect does not constitute a material non-compliance of relevant laws and regulation and we had not been imposed with any administrative penalties. As advised by our PRC Legal Advisor, that the risk that the relevant competent government authority may require us to demolish or relocate from or cease to use such buildings or may impose any administrative penalties on us is relatively low.

As of the Latest Practicable Date, we and our major subsidiaries were in the process of obtaining the building ownership certificates of two properties with an aggregate gross floor area of approximately 32,975.1 square meters. Such properties are located in Fujian Province and currently used as offices and for residential purposes. Our Directors are of the view that the defects of such buildings would not materially and adversely affect our business operations,

primarily because we have obtained confirmation letters from the relevant competent authorities indicating that such defect does not constitute a material non-compliance of relevant laws and regulations and we had not been imposed with any administrative penalties. Our Directors are of the view that our business operations do not materially rely on these properties and the defects of such owned buildings would not materially and adversely affect our business. As advised by our PRC Legal Advisor, there is no material legal impediment for us to apply and obtain the building ownership certificates. See "Risk Factors — There are defects in our titles of, or rights to use, certain properties."

As of March 31, 2025, we did not have any single property with a book value accounting for 15% or more of our total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Leased Properties

As of March 31, 2025, our Company and our major subsidiaries in the PRC leased 11 properties, from Independent Third Parties, with an aggregated GFA of approximately 1,284,000 sq.m., which are primarily used as production facilities and for ancillary purposes.

As of March 31, 2025, the landlord of four of our leased properties in China had not provided us with valid title certificates. These leased properties were used for the primary purpose of warehousing and workshops. Our Directors are of the view that the defects of such properties would not materially and adversely affect our business operations, primarily because our business operation does not materially rely on these leased properties. As advised by our PRC Legal Adviser, the defects of such leased buildings would not materially and adversely affect our business operations and financial performance.

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. As of the Latest Practicable Date, we had not yet completed the registration of property lease contracts we entered into in the PRC. As advised by our PRC Legal Adviser, failure to complete the lease registration will not affect the validity of the lease agreements according to PRC law, but we may have a maximum penalty of RMB10,000 imposed on us for each non-registered lease if we fail to complete the registration of any of our future lease agreements after we are requested to do so by the competent PRC government authorities. As of the Latest Practicable Date, we had not been ordered to make corrections by the competent local counterpart of Ministry of Housing and Urban Development. See "Risk Factors — Risks Relating to Our Business and Industry — We may face penalties for the non-registration of our lease agreements in China."

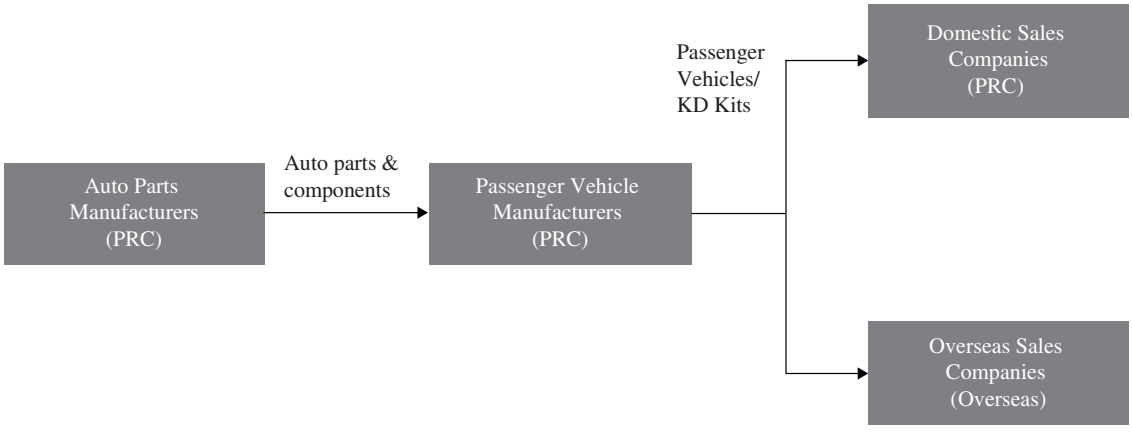
As of March 31, 2025, we also leased properties in jurisdictions outside the PRC. Such properties are primarily used as office buildings, warehousing and staff accommodation.

INTRA-GROUP TRANSACTIONS

The Organization for Economic Cooperation and Development (the "**OECD**"), an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**"). According to the OECD Transfer Pricing Guidelines, our intra-Group transactions should be on an arm's-length basis.

We conducted business operations primarily through our Company and our PRC and overseas subsidiaries with the following material intra-group transactions during the Track Record Period (the "**Intra-Group Transactions**"): (i) our certain subsidiaries that are engaged in passenger vehicle manufacturing in China (the "**Passenger Vehicle Manufacturers**") procured auto parts and components from our certain subsidiaries that are engaged in auto parts manufacturing in China (the "**Auto Parts Manufacturers**"); and (ii) the Passenger Vehicle Manufacturers sold passenger vehicles and/or KD kits to our certain PRC subsidiaries that are engaged in sales of passenger vehicles and/or KD kits (the "**Domestic Sales Companies**") and overseas subsidiaries that are engaged in sales of passenger vehicles and/or assembly of purchased KD kits into passenger vehicles for further sales in local market (the "**Overseas Sales Companies**") located in jurisdictions such as Russia, Mexico, Italy, Indonesia and Malaysia.

The diagram below sets forth the business and logistic flow of the Intra-Group Transactions within the Group during the Track Record Period:



During the Track Record Period, the Group mainly applied the following transfer pricing methods in respect of the Intra-Group Transactions:

(i) When Passenger Vehicle Manufacturers procured auto parts and components from Auto Parts Manufacturers, the parties to the transaction mainly determined the transfer pricing of parts and components through the comparable uncontrolled prices reflected in centralized bidding processes, or by ensuring that the Auto Parts Manufacturers obtained a full cost markup profit level in line with the arm's length principle when the market prices were unavailable.

(ii) When Passenger Vehicle Manufacturers sold passenger vehicles to Domestic Sales Companies for sales in Chinese domestic market, the transaction parties mainly determined the transfer pricing of the passenger vehicles through the profit split method according to the contributions made in specific model of passenger vehicle by the Passenger Vehicle Manufacturers and the Domestic Sales Companies.

(iii) When Passenger Vehicle Manufacturers sold passenger vehicles to Domestic Sales Companies for export or to Overseas Sales Companies for sales in overseas local markets, the transaction parties usually determined the transfer pricing of passenger vehicles by ensuring that Domestic Sales Companies or Overseas Sales Companies retained the operating profit level in line with the arm's length principle based on the functions performed and risks assumed by Domestic Sales Companies and Overseas Sales Companies; and

(iv) When Passenger Vehicle Manufacturers sold KD kits to Overseas Sales Companies for further assembly in local market, the transaction parties usually determined the transfer pricing of KD kits by ensuring that Overseas Sales Companies retained the full cost mark-up profit level in line with the arm's length principle based on the functions performed and risks assumed by Overseas Sales Companies.

In accordance with the applicable tax laws and regulations of the relevant tax jurisdictions, intra-group transactions must comply with the arm's length principle. We have engaged a transfer pricing advisor, Ernst & Young (China) Advisory Limited (the "**Transfer Pricing Advisor**") to review and assess the Group's transfer pricing arrangements. The Transfer Pricing Advisor reviewed the Intra-Group Transactions, interviewed the management of the Group, conducted industry analysis and comparability analysis and evaluated whether the price or profit level of the Intra-Group Transactions met the price and profit level required by the arm's length principle under appropriate transfer pricing methods. The review and analysis conducted by the Transfer Pricing Advisor is mainly based on the OECD Transfer Pricing Guidelines and the requirements of relevant PRC transfer pricing laws and regulations.

The Transfer Pricing Advisor selected the following assessment methodologies based on the nature and characteristics of the Intra-Group Transactions: (i) Comparable Uncontrolled Price ("**CUP**") method or Transaction Net Margin Method ("**TNMM**") was applied for the procurement of auto parts and components by the Passenger Vehicle Manufacturers from Auto

Parts Manufacturers; (ii) profit split method or TNMM was applied for the sales of passenger vehicles from the Passenger Vehicle Manufacturers to the Domestic Sales Companies for passenger vehicles sold in Chinese domestic market; (iii) TNMM was applied to evaluate the transfer pricing of sales of passenger vehicles from Passenger Vehicle Manufacturers to Domestic Sales Companies for export sales of passenger vehicles and to Overseas Sales Companies; and (iv) TNMM was applied to the KD kits sold by the Passenger Vehicle Manufacturers to Overseas Sales Companies. TNMM compares the net profit margin of the Intra-Group Transactions with the net profit margin achieved by comparable transactions between independent third parties. CUP method compares the prices charged under the Intra-Group Transactions with the prices of comparable transactions between independent third parties. The profit split method allocates the transfer pricing price or profit according to the value contribution made by the participants involved in the Intra-Group Transactions.

Based on the above analysis, the Transfer Pricing Advisor is of the view that (i) the weighted average price and/or profit level of the Intra-Group Transactions conducted by the Group during the Track Record Period is within the range of the respective arm's length price and/or profit margin; (ii) the Group's transfer pricing arrangements meet the requirements of the arm's length principle; and (iii) there is no material transfer pricing risk identified on the Intra-Group Transactions of the Group during the Track Record Period.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our Business and Industry — We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings."

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Legal Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that would have a material adverse effect on our business, financial condition and results of operations.

LICENSES, APPROVAL AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we have obtained all licenses, approvals and permits that are material and necessary for our business operations in jurisdictions where we operate, and such licenses, approvals and permits are valid and subsisting.

The following table sets forth details of our material licenses and permits:

		Project Permit[1]		Manufacturer Access Permit[1]	
License/Permit	Holder	Issuing Authority	Grant Date	Issuing Authority	Grant Date
Vehicle Production Qualification (整車生產資質) . . .	Our Company	Anhui Provincial Development and Reform Commission	November 10, 2006	NDRC	September 10, 2004
	Our Company	Anhui Provincial Development and Reform Commission	October 16, 2023	MIIT	February 04, 2024
	Our Company	Anhui Provincial Development and Reform Commission	August 13, 2024	MIIT	December 30, 2024
	Dalian Branch of our Company	Department of Equipment Industry of MIIT	September 27, 2009	MIIT	November 05, 2012
	Ordos Branch of our Company	Department of Equipment Industry of MIIT	November 20, 2012	MIIT	June 24, 2013
	Qingdao Branch of our Company	Qingdao Municipal Development and Reform Commission	February 8, 2021	MIIT	July 17, 2023

		Project Permit[1]		Manufacturer Access Permit[1]	
License/Permit	Holder	Issuing Authority	Grant Date	Issuing Authority	Grant Date
	Henan Branch of our Company	Henan Provincial Development and Reform Commission	May 14, 2024	MIIT	October 18, 2024
	Chery New Energy	NDRC	October 25, 2016	MIIT	September 05, 2018
	Shijiazhuang Branch of Chery New Energy	Hebei Provincial Development and Reform Commission	January 8, 2019	MIIT	September 13, 2023
	Qihe Branch of Chery New Energy	Shandong Provincial Development and Reform Commission	July 9, 2018	MIIT	July 20, 2020

Note:

1. There is no expiry date for the project permit and manufacturer access permit, respectively.

AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we received awards and recognition in respect of our products, technologies and innovations, significant ones of which are set forth below:

Year	Award/Recognition	Awarding Institution/Authority
2022	Gold Medal of the 47th International Convention on Quality Control Circles	the 47th International Convention on Quality Control Circles (ICQCC)
2023	2023 Forbes China ESG Innovators	Forbes China ESG Innovation Awards Organizing Committee
2023	Green Supply Chain Management Enterprise	MIIT

Year	Award/Recognition	Awarding Institution/Authority
2023	First Prize of the 28th National Enterprise Management Modernization Innovation Achievements	China Enterprise Confederation, China Entrepreneurs Association
2023	Ranked No. 1 among Chinese passenger vehicle brand in the 2023 China Initial Quality Study (IQS)	J.D. Power
2023	China Top 10 Engine and Hybrid System Award	Automobile and Sport
2024	2024 Fortune China ESG Impact List	Fortune China
2024	National Enterprise Culture Best Practice Enterprise	China Enterprise Confederation, China Entrepreneurs Association
2024	Excellent Sustainable Development Practice Case	China Association of Automobile Manufacturers
2024	Quality Technology Award – Second Prize	China Association of Quality
2024	Ranked 187th in the list of China's 500 Most Valuable Brands in 2024	World Brand Lab
2024	Ranked No. 1 among Chinese passenger vehicle brands in the 2024 China Sales Satisfaction Index (SSI)	J.D. Power
2024	Ranked No. 1 among Chinese passenger vehicle brands in the 2024 China Automotive Performance, Execution and Layout (APEAL) Study	J.D. Power
2024	Ranked No. 1 among Chinese passenger vehicle brands in the 2024 China Initial Quality Study (IQS)	J.D. Power

Year	Award/Recognition	Awarding Institution/Authority
2024	Ranked No. 1 in the automotive category of the 2024 Top 50 China Global Brand	Google and Kantar
2025	2025 Fortune China ESG Impact List	Fortune China
2025	T9 under Fulwin series ranked No. 1 among PHEVs in the 2025 China NEV-IQS	J.D. Power

BUSINESS ACTIVITIES IN REGIONS SUBJECT TO INTERNATIONAL SANCTIONS

Certain countries or organizations, including the U.S., the EU, the United Kingdom, the United Nations and Australia, maintain economic sanctions and trade restrictions targeting certain industries or sectors within certain regions subject to International Sanctions. In general, there are two types of International Sanctions: (i) primary sanctions, which are triggered when transactions involve a nexus to the sanctions-administering jurisdiction; and (ii) secondary sanctions, which can be enforced without a nexus to the sanction-administering jurisdiction, when certain transactions involve certain sanctioned regions, activities, entities and/or sectors.

U.S. sanctions

Primary sanctions

Primary U.S. sanctions can be triggered when a transaction involves a U.S. nexus, which is generally where the transaction involves a U.S. person or entity, U.S. items or the transaction is denominated in U.S. dollars. During the Track Record Period, we had sales of Chinese-origin passenger vehicle and auto parts to non-sanctioned customers located in the Balkans (Serbia), Belarus, Cuba, Democratic Republic of the Congo, Egypt, Ethiopia, Hong Kong, Iran, Iraq, Lebanon, Libya, Myanmar, Nicaragua, Russia, Somalia, Tunisia, Turkey, Ukraine (excluding the Crimea/so-called Luhansk People's Republic and so-called Donetsk People's Republic regions/Kherson/Zaporizhzhia regions), Venezuela and Yemen ("**Relevant Regions**"). Among the Relevant Regions, Iran and Cuba are Comprehensively Sanctioned Countries in the U.S. sanctions regime and are subject to broad-based territorial sanctions. The revenue generated from our sales to Iran and Cuba represented less than 0.5% of our total revenue for each of the period during the Track Record Period. The revenue generated from our sales to Russia were represented approximately 13.4%, 25.5%, 17.7% and 10.7% of our total revenue for the period during the Track Record Period, respectively. There is no outstanding commitment that the Group has yet to fulfill in relation to its transactions with Iran and Cuba as at the Latest Practicable Date. The U.S. sanctions programs against Iran and Cuba prohibit U.S. persons from dealing with such Comprehensively Sanctioned Countries and their governments as well as persons or entities in such countries or territories; transactions with Iran and Cuba involving

other U.S. nexus (including transactions denominated in U.S. dollars) are also prohibited under the said regimes, regardless if a U.S. person is involved. In contrast, the other Relevant Regions are subject to a more limited set of sanctions targeting certain sanctioned entities and/or sectors in the countries or territories.

To mitigate sanctions risks, the Group had ceased its sales with Iran and Cuba as of December 31, 2024. As advised by our International Sanctions Legal Advisers, during the Track Record Period the Group's activities in the Relevant Regions did not represent a Primary Sanctioned Activity or a violation of the U.S. primary sanctions, on the following bases:– (i) save for the transactions with Iran and Cuba, we had no transactions with other Comprehensively Sanctioned Countries; and for our transactions with Iran and Cuba, they only involved sales of Chinese-origin passenger vehicle and auto parts for maintenance denominated RMB or EUR, therefore no U.S. nexus was involved in the transactions and U.S. primary sanction was not triggered; and (ii) for the transactions with other Relevant Regions (i.e. non-Comprehensively Sanctioned Countries), our customers in such countries or territories were not Sanctioned Targets and therefore the transactions did not represent a violation of the U.S. primary sanctions.

Secondary sanctions

U.S. secondary sanctions can apply extra-territorially and without a U.S. nexus. The United States has through executive orders provided grounds for agencies, including OFAC, to designate entities viewed to be "operating in" certain sectors in sanctioned countries or territories, including the Relevant Regions. There is a risk that OFAC may consider us as operating in the "transportation" sector of Russia by virtue of our sales of automobiles to Russia and our subsidiaries in Russia, hence there could be exposure to secondary sanctions enforcement risk. However, OFAC through FAQs explained that a sector determination made pursuant to EO 14024 does not automatically impose sanctions on all persons who operate or have operated in the sector, only persons designated pursuant to EO 14024 for being viewed to operate or viewed to have operated in the certain designated sector are subject to sanctions. In OFAC FAQ 1151, OFAC provided guidance the facts and circumstances attributable to whether OFAC would designate under EO 14024 include the totality when determining whether a transaction or transactions are "significant", including: "(a) the size, number, and frequency of the transaction(s); (b) the nature of the transaction(s); (c) the level of awareness of management and whether the transactions are part of a pattern of conduct; (d) the nexus of the transaction(s) to persons sanctioned pursuant to EO 14024, or to persons operating in Russia's military-industrial base; (e) whether the transaction(s) involve deceptive practices; (f) the impact of the transaction(s) on U.S. national security objectives; and (g) such other relevant factors that OFAC deems relevant."

Taking into account of the guidance provided by OFAC, when assessing the totality of our Russia sales, our International Sanctions Legal Advisers took into consideration the following factors provided by us, including:

(i) our products (i.e. vehicles or aftermarket parts for maintenance) are not listed on the Russia Critical Items Determination issued pursuant to subsection 11(a)(ii) of EO 14024 (a list that OFAC identified certain items that support Russia's military-industrial base) nor the Common High Priority List issued by the Bureau of Industry and Security on February 23, 2024 (a list that BIS listed 50 common high priority items to highlight for industry that these items pose a heightened risk of being diverted illegally to Russia because of their importance to Russia's war efforts);

(ii) we did not sell vehicles or parts subject to the EAR to Russia;

(iii) Our sales to Russia were denominated in Russian Rubbles and were processed through non-sanctioned banks;

(iv) we did not engage in transactions, business or financial dealings that directly or indirectly involve or benefit any Sanctioned Targets (including those subject to sanctions restrictions because of sanctions ownership), SDNs, "military end-users" or "military end-use" such as the national armed services (army, navy, marine, air force, or coast guard), the national guard and national police, government intelligence or reconnaissance organizations, intelligence or reconnaissance organization of the armed services, or national guard, or any person or entity whose actions or functions are intended to support military or military-intelligence end-uses (as defined in Part 744 of the EAR);

(v) we had not been designated as a Sanctioned Target as of the Latest Practicable Date; and

(vi) to demonstrate our compliance efforts, we will downscale our operation and sales in Russia to mitigate sanctions risks, including downscaling our presence and sales in Russia.

Our International Sanctions Legal Advisor also took into account to the recent enforcement trends when assessing our secondary sanctions risks, including that (i) as of the Latest Practicable Date, no Chinese vehicle manufacturer had been designated under the EO 14024 secondary sanctions authority for selling automobiles in Russia; and (ii) during the Track Record Period, other major non-Russian labels had also been selling to Russia, and as of the Latest Practicable Date no SDN designation had been made against any non-Russian companies for such activity.

These factors demonstrated that (i) we did not supply any products subject to U.S. export controls to Russia; (ii) our products sold to Russia are not identified by OFAC or BIS as products critical or of high priority for the Russia military effort; (iii) we did not engage in transactions, business or financial dealings with persons sanctioned pursuant to EO 14024, or to persons operating in Russia's military-industrial base; (iv) recent enforcement actions do not indicate that secondary sanctions against non-Russian companies for selling vehicle to Russia are an immediate enforcement priority. While our scope of business involves transportation in a broad sense, it remains for the Treasury to designate and determine whether the Group indeed "operates in the Russian transportation sector." We are currently not designated under EO 14024. The fact that our business involves transportation does not mean that EO 14024 automatically imposes sanctions on us. In addition, we are further demonstrating our sanctions and export controls compliance efforts by downsizing our operations and sales in Russia. Based on the aforementioned, as advised by our International Sanctions Legal Advisers, we believe the risk of secondary sanctions risk is fairly low for the Group's operation in general and in relation to our sales to Russia.

UN, EU, UK and Australia

As further advised by our International Sanctions Legal Advisers, our business dealings in the Relevant Regions did not implicate restrictive measures adopted by the UN, the EU, the U.K., and Australia because our customers in the Relevant Regions were not sanctioned under any sanctions regimes administered by the UN, the EU, the U.K. and Australia. For a summary of the sanctions regimes imposed by these countries, see "Regulatory Overview — Sanctions Laws and Regulations."

Risk Exposure and Internal Controls

To mitigate our sanctions risks, we had ceased our transactions with Iran and Cuba as of December 31, 2024 and are downscaling our activities with Russia. In March 2025, we begun to downsize our Russian operations and in April, we entered into agreements to dispose a portion of our local assets and distribution channels. In particular, on April 28, 2025, we entered into agreements with three companies in Russia, pursuant to which we agreed to transfer (i) our inventories primarily involving passenger vehicles under the brands and product series of CHERY and EXEED and OMODA and JAECOO and (ii) associated warranty obligations and local distribution networks for these brands product series. It is expected that we will gradually reduce existing brands and distribution channels in Russia by 2027. While we are striving to increase our existing market share in overseas markets, we are also actively expanding into other overseas markets to minimize the impact of the downsizing of our Russian operations on our results of operations and financial performance. During the Track Record Period, we primarily sold our passenger vehicles in Russia through a network of local dealers. Our subsidiaries in Russia are responsible for sales, marketing and managing our local dealerships. We primarily sold passengers vehicles under the brands and product series of CHERY, JETOUR and EXEED and OMODA and JAECOO in Russia. As of December 31, 2022, 2023 and 2024 and March 31, 2025, we had 130, 342, 372 and 372 dealers and 141, 564, 682 and 687 dealership outlets, respectively, in Russia. In selecting our dealers and dealership

outlets in Russia, we generally adopt the similar approach in selecting those in our home market. Our inventory in Russia primarily includes whole passenger vehicles. We implement an inventory management policy on the acceptance, storage, accounting, disposal and custom clearance to ensure the safety and integrity of inventory, thus improving the operational efficiency. The revenue generated from our sales to Russia as a percentage of the total revenue of our Company decreased from 25.5% in 2023 to 17.7% in 2024 and further to 10.7% in the three months ended March 31, 2025 and is expected to downscale the sales of passenger vehicles in Russia as a percentage of total revenue contribution to be negligible in 2027. The Directors confirm that the scaling down of our Russian business would unlikely to have any material adverse impact on the Group's business operations and financial performance with the following basis: firstly, as a Chinese domestic brand passenger vehicles company with global operations, the Company is well positioned to capture the potential growth opportunities in the PRC and overseas markets capitalizing its well established R&D centers, production and sales network worldwide. With the continuous growth of sales in both the PRC and overseas markets, the revenue of the Company generated from the sales to Russia as a percentage of the total revenue of the Company decreased from 25.5% in 2023 to 17.7% in 2024 and further to 10.7% in the three months ended March 31, 2025; secondly, since the Company does not have production facilities in Russia, its operational and sales cost would decrease accordingly with the downsizing business operations in Russia; and thirdly, vehicles manufactured in the PRC under current production capacity can be flexibly allocated to the demand in the non-Russian markets. We will closely monitor the geopolitical changes and may adjust our business strategy in Russia in the future in response to changes in the international regulatory environment, including sanctions and export controls programs. In addition, we have appointed an internal control consultant to review the effectiveness of our internal control measures related to our major business processes, including our measures in managing economic sanction risks. After the review of the internal control consultant, we have formulated corresponding enhanced internal control and risk management measures in February 2025, which will be comprehensively implemented before [**REDACTED**].

- we will set up and maintain a separate bank account upon the [**REDACTED**], which will be designated for the sole purpose of the deposit and deployment of the [**REDACTED**] from the [**REDACTED**] or any other funds raised through the Stock Exchange;

- our finance department will review, approve, process and monitor the use of [**REDACTED**] from the [**REDACTED**], as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Russia, Belarus, the Comprehensively Sanctioned Countries or Sanctioned Targets, and it will report to the Directors on the use of [**REDACTED**] on a semi-annual basis;

- to further enhance our existing internal risk management functions, our legal department is responsible for controlling and monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. Our legal department will hold a meeting biannually to control and monitor our exposure to sanctions risks and to review our procedures implemented over sanctions screening;

- we will evaluate the sanctions risks prior to determining whether we should embark on any business opportunities in regions subject to International Sanctions or Sanctioned Targets. According to our internal control procedures, our legal department needs to review and approve all relevant business transaction documentation from customers or potential customers, suppliers and vendors from regions subject to restrictions under International Sanctions or who are Sanctioned Targets. In particular, as of Latest Practicable Date, we had implemented the screening process to identify if the potential transaction counterparty of the Group is a person or entity on the various lists of restricted parties or located in sanctioned regions maintained by the U.S., the EU, the UN, the U.K. or Australia. Our legal department will provide such lists of restricted parties and regions under International Sanctions to our Directors, senior management and other relevant personnel, who will in turn disseminate such information internally. The transactions that fail the internal review will not be proceed. We have engaged an external vendor to introduce an advanced information technology system, which enables automatic and active monitoring to be integrated into all business-related units and will perform real-time screening on entities and counterparties in proposed and ongoing transactions against the dynamically updated lists of Sanctioned Targets. The system was launched in June 2025. The advanced information technology system will also perform ongoing monitoring of the Group's existing entities and counter parties by crosschecking these names against the lists of Sanctioned Targets on a regular basis. At the same time, our legal department should quarterly review the existing customers and suppliers lists to ensure that the Group does not engage in transactions with countries, regions, entities or individuals on the sanction lists. If any potential sanctions risk or suspicious transaction is identified, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;

- The Group will adopt policy before the [**REDACTED**] with respect to self-reporting of sanctions risks, including consultation with its sanctions legal advisers and timely reporting to the relevant government authority upon identification of any confirmed sanctions violations.

- we will include a compliance clause in contracts with the Group's customers and suppliers or request a separate certification from the customers and suppliers, requesting them to undertake (i) to comply with all sanctions imposed by the U.S., the EU, the UN, the U.K. and other economic sanctions applicable to them and us; (ii) not to take any action, including the sale, distribution or delivery of our products

which could cause them or us to violate any applicable sanctions; and/or (iii) not to take any action, including the sale, distribution or delivery of any products to our Group which could cause them or us to violate any applicable sanctions.

- our Directors will continuously monitor the use of [**REDACTED**] from the [**REDACTED**], as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Russia, Belarus, the Comprehensively Sanctioned Countries or Sanctioned Targets;

- our legal department and internal audit department will review our internal control policies and procedures with respect to sanctions matters as part of the biannual meeting. Our legal department will provide the latest list of regions and restricted suppliers and customers subject to International Sanctions to our Directors, senior management and other relevant personnel, who will in turn disseminate such information internally. As and when our legal department considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice;

- if necessary, we will engage external legal counsel to provide compliance training relating to the International Sanctions to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations, in particular, to perform screening procedures in respect of counterparties to our Group's business to ensure none of them are Sanctioned Targets; and

- our audit team will conduct internal audit on a semi-annual basis, monitoring the implementation of sanction-related internal control policies and procedures and requesting corrective action for any identified non-compliance.

Our Directors confirm that we do not have any present intention to undertake any business involving directly or indirectly the Comprehensively Sanctioned Countries. We will not knowingly or intentionally conduct any business with any Sanctioned Targets, or any business in any Comprehensively Sanctioned Countries that will cause us to violate International Sanctions, and we will not use the [**REDACTED**] from the [**REDACTED**] or any other funds raised through the Stock Exchange to finance or facilitate, directly or indirectly, activities or business involving, or for the benefit of, parties with ties to Russia, Belarus, the Comprehensively Sanctioned Countries or Sanctioned Targets. Our Directors will continuously monitor the use of [**REDACTED**] from the [**REDACTED**], as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, parties with ties to Russia, Belarus, the Comprehensively Sanctioned Countries or Sanctioned Targets. Our internal control consultant has reviewed the enhanced internal control and risk management measures and is of the view that such measures are adequate and effective.

Given the scope of the [**REDACTED**] and the expected use of [**REDACTED**] from the [**REDACTED**] as set out in "Future Plans and [**REDACTED**]", our International Sanctions Legal Advisers are of the view that the sanctions risk exposure to the Joint Sponsors, future investors and future public shareholders and persons who might, directly or indirectly, be involved in permitting the [**REDACTED**], [**REDACTED**], clearing and settlement of the Shares, including the Stock Exchange and its related group companies is low.

IMPACT OF U.S. AND EU TARIFF REGULATIONS AND U.S. RESTRICTIONS ON SEMICONDUCTOR EXPORTS

The current tension in international trade and rising political tension, may affect our business operations and results of operation as this could potentially affect the demand of our customers for passenger vehicles. In early 2025, the U.S. government issued multiple executive orders implementing additional tariffs on imports from various jurisdictions, including additional tariffs amounting to an aggregate of 145% on imports from the PRC that took effect on April 10, 2025 (the IEEPA tariffs), and the proclamation invoking Section 232 of the Trade Expansion Act of 1962 that imposed a 25% tariff on imported automobiles with effect from April 3, 2025 (Section 232 tariffs). On May 12, 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship. In particular, the U.S. government took actions to reduce the IEEPA tariff rate to 30% on imports from the PRC on a temporary basis for an initial period of 90 days from May 14, 2025, which was extended for another 90 days on August 12, 2025. Nevertheless, other potential duties could be imposed depending on the changing international trade environment. We did not generate any revenue from sales of passenger vehicles to the U.S in each period during the Track Record Period. In addition, on October 29, 2024, the EU members voted to adopt provisional countervailing duties of up to 35.3% on imports of Chinese-made EVs which entered into effect on October 30, 2024. The specific duty rate is dependent of the Chinese EV manufacturers. The revenue from our exports of passenger vehicles to EU accounted for less than 3.8% of our total revenue in each period during the Track Record Period.

Our Directors do not expect that the tariffs imposed by the U.S. and EU regarding Chinese imports or NEVs would result in a material adverse impact on the business operations and financial performance of our Group given that (i) we did not export passenger vehicles directly to the U.S. in each period during the Track Record Period and as of the Latest Practicable Date, we did not have specific plans to export passenger vehicles directly to the U.S. and (ii) the sales of our passenger vehicles to the EU markets is relative small compared to other overseas markets in each period during the Track Record Period and we plan to further advance localized manufacturing and assembly and expand our overseas production network in EU markets, thereby reducing tariff risks. However, the U.S. and EU tariffs and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with short or no advance notice. We cannot assure you that we will not be subject to stricter tariff rules or trade restrictions in the future and we may be subject to risks relating to tariff changes. See

"Risk Factors — Risks relating to our Business and Industry — Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may affect our business, financial condition and results of operations."

Moreover, on October 7, 2022, the U.S. Department of Commerce, the U.S. Bureau of Industry and Security ("**BIS**") published rules that introduce new restrictions related to semiconductors, semiconductor manufacturing, supercomputers, and advanced computing items and end uses in Mainland China, Hong Kong or Macau. BIS' rules on advanced computing and semiconductor manufacturing were implemented in two key areas. First, these rules impose restrictive export controls on certain advanced computing semiconductor chips and software, transactions for supercomputer end-uses, and transactions involving certain entities on the Entity List. Second, these rules impose new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit (IC) end uses. We purchased automotive chips that can generally be exported without a license (a type of products that are generally consist of low-technology consumer goods and do not require a license to export in most situations) from the U.S. for use in our passenger vehicles. As advised by our International Sanctions Legal Advisers, such purchases are not currently affected by U.S. export control laws in any material respect. Based on the conclusion reached by the International Sanctions Legal Advisers, the Directors are of the view that the continued tightening of U.S. restrictions on semiconductor exports would not have a material adverse impact on the business operations and financial performance of our Group. However, as the Entity List and other U.S. export control laws and regulations continue to expand and evolve, we cannot assure you that we will not be subject to stricter U.S. export control laws and regulations in the future and we may be subject to risks relating to such changes. See "Risk Factors — Risks relating to our Business and Industry — Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may affect our business, financial condition and results of operations."

ENVIRONMENT, SOCIAL AND GOVERNANCE MATTERS

Corporate Governance

We are committed to fostering sustainable practices, promoting social responsibility, and maintaining strong governance standards, reflecting our dedication to Environmental, Social, and Governance ("**ESG**") principles. We established an ESG policies ("**ESG Policy**") in accordance with the standards of Appendix C2 to the Listing Rules, which outlined, among others, (i) the appropriate risk governance on ESG matters; (ii) ESG strategy formation procedures; (iii) management and monitoring of ESG risk (including climate-related risks); and (iv) the identification of key performance indicators and the relevant measurements and a multi-level sustainable development governance structure from top to bottom, consisting of the governance layer, management layer, executive supervision layer, and execution layer.

The Board has the overall responsibility for our ESG matters including evaluating and determining our ESG-related risks, and establishing, adopting and reviewing the ESG visions, policy and target of our Group. The Board of Directors has established the Strategy and

Sustainability Committee, consisting of Mr. Yin Tongyue, Ms. Wang Laichun, Mr. Wang Jinhua, Mr. Zhang Guozhong, Mr. Yin Xiangling, Mr. Lai Ni Hium, Frank and Mr. Ye Shengji, to lead the ESG vision and goals, ESG risks and opportunities, ESG strategy, system building, information disclosure and other management matters, and to make suggestions on ESG-related work to the Board of Directors in a unified manner, ensuring that the ESG governance functions are fully performed. For details of the information and working experience of core members of the Strategy and Sustainability Committee, see "Directors, Supervisors and Senior Management."

We identify potential material ESG issues that may affect our Group's business or stakeholders such as customers, suppliers, dealers and employees, based on the corporate strategies of our Group and characteristic of the industry, as well as developments in national policies and applicable regulatory requirements, industry standards, capital markets and peer ESG concerns. We assess the materiality of ESG issues using two-dimensional metrics of "materiality to stakeholders" and "materiality to our business development" by taking into account the feedback received from stakeholders and research results.

Climate-related risk and opportunities

We have attached great importance to the impact brought by climate change on our financial operations and sustainable development. With reference to the list of climate related risks recommended by the Task Force on Climate-related Financial Disclosures, we identified physical risk and transition risk as our key climate-related risks. Physical risk refers to the risk related to the frequent extreme weather events such as rainstorms and typhoons which may disturb our normal operation and cause our economic losses. Transition risk refers to medium and long-term financial risk related to the shift towards a lower-carbon economy, for example, changes in climate-related policies and regulations, technological changes, or a change in market sentiment. As such, the operating costs caused by climate-related policies and regulations in sustainable practice requirements may be increased.

We also believe that climate change may bring about opportunities to our business operations and financial positions. For example, regulators promulgate policies to build a market-based mechanism for the coordinated development between energy conservation and NEVs, and in response, we have accelerated technological innovation in NEVs and improved the performance of ICE vehicles to reduce carbon emission.

Environmental protection

We are committed to practicing environmental protection and promoting sustainability to fulfil our social responsibilities as a global corporate citizen. We have formulated numerous environmental management policies and measures to avoid and reduce the risks and impacts of our operations on the environment. As of March 31, 2025, five of our production bases had been rated as national-level "green factories." In 2023, were awarded "Green Supply Chain Management Enterprise" by MIIT.

We have set the following specific ESG-related targets:

Strategy theme	Reduction Targets by 2026
Greenhouse Gas Emission Reduction	5% reduction in average vehicle lifecycle emissions
Electricity Consumption Reduction	5% reduction in electricity consumption per vehicle
Water Consumption Reduction	5% reduction in water consumption per vehicle
Wastes Discharge	2% reduction in hazardous waste emission intensity per vehicle

To achieve the reduction targets, we have adopted the measures set forth below. See "— Environment, Social and Governance Matters — Emissions" and "— Environment, Social and Governance Matters — Use of Resources".

Emissions

Wastes Discharge

We strictly adhere to the requirements of waste management in our operation and production. We have established various wastes management measures, such as "Solid Waste Pollution Prevention and Control Management Measures", "Hazardous Waste Management Measures" and "Hazardous Waste Storage Safety Management Measures", which are designed to reduce resource consumption and negative impact on environment.

For household wastes and non-hazardous solid wastes, we conduct classification collection and engage third-party organizations for recycling or transport them to designated waste treatment plants for processing, promoting the recycling and reuse of wastes.

We use low-temperature drying technology to treat sludge from the sewage treatment plant, achieving a weight reduction of up to 45.0% compared to traditional methods. We place hazardous wastes in a temporary storage area within our production bases and implement stringent measures in respect of collection, storage, transportation, and disposal. All hazardous wastes generated will be entrusted to qualified third-party entities for disposal to prevent any pollution into the environment.

Air Emission

We have established measures such as "Air Pollution Prevention and Control Measures" to manage exhaust emissions. We advocate green production whereby we implement a comprehensive exhaust emissions management procedures covering the source, process, and end-of-pipe treatment. Moreover, we use NEVs as our daily factory trailers or business-use vehicles to reduce green gas emissions.

Wastewater

We have established measures such as the "Water Pollution Prevention and Control Measures" to strictly implement various wastewater discharge standards set by regulatory agencies and industry requirements. Our measures include standardizing wastewater treatment processes, continuously upgrading wastewater treatment facilities and technologies, and ensuring the treatment of industrial and domestic wastewater in compliance with applicable discharge standards. We have an automatic monitoring system whereby we are able to monitor pollutant discharge indicators at various discharge points for prevention of any pollution into the environment.

Use of Resources

Energy Consumption

We establish the management system measures with high standards and our measures include "Energy Management Manual" and "Energy Utilization Management Measures." We have developed a comprehensive energy management system that features visual management of energy processes. It monitors energy consumption data from power and auxiliary equipment, and optimizes energy-saving plans through data analysis and forecasts, and thus improving energy management efficiency. As of March 31, 2025, we have passed the energy management system certification audits for GB/T 23331-2020, ISO 50001:2018, and RB/T119-2015.

Water consumption

We strictly adhere to applicable laws and regulations such as "Water Law of the People's Republic of China" and "Law of the People's Republic of China on the Prevention and Control of Water Pollution." The water used in our production operations mainly from municipal water supplies. To reduce the consumption of fresh water, we implement lean production management and promote green office practices.

At the same time, we actively engage in the recycling of industrial wastewater. We implemented specialized technology and equipment to ensure that recycled industrial wastewater meets reuse standards. Moreover, we utilize greywater treatment and rainwater collection systems to use recycled water for landscape maintenance, ground washing, and other similar purposes, maximizing the use of water resources.

The following is our environmental protection related indicators during the Track Record Period.

	Unit	For the year ended December 31,			For the three months ended March 31,
		2022	2023	2024	2025
Resource consumption					
Energy consumption	MWh	712,359.7	1,172,871.1	1,833,274.7	464,286.0
Freshwater intake	tonne	2,956,576.0	4,319,252.7	6,121,754.9	1,803,643.0
Greenhouse gas emission					
Scope 1 emission	tCO2e	78,691.2	139,965.9	202,687.4	93,340.1
Scope 2 emission	tCO2e	284,538.8	363,502.0	530,395.1	84,892.1
Scope 3 emission	tCO2e	–	57,194.3	97,718.1	26,179.1
Pollutant management					
Hazardous waste	tonne	8,639.4	12,627.2	20,426.6	5,127.4
Industrial wastewater	tonne	979,501.0	1,438,032.7	2,704,701.4	586,483.6

Note:

- Greenhouse gas emissions indicators are calculated with reference to the GHG Protocol issued by the World Resources Institute and the World Business Council for Sustainable Development. Scope 1 greenhouse gas emissions refer to direct emissions from sources that are owned or controlled by our Group, whereas scope 2 greenhouse gas emissions refer to energy indirect emissions resulting from the generation of purchased or acquired electricity or heat within our Group. Scope 3 greenhouse gas emissions include fuel and energy related activities, employee business trips and employee commuting but do not include scope 1 and scope 2 green gas emissions.

Social Matters

We promote diversity and equal treatment in recruitment, training, and professional and personal development of our employees. We regard our employees as the most valuable wealth and endeavor to build a "Happy Chery" whereby their life dreams and career values can be realized. We are committed to maintaining work-life balance, fostering a positive working environment, and providing equal job opportunities for everyone.

We make contribution to various social welfare schemes for our employees. These schemes include contributions to social insurance and housing provident funds in according to applicable laws and regulations. In this regard, we make contributions to five categories of insurance including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance.

Moreover, our human resources department periodically reviews and updates our social and employee policies with our legal teams to reflect any significant changes in applicable labor and safety laws and regulations.

As a corporate citizen, we are devoted to public welfare and charity programs. We collaborate with international welfare organizations such as UNICEF to fulfil our social responsibility. We also practice "In somewhere, For somewhere" to create value wherever we operate worldwide, collectively working towards a better world.

Caring for Children

In 2023, we and UNICEF announced a two-year joint partnership, supporting its global education programs aimed at providing quality education to the most disadvantaged and marginalized children. We also support education programs in China, Mexico, South Africa and Turkey that create healthy and safe learning environments for children and young people, empowering them with the skills and knowledge they need to thrive in their communities and beyond. We believe that investing in education is the most cost-effective way to bring children with disadvantage and marginalized background into a promising future and ultimately benefit the society as a whole.

Disaster Relief and Assistance

We have been actively provided relief and assistance to people suffered from natural disasters in China and overseas. When a 6.2-magnitude earthquake occurred in Gansu Province and Qinghai Province on December 18, 2023, we donated funds through the China Charity Federation for emergency rescue and disaster relief and post disaster reconstruction. On February 6, 2023 local time, when a 7.8-magnitude earthquake occurred in southern Turkey, we responded without any delays. We purchased rescue materials and supplies including cotton-padded clothes and boots and heaters within less than 30 minutes after the earthquake and delivered them to the disaster-hit area immediately. We were among the first automakers in Turkey to deliver the rescue and disaster relief to disaster zone.

Environmental sustainability

In October 2024, we launched a global collaboration program with IUCN for cherishing the nature. We promised a donation in the amount of US$3.5 million to the program. We plan to collaborate in the topics focusing on water resources, marine conservation and biodiversity, to address the challenges we face together in the current environment.

Supplier Management

We have a dedicated ESG management department for supplier management and have put in place a comprehensive supplier lifecycle management system which includes admission, designation, performance evaluation to guarantee the standard supplier selection and procurement. As an advocate for sustainable development, we prefer to procurement of energy-saving and eco-friendly products from suppliers with good social and corporate governance practices. During our selection and procurement process, we strictly comply with relevant laws, regulations and rules, and require all of suppliers to obtain and maintain necessary and valid business license, qualifications and certifications, and demonstrate legal

compliance with applicable laws and regulations in relation to environment, product quality, society and corporate governance. We oppose briberies of any kind and strictly enforce penalties for suppliers who violate our red lines, in accordance with our management policies. We expressly requires our suppliers to sign a code of conduct with us and continuously optimize the code of conduct based on business development and market changes. We established communication channels with suppliers to continuously enhance the communication.

Occupational Health and Safety

We place a strong emphasis on occupational safety of our staff. We have established procedures to ensure that all our staff are provided with a safe and healthy working environment by setting out a series of work safety rules in the staff manual for our staff to follow. In addition, we provide new employees with an employee handbook which allows them to be familiarized with the working environment and enhance their awareness of safety issues. Throughout the Track Record Period and up to the Latest Practicable Date, we adhered to occupational health and safety laws and regulations in all material aspects. While we do not anticipate a significant increase in costs related to compliance with current and future health and safety laws, changes in requirements may impact our ability to accurately forecast these costs.

We have an established occupational health and safety management system to monitor work safety and labour conditions in our production facilities. The system is guided by various our internal policies including "Regulation of Safety Production Management", "Equipment and Facility Safety Management Procedures", "Emergency Preparedness and Response Control Procedures", and "Employee Occupational Health Surveillance Management Operating Specification". We carry out routine screening for identifying the potential work safety accidents. We also carry out routine hazard identification on a daily basis to identify, assess and manage safety risks in all aspects with the aim to reduce occupational hazards at our workplace. For positions involving occupational hazards, we keep a health record for our employees and implement pre-job, on-the-job and post-job health checkups. Moreover, we continuously to monitor and protect our employees' safety by implementing measures such as upgrading production procedures, improving production protection equipment and conducting drills on a regular basis. We have established similar healthy and safety management system in our overseas production facilities established by our subsidiary in Malaysia.

During the Track Record Period and as of the Latest Practicable Date, there were no material accidents or claims for personal or property damage or work safety related incidents that led to disruptions in our Group's operations.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board of Directors and senior management of the Company shoulder the responsibility for devising and supervising the execution and efficacy of our internal control framework. This framework is meticulously structured to guarantee continuous adherence to

pertinent legal and regulatory mandates that govern our business activities and corporate governance, thereby averting any reoccurrence of compliance failures. Our conviction stands firm that the existing internal control mechanisms and procedures epitomize adequacy in scope, feasibility, and operational effectiveness.

In the regular progression of our business activities, we are inherently subject to a spectrum of risks, encompassing operational, market, and financial risks. Recognizing these exposures, we hold the conviction that the implementation of robust and adaptable risk management strategies is essential to our enduring success. It is through this lens that we approach risk mitigation, ensuring that our operations are safeguarded against potential adversities, thereby securing our competitive edge and financial stability. For details of such risks, see "Risk factors — Risks relating to our business and industry."

For the purpose of effective risk management, we will adopt or have put in place the following measures:

- Through the cultivation of strong, positive relationships with our established suppliers and customers, we aim to periodically broaden our customer and supplier base, thereby mitigating operational risks associated with dependency on a singular entity;

- In alignment with our Group's interests and where it proves economically feasible, we proactively seek to forge diverse agreements that expand our supplier network;

- Our management team is committed to vigilantly observing market trends, including fluctuations in raw material and components pricing, to consistently benchmark our procurement expenses against prevailing market rates, ensuring competitive access to raw materials, parts and components;

- We uphold stringent IT controls to significantly reduce the likelihood of IT system failures, safeguarding our business continuity and data integrity;

- To attract and retain skilled professionals, we regularly evaluate and adjust our compensation structures for management and staff, ensuring they remain competitive and congruent with the Group's strategic growth;

- Our Directors maintain diligent oversight of our Group's liquidity and financial health, prepared to secure financing to support our business activities and expansion initiatives when deemed necessary and advantageous; and

- We have established an audit committee which is composed of a majority our independent non-executive Directors to review and supervise our financial reporting process and internal control system.

OUR SINGLE LARGEST SHAREHOLDER

As at the Latest Practicable Date, Wuhu Investment Holding held approximately 21.17% of the issued share capital of our Company. Immediately following completion of the [**REDACTED**] and the conversion of Domestic Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised), Wuhu Investment Holding will hold approximately [**REDACTED**]% of the enlarged issued share capital of our Company, and will continue to be our Single Largest Shareholder.

DELINEATION OF BUSINESS

Our Principal Business

We are a passenger vehicle company headquartered in Wuhu, China. We design, develop, manufacture and sell a diverse and expanding portfolio of passenger vehicles, including ICE vehicles and NEVs, to cater to the distinct and evolving needs and preferences of customers in both the domestic and overseas markets. Please refer to the section headed "Business" in this document for details of our business.

Principal Business of our Single Largest Shareholder

Wuhu Investment Holding is an investment holding company incorporated under the laws of the PRC on February 16, 1998. Apart from the investment in our Group, Wuhu Investment Holding also controls or invests in companies which engage in, amongst others, investment management, automotive parts and components, smart devices and integration, engineering and project management, aviation and aerospace, etc. As at March 31, 2025, the total assets of Wuhu Investment Holding were approximately RMB115.86 billion. For the year ended December 31, 2024, the revenue and profits before taxation of Wuhu Investment Holding were approximately RMB6.98 billion and RMB1.30 billion, respectively. As at the Latest Practicable Date, Wuhu Investment Holding had more than 100 portfolio investee companies.

Interests in the Investees

Among all investee portfolio companies in which Wuhu Investment Holding holds 10% or more equity interests, three portfolio investee companies (the "**Investees of Wuhu Investment Holding**") engage in automotive parts and components business, namely Anhui Hongyi Automotive Technology Co., Ltd.* (安徽泓毅汽車技術股份有限公司) ("**Hongyi**"), Wuhu Motiontec Automotive Technology Co., Ltd.* (蕪湖莫森泰克汽車科技股份有限公司) ("**Motiontec**") and Wuhu Yongda Tech Co., Ltd.* (蕪湖永達科技有限公司) ("**Yongda**"). As at the Latest Practicable Date, Wuhu Investment Holding held 58.05% equity interest in Hongyi, 42.87% equity interest in Motiontec and 51.00% equity interest in Yongda.

We do not consider that the businesses of the Investees of Wuhu Investment Holding compete or are likely to compete with the business of our Group for the following reasons:

- **Different products and target customers.** The automotive parts and components of our Group mainly include (i) engines, transmissions and other automotive parts and components; and (ii) spare parts and components in connection with our after-sales services, whereas the automotive parts and components of the Investees of Wuhu Investment Holding mainly include (i) engine block, cylinder head and frame housing, (ii) welded parts, stamped part and passive safety parts and (iii) sunroof, car window regulator, electric sliding door, electric tailgate, controller module, powder metallurgy parts. The target customers of our Group in respect of automotive parts and components are primarily other automotive part manufacturers and after-sales market customers, whereas the target customers of the Investees of Wuhu Investment Holding are automotive engine assembly companies and vehicle manufacturers.

- **Different geographic regions.** Our Group has diversified sales channels with a broad distribution network offering our automotive parts and components in both the domestic and overseas markets, whereas the automotive parts and components of the Investees of Wuhu Investment Holding are primarily sold in Mainland China.

- **Different product positioning and business scale.** The automotive parts and components are not main products of our Group. The revenue derived from sales of automotive parts and components represented 5.5% and 5.9% of our Group's total revenue for the years ended December 31, 2023 and 2024, respectively, whereas the revenue generated from automotive parts and components business represented approximately 66.35% and 77.16% of the total revenue of Wuhu Investment Holding for the year ended December 31, 2023 and 2024, respectively.

- **Corporate governance.** The Investees of Wuhu Investment Holding and our Company are managed by different management teams. The Directors nominated by our Single Largest Shareholder (i.e. Mr. Wang Jinhua and Mr. Wang Xiaowei) are non-executive Directors, and are not involved in our daily operations. Our Company has adopted and will adopt certain corporate governance measures to manage the conflicts of interest as set forth in "— Corporate Governance Measures" as below.

No Competing Interests

Save as disclosed above, each of our Single Largest Shareholder and our Directors confirms that as at the Latest Practicable Date, it/he/she did not have any interest in a business which competes with, or is likely to compete with, our principal business, whether directly or indirectly, which would otherwise require disclosure to be made under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER

Our Directors are satisfied, on the basis of the following reasons, that we are capable of carrying on our business independently of our Single Largest Shareholder (including any close associates of such Single Largest Shareholder) after the [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Currently, our Board consists of 15 Directors, comprising two executive Directors, seven non-executive Directors and six independent non-executive Directors, and we also have three Supervisors and six senior management members (two of which are executive Directors). Each of our Directors, Supervisors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. Please refer to the section headed "Directors, Supervisors and Senior Management" in this document for qualifications and experience of our Directors, Supervisors and senior management.

Save as disclosed below, none of our Directors, Supervisors or members of senior management performs a management role in Wuhu Investment Holding.

Name	Position with our Company	Positions held within our Single Largest Shareholder or its close associates
Mr. Wang Jinhua	Non-executive Director	Chairman of the board of directors of Wuhu Investment Holding
Mr. Wang Xiaowei. . .	Non-executive Director	General manager of Wuhu Investment Holding
Mr. Wu Yunfei.	Supervisor	Deputy general manager of Wuhu Investment Holding

Our Directors consider that our Board, Supervisors and senior management of our Group are capable of functioning independently of our Single Largest Shareholder for the following reasons:

(a) Mr. Wang Jinhua and Mr. Wang Xiaowei are non-executive Directors, and are not involved in our daily operations. They are responsible for the high-level supervision on the management and operations of our Group. Mr. Wu Yunfei is the chairperson of our Supervisory Committee, responsible for chairing the work of the Supervisory Committee and coordinating Supervisors to supervise the operating and financial activities of our Group;

(b) Our Group and Wuhu Investment Holding and its close associates are managed by separate management teams as all of our executive Directors and senior management team members are independent from Wuhu Investment Holding and/or its close associates and have adequate relevant experience to ensure the normal operation of

the day-to-day business and management of our Group. All of our executive Directors and senior management do not hold any position in Wuhu Investment Holding or its close associates, and are capable to contribute sufficient time and efforts to manage the daily operations of our Group. In addition, the management personnel of our Company have clear reporting lines, and the management team ultimately reports to the executive Directors, who are responsible for reporting to our Board. Our Board supervises and monitors the performance of our Company's management team generally through (i) regular reports made by our executive Directors to our Board, (ii) regular meetings and ad hoc meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of management team, and (iii) regular updates of operational and financial data and information that are provided to our Directors;

(c) we have appointed six independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence, so that there is a balanced composition of executive, non-executive Directors and independent non-executive Directors to ensure the independence of the Board in making decisions affecting our Company and to promote the interests of our Company and the Shareholders as a whole. In particular, the six independent non-executive Directors possess the relevant qualifications and industry experiences to safeguard the interests of the minority Shareholders of our Company by, among other things, reviewing and opining on connected transactions of our Group, including those between our Group and our Single Largest Shareholder and/or its close associates. Please refer to the section headed "Directors, Supervisors and Senior Management" in this document for details of the biographies of the independent non-executive Directors;

(d) each Director is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit and in the interest of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

(e) there is no overlapping senior management personnel who serves at both our Single Largest Shareholder and us; and

(f) we have adopted other corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Single Largest Shareholder, which would enhance our independent management, as detailed in the sub-section headed "— Corporate Governance Measures" below.

Based on the above, our Directors are of the view that our Group has our own management team and that we are capable of managing our business independently of our Single Largest Shareholder and its close associates.

Operational Independence

We operate our business independently from our Single Largest Shareholder. We have obtained relevant qualifications and licenses, independent operating premises, domain names and electronic information systems needed for our businesses.

We have our own organizational structure, with each department having specific areas of responsibilities. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business. We have adopted a set of corporate governance manuals, including but not limited to the terms of reference for general meetings and terms of reference for Board meetings, both of which are based on relevant applicable laws, rules and regulations.

Based on the above, our Directors are of the view that our Group operates independently from the Single Largest Shareholder and its close associates.

Financial Independence

We have adopted our own independent internal control and financial management systems and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel. We make financial decisions and determine our use of funds according to our own business needs. We have adequate internal resources and our own credit profile to support our daily operation. Moreover, our Board has established the Risk Control and Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

We open and manage our bank accounts independently, and have not shared any bank account with Wuhu Investment Holding during the Track Record Period and up to the Latest Practicable Date. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Shareholder. We do not expect to rely on our Single Largest Shareholder or any of its close associates for financing after the [**REDACTED**] as we expect that our working capital will be primarily funded by cash generated from our business operation, and to a lesser extent, external indebtedness.

No loan, guarantee or other forms of financial assistance was provided by, or granted to, Wuhu Investment Holding or its close associates as at the Latest Practicable Date.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Shareholder and its close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of good corporate governance in protecting our Shareholders' interests. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which set out principles of good corporate governance in relation to, among other matters, directors, the chairperson and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with Shareholders. We have adopted/will adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and the Single Largest Shareholder:

(a) as part of our preparation for the [**REDACTED**], we have amended our Articles to comply with the Listing Rules which will become effective upon [**REDACTED**]. In particular, our Articles provides that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting. In addition, where a Shareholders' meeting is held to consider proposed transactions in which Wuhu Investment Holding is, under the Listing Rules, required to abstain from voting, Wuhu Investment Holding shall abstain from voting and such votes shall not be counted in respect of such transactions;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Group enters into connected transactions with Wuhu Investment Holding and/or any of its associates, our Company will comply with the applicable requirements under the Listing Rules;

(c) our Board consists of a balanced composition of executive, non-executive and independent non-executive Directors, with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, details of whom are set out in the section headed "Directors, Supervisors and Senior Management" in this document, individually and collectively possess the requisite knowledge and experience to perform their roles. They will review whether there is any conflict of interests between our Group and our Single Largest Shareholder and provide impartial and professional advice to protect the interest of our minority Shareholders;

(d) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transactions annually and confirm in our annual reports that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole;

(e) in the event that our independent non-executive Directors are requested to review any conflict of interests circumstances between our Group, on one hand, and Wuhu Investment Holding and/or our Directors, on the other hand, Wuhu Investment Holding and/or our Directors shall provide our independent non-executive Directors with all necessary information for consideration. Where our independent non-executive Directors reasonably request the advice of independent professionals, such as financial advisers, to help them make the judgement, the appointment of such independent professionals will be made at the expense of our Company; and

(f) we have appointed China International Capital Corporation Hong Kong Securities Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Upon [**REDACTED**], certain transactions between us and our connected persons will constitute transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which are expected to continue after the [**REDACTED**] and will constitute continuing connected transactions of our Company:

Name of our connected persons	Connected Relationship
Wuhu Investment Holding	Wuhu Investment Holding is our substantial shareholder, holding [**REDACTED**]% of our equity interests upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), constitutes a connected person of our Company under the Listing Rules.
Luxshare Precision Industry.	As at the Latest Practicable Date, Luxshare Precision Industry was owned as to approximately 37.74% by Luxshare Limited, which was in turn owned by Ms. Wang Laichun, our non-executive Director, and Mr. Wang Laisheng, the brother of Ms. Wang Laichun, as to 50% each. Accordingly, Luxshare Precision Industry is an associate of Ms. Wang Laichun and constitutes a connected person of our Company under the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Category of continuing connected transaction	Applicable Listing Rule	Waiver sought	Historical amount	Proposed annual caps for the year ending December 31
					(RMB million)	*(RMB million)*
Procurement Framework Agreement with Luxshare Precision Industry	Luxshare Precision Industry (for itself and on behalf of its associates)	Non-exempt continuing connected transactions (subject to reporting, annual review and announcement requirements)	Rule 14A.35	Announcement	FY2022: 31.72 FY2023: 161.23 FY2024: 2,134.09 3M2025: 513.48	2025: 4,000.00 2026: 6,000.00 2027: 8,000.00

Transaction	Counterparty	Category of continuing connected transaction	Applicable Listing Rule	Waiver sought	Historical amount	Proposed annual caps for the year ending December 31
					(RMB million)	*(RMB million)*
Procurement Framework Agreement with Wuhu Investment Holding	Wuhu Investment Holding (for itself and on behalf of its associates)	Non-exempt continuing connected transactions (subject to reporting, annual review and announcement requirements)	Rule 14A.35	Announcement	FY2022: 1,739.76 FY2023: 2,530.02 FY2024: 3,798.95 3M2025: 952.39	2025: 4,676.00 2026: 5,581.00 2027: 6,438.00

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Procurement Framework Agreement with Luxshare Precision Industry

Principal Terms

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Procurement Framework Agreement with Luxshare Precision Industry**") with Luxshare Precision Industry, for itself and on behalf of its associates, pursuant to which, our Group would procure automotive parts and components from Luxshare Precision Industry and its associates from time to time.

The initial term of the Procurement Framework Agreement with Luxshare Precision Industry will commence on the [**REDACTED**] and end on December 31, 2027. Both parties or their respective subsidiaries or associates will enter into separate underlying agreements which will set out the specific terms and conditions for the procurement of automotive parts and components according to the principles provided in the Procurement Framework Agreement with Luxshare Precision Industry.

Historical Amounts

The automotive parts and components procured by our Group from Luxshare Precision Industry and its associates mainly include wiring harnesses, USB charging modules, wireless charging, display cables, door handles, cockpit domain controls, smart driving domain controls, camera modules, etc. For the three years ended December 31, 2024, and the three months ended March 31, 2025, the historical transaction amounts with respect to the procurement of automotive parts and components by our Group from Luxshare Precision Industry and its associates were approximately RMB31.72 million, RMB161.23 million, RMB2,134.09 million and RMB513.48 million respectively.

Annual Caps and Basis for Annual Caps

The maximum aggregate annual transaction amounts under the Procurement Framework Agreement with Luxshare Precision Industry for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
	(RMB million)	*(RMB million)*	*(RMB million)*
Procurement of automotive parts and components	4,000.00	6,000.00	8,000.00

In determining the annual caps for the transactions contemplated under the Procurement Framework Agreement with Luxshare Precision Industry, we have considered, among other things, the following:

(i) historical amounts of purchase of automotive parts and components by our Group from Luxshare Precision Industry and its associates during the Track Record Period. After two years of exploratory collaboration, our Group and Luxshare Precision Industry and its associates significantly strengthened the cooperation in the year ended December 31, 2024. The transaction amount for the year ended December 31, 2024 saw an impressive increase, exceeding tenfold. Our Group anticipates that this positive momentum will persist over the next three years;

(ii) existing orders and contracts between Luxshare Precision Industry and/or its associates and our Group and the expected orders and contracts in the foreseeable future;

(iii) most of the automobile parts and components that we procure from Luxshare Precision Industry and its associates being used for NEVs and models with driving assistance systems of our Group. Given (a) anticipated significant growth of NEV market in the next three years with the penetration rate of NEV in China being 48.4% in 2024 and rising significantly to 68.7% in 2027, (b) rapid growth and business expansion of our Group in the NEV market. We plan to expand our NEV product portfolio and explore NEVs with next-generation energy type by launching new NEV models in both China and overseas markets, covering multiple powertrain types. Moreover, we will continue to invest in R&D in NEV models under each of our brands, namely CHERY, JETOUR, EXEED, iCAR and LUXEED, respectively and roll out a variety of PHEVs, REEVs and BEVs with distinct models including SUVs, sedans and MPVs and market positionings covering mass market segment, mid- to high-segment and premium segment to further increase our domestic and overseas market share. For example, we plan to launch more than eight NEV models in the second half of 2025 covering PHEVs, REEVs and BEVs with a MSRP range

from RMB100,000 to RMB400,000. The annual sales volume of these models is targeted to exceed 400,000 units. We intend to use approximately [**REDACTED**]% of the net [**REDACTED**] from the [**REDACTED**] for developing and expanding our NEV offerings; and (c) expected rising demand from our customers for our NEVs, accelerated popularisation of automotive intelligence, more products equipped with our driving assistance systems and expansion of smart driving models, we expect that the operation and scale of our NEV business will continue to increase in the next three years, which will further drive up our demand for the automobile parts and components for the NEVs from Luxshare Precision Industry and its associates. The types of automotive parts and components that our Group procured from Luxshare Precision Industry and its associates increased from four to ten from 2023 to 2024. It is estimated that the types of automotive parts and components that our Group procures from Luxshare Precision Industry and its associates will increase to more than 20 by December 31, 2027, such as Augmented Reality/Windshield Head-Up Display (AR/W-HUD), advanced smart driving domain controls, rear steering actuators, millimeter-wave radars, etc.; and

(iv) expertise, strong research and development and technology innovation capabilities of Luxshare Precision Industry and its associates in providing automobile parts and components for NEVs. Established on May 24, 2004, Luxshare Precision Industry successfully listed on the ChiNext Board of Shenzhen Stock Exchange on September 15, 2010 (stock code: 002475). It is committed to providing integrated intelligent solutions, parts, modules and systems for enterprise communication products (including high-speed interconnect, optical module, heat dissipation module, base station antenna, base station filter), consumer electronic products (including TWS wireless headphones, smart wear, wireless charging module, 5G router, VR headsets, smart speaker), and automobile systems (including automobile wiring harness, connector, intelligent cabin, intelligent driving) and central gateway, etc. As at March 31, 2025, the total assets of Luxshare Precision Industry amounted to RMB238.10 billion. For the year of December 31, 2024, Luxshare Precision Industry recorded the revenue and profits before taxation of RMB268.79 billion and RMB16.11 billion, respectively. As Luxshare Precision Industry is a leading enterprise in the precision manufacturing field, and has continued to expand its product offerings and market shares in the automotive electronics sector, we expect that our cooperation with Luxshare Precision Industry and its associates will continue to diversify and deepen.

Reason for the Transactions

Our Company believes that the purchase of automobile parts and components from Luxshare Precision Industry and/or its associates would benefit our Group for the following reasons:

(i) the purchases from Luxshare Precision Industry and/or its associates will be at competitive prices not less favorable than those that our Group can obtain from Independent Third Parties;

(ii) Luxshare Precision Industry is a leading enterprise in the precision manufacturing field with advanced technology capability to develop and manufacture automobile parts and components with special specification as requested by our Group from time to time to cope with its production needs;

(iii) Luxshare Precision Industry and its associates are familiar with our Group's specifications, standards and requirements on automobile parts, and the negotiation time and cost, as well as the delivery time and costs, can be reduced in view of the existing friendly business cooperation among the parties and the close geographical location of the respective operations of Luxshare Precision Industry and its associates and our Group; and

(iv) our Directors consider that it is crucial for our Group to maintain the stability in supply and quality of the automobile parts for our existing and future production needs. In view of our product purchasing experience with Luxshare Precision Industry and its associates, our Directors are of the view that Luxshare Precision Industry and its associates can effectively fulfill our requirements in supply stability as well as quality.

Pricing Basis

The amount to be paid by our Group under the Procurement Framework Agreement with Luxshare Precision Industry shall be in line with normal commercial terms and determined on arms' length basis with reference to (i) the specification, model, unit price, type and quality of the automobile parts and components; (ii) the prevailing market price of comparable products provided by the Independent Third Parties; and (iii) if no comparable market price, at price with reference to actual cost or reasonable cost (whichever is lower) incurred plus a profit margin within the pre-agreed arm's length range.

Listing Rules Implications

In respect of the continuing connected transactions as described above, the highest applicable percentage ratio calculated in respect of the annual caps under the Procurement Framework Agreement with Luxshare Precision Industry for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but less than 5%. Accordingly, the continuing connected transactions under the Procurement Framework Agreement with Luxshare Precision Industry are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Procurement Framework Agreement with Wuhu Investment Holding

Principal Terms

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Procurement Framework Agreement with Wuhu Investment Holding**") with Wuhu Investment Holding, for itself and on behalf of its associates, pursuant to which, our Group would procure automotive parts and components from Wuhu Investment Holding and its associates from time to time.

The initial term of the Procurement Framework Agreement with Wuhu Investment Holding will commence on the [**REDACTED**] and end on December 31, 2027. Both parties or their respective subsidiaries or associates will enter into separate underlying agreements which will set out the specific terms and conditions for the procurement of automotive parts and components according to the principles provided in the Procurement Framework Agreement with Wuhu Investment Holding.

Historical Amounts

The automotive parts and components procured by our Group from Wuhu Investment Holding and its associates mainly include stamped parts, dashboard beams, brake/clutch pedals/seat belts, airbags, sunroofs and glass lifters. For the three years ended December 31, 2024, and the three months ended March 31, 2025 the historical transaction amounts with respect to the procurement of automotive parts and components by our Group from Wuhu Investment Holding and its associates were approximately RMB1,739.76 million, RMB2,530.02 million, RMB3,798.95 million and RMB952.39 million respectively.

Annual Caps and Basis for Annual Caps

The maximum aggregate annual transaction amounts under the Procurement Framework Agreement with Wuhu Investment Holding for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
	(RMB million)	*(RMB million)*	*(RMB million)*
Procurement of automotive parts and components	4,676.00	5,581.00	6,438.00

The above proposed annual caps are determined with reference to:

(i) historical amounts of purchase of automotive parts and components by our Group from Wuhu Investment Holding and its associates during the Track Record Period. Over the past three years, the historical amounts increased by 45.4% in 2023 and further increased by 50.2% in 2024. In contrast, the proposed annual caps for the next three years indicate a steady growth of around 20%;

(ii) existing orders and contracts between Wuhu Investment Holding and/or its associates and our Group and the expected orders and contracts in the foreseeable future;

(iii) production capabilities of Wuhu Investment Holding and its associates, the geographical location of Wuhu Investment Holding and its associates and operation needs of our Group. For the year ended December 31, 2024, the annual production capacity of Wuhu Investment Holding and its associates for the main automotive parts and components they offered was approximately 38 million stamping operations for the production of stamped automotive parts, over 25 million pieces of welded automotive parts (including but not limited to dashboard beams and brake/clutch pedals), over 0.5 million units of airbags and seat belts, approximately 3 million sunroofs and approximately 8 million glass lifters. Such products are primarily sold in Mainland China, such as Anhui Province, Hunan Province, Liaoning Province, Zhejiang Province, Shandong Province, Henan Province and Sichuan Province;

(iv) our Group's estimated sales volume of passenger vehicles with steady growth by taking into account, among others, macroeconomic conditions as well as the development strategies and business expansion plan of our Group. The proposed annual caps are in line with the estimated increase in the revenue of our Group from 2025 to 2027;

(v) the prevailing market price of the comparable products; and

(vi) a buffer of approximately 5% to 10% for unexpected demands for the procurement of automotive parts and components by our Group.

Reason for the Transactions

Our Company believes that the purchase of automobile parts and components from Wuhu Investment Holding and/or its associates would benefit our Group for the following reasons:

(i) the purchases from Wuhu Investment Holding and/or its associates will be at competitive prices not less favorable than those that our Group can obtain from Independent Third Parties;

(ii) Wuhu Investment Holding and/or its associates are familiar with our Group's specifications, standards and requirements on automobile parts and components, and the negotiation time and cost, as well as the delivery time and costs, can be reduced in view of the existing friendly business cooperation among the parties and the close geographical location of the respective operations of Wuhu Investment Holding and its associates and our Group; and

(iii) our Directors consider that it is crucial for our Group to maintain the stability in supply and quality of the automobile parts for our existing and future production needs. In view of our product purchasing experience with Wuhu Investment Holding and its associates, our Directors are of the view the Wuhu Investment Holding and its associates can effectively fulfill our requirements in supply stability as well as quality.

Pricing Basis

The amount to be paid by our Group under the Procurement Framework Agreement with Wuhu Investment Holding shall be in line with normal commercial terms and determined on arms' length basis with reference to (i) the specification, model, unit price, type and quality of the automobile parts and components; (ii) the prevailing market price of comparable products provided by the Independent Third Parties; and (iii) if no comparable market price, at price with reference to actual cost or reasonable cost (whichever is lower) incurred plus a profit margin within the pre-agreed arm's length range.

Listing Rules Implications

In respect of the continuing connected transactions as described above, the highest applicable percentage ratio calculated in respect of the annual caps under the Procurement Framework Agreement with Wuhu Investment Holding for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but less than 5%. Accordingly, the continuing connected transactions under the Procurement Framework Agreement with Wuhu Investment Holding are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR AND CONDITIONS FOR WAIVER

Pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions under the Procurement Framework Agreement with Luxshare Precision Industry and the Procurement Framework Agreement with Wuhu Investment Holding (the "**Procurement Framework Agreements**"), subject to the condition that the aggregate value of such continuing connected transactions for the years ending December 31, 2025, 2026 and 2027 shall not exceed relevant annual amounts stated above. See "Waivers from Strict Compliance with Listing Rules" for details of the waiver.

DIRECTORS' VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the continuing connected transactions described above have been and will continue to be entered into in the ordinary and usual course of our business on normal commercial terms or better, the terms and proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' VIEW

Based on the review of the documentation, information and data provided by our Company and the participation in the due diligence and discussion with our Company, the Joint Sponsors are of the view that, as at the Latest Practicable Date, (i) the aforesaid continuing connected transactions for which the waivers have been sought have been and will be entered into in the ordinary and usual course of business of our Company, are on normal commercial terms or better, are fair and reasonable, and are in the interests of the Shareholders as a whole, and (ii) the proposed annual caps of the continuing connected transactions are fair and reasonable and in the interests of the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES ADOPTED BY OUR COMPANY IN RESPECT OF THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENTS

Our Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the Procurement Framework Agreements, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- we have adopted a connected transactions management policy for the purpose of ensuring that connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

- prior to the execution of the underlying agreements for the procurement of automotive parts from Luxshare Precision Industry and Wuhu Investment Holding and/or their respective associates, if quotations from Independent Third Parties are available, the operation department of the relevant business sector of our Group will compare the quotations offered by Luxshare Precision Industry and Wuhu Investment Holding and/or their respective associates with those offered by Independent Third Parties to ensure that the quotations offered by Luxshare Precision Industry and Wuhu Investment Holding and/or their respective associates are no less favourable to our Group than those offered by Independent Third Parties to our Group. If there are no quotations offer by Independent Third Parties, the operation department of the relevant business sector and the finance department of our Group will jointly determine the prices of the proposed transactions based on reasonable costs plus a reasonable profit to ensure that the prices are fair and reasonable;

- the finance department of our Group shall (i) regularly examine the pricing of the transactions under the Procurement Framework Agreements to ensure that those transactions are conducted in accordance with the pricing terms therein, and (ii) periodically monitor the transaction amount under the Procurement Framework Agreements to ensure that our Company complies with all the applicable requirements under the Listing Rules, including to revise the relevant annual caps when appropriate;

- the legal department of our Group has reviewed the terms of the Procurement Framework Agreements and shall in case of any proposed change to the principal terms of the transactions, ensure that our Company complies with all the applicable requirements under the Listing Rules, including but not limited to publishing an announcement; and

- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the Procurement Framework Agreements and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

OVERVIEW

The Board of our Company consists of 15 Directors, including two executive Directors, seven non-executive Directors and six independent non-executive Directors, which is responsible and has the general authority for the management and operation of our Company. The Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

The Supervisory Committee of our Company consists of three Supervisors, including one employee representative Supervisor and two non-employee representative Supervisors. The non-employee representative Supervisors are elected at our general meetings. The employee representative Supervisor is elected at our staff representative meeting. The Supervisors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

The senior management of our Company consists of six members and is responsible for the management of day-to-day operations of our Company.

DIRECTORS

The following table sets out the key information of our Directors as at the Latest Practicable Date:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Yin Tongyue (尹同躍)	62	Chairman, Executive Director, President	January 1997	January 8, 1997	Responsible for the overall daily operations and management of our Group
Mr. Zhang Guozhong (張國忠)	53	Executive Director, Executive Vice President	July 1997	March 30, 2024	Responsible for the daily operations and management of our Group
Ms. Wang Laichun (王來春)	58	Non-executive Director	March 2024	March 30, 2024	Responsible for high-level supervision on the management and operations of our Group
Ms. Li Jing (李晶)	54	Non-executive Director	March 2024	March 30, 2024	Responsible for high-level supervision on the management and operations of our Group

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Wang Jinhua (王津華)	55	Non-executive Director	April 2022	April 28, 2022	Responsible for high-level supervision on the management and operations of our Group
Mr. Wang Xiaowei (王孝偉)	50	Non-executive Director	February 2025	February 15, 2025	Responsible for high-level supervision on the management and operations of our Group
Mr. Bao Siyu (鮑思語)	50	Non-executive Director	July 1999	June 21, 2021	Responsible for high-level supervision on the management and operations of our Group
Mr. Yin Xiangling (尹祥領)	55	Non-executive Director	February 2025	February 15, 2025	Responsible for high-level supervision on the management and operations of our Group
Mr. Hu Jingyuan (胡敬源)	54	Non-executive Director	September 2022	September 30, 2022	Responsible for high-level supervision on the management and operations of our Group
Mr. Shang Wenjiang (商文江)	59	Independent Non-executive Director	March 2024	March 30, 2024	Responsible for supervising and providing independent opinions and judgements to the Board
Mr. Yang Mianzhi (楊棉之)	56	Independent Non-executive Director	March 2024	March 30, 2024	Responsible for supervising and providing independent opinions and judgements to the Board

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Ye Shengji (葉盛基)	63	Independent Non-executive Director	March 2024	March 30, 2024	Responsible for supervising and providing independent opinions and judgements to the Board
Mr. Lu Feng (路風)	69	Independent Non-executive Director	March 2024	March 30, 2024	Responsible for supervising and providing independent opinions and judgements to the Board
Mr. Yang Shanlin (楊善林)	76	Independent Non-executive Director	March 2024	March 30, 2024	Responsible for supervising and providing independent opinions and judgements to the Board
Mr. Lai Ni Hium, Frank (黎汝雄)	63	Independent Non-executive Director	February 2025	February 15, 2025	Responsible for supervising and providing independent opinions and judgements to the Board

Note: None of our Directors is related to other Directors, Supervisors or members of senior management.

Executive Directors

Mr. Yin Tongyue (尹同躍), aged 62, participated in the preparation of our Company in October 1996 and has served as an executive Director since the establishment in January 1997, the chairman of our Board since February 2004, and the president of our Company since December 2024, who has been fully in charge of the daily operations and management of our Group. From January 1997 to February 2004, Chairman Yin served as the deputy general manager of our Company. During the period from February 2004 to April 2017 and from October 2018 to December 2024, Chairman Yin served as the general manager of our Company.

Chairman Yin has also served as the chairman and a director of certain subsidiaries of our Company, including (i) a director of Chery New Energy since April 2010 and the chairman of the board of directors of Chery New Energy since April 2025, (ii) the chairman and a director of Wuhu Purui Automobile Investment Co., Ltd.* (蕪湖普瑞汽車投資有限公司) since December 2014, and (iii) a director of Anhui Kai Yang Technology Co., Ltd.* (安徽開陽科技有限公司) since August 2024. In addition, Chairman Yin has been the chairman of the board of directors of Chery Holding since October 2010, and has also served as a director of certain subsidiaries of Chery Holding, including the chairman and a director of Chery Commercial Vehicle (Anhui) Co., Ltd. (奇瑞商用車(安徽)有限公司) since May 2014, and a director of Karry New Energy Holding Co., Ltd.* (開瑞新能源控股有限公司) since December 2022. Chairman Yin has served as the chairman of Ruichuang since December 2004, and the executive director and the general manager of Yongrui (the general partner of Hengrui and Zhenrui, our employee stock ownership platforms) since February 2014.

Prior to joining our Group, Chairman Yin worked as a workshop supervisor and the head of the logistics section at FAW-Volkswagen Automotive Co., Ltd. (一汽－大眾汽車有限公司).

Chairman Yin obtained a bachelor's degree in automobile design from Hefei University of Technology (合肥工業大學) in the PRC in July 1984. Chairman Yin was awarded the CCTV China Economic Person of the Year (CCTV中國經濟年度人物獎) by China Central Television in December 2005, the Second Prize of National Science and Technology Progress Award by the State Council of the People's Republic of China in December 2008, the Anhui Major Science and Technology Achievement Award by the People's Government of Anhui Province in November 2009, the title of "40 Years of Reform and Opening-up · Tribute to Chinese Automobile Figures" (改革開放40年•致敬中國汽車人物) by China Central Television in June 2018, the Anhui Outstanding Contribution Talent Award by the People's Government of Anhui Province in July 2023, and the "Rao Bin Medal of China Automobile Industry" (中國汽車工業饒斌獎) by China Society of Automotive Engineers in November 2024. In November 2022, Chairman Yin was awarded the title of senior engineer by the Department of Human Resources and Social Security of Anhui Province. Chairman Yin was elected as a representative of the 14th National People's Congress in February 2023.

Mr. Zhang Guozhong (張國忠), aged 53, joined our Group in July 1997 and has served as an executive Director since March 2024 and the executive vice president of our Company since December 2024, responsible for our Group's daily operations and management. Mr. Zhang has also served as the chairman and a director of certain subsidiaries of our Company, including (i) a director of Chery Technology since September 2017, (ii) an executive director of Chery Sales since July 2019, (iii) a director of Wuhu Lion Automotive Technology Co., Ltd.* (蕪湖雄獅汽車科技有限公司) since November 2019, (iv) a director of Rejoin (Anhui) Supply Chain Technology Co., Ltd.* (瑞鯨(安徽)供應鏈科技有限公司) since April 2021, and (v) a director of Chery New Energy since May 2024, responsible for overseeing the operations and management at a high level.

From July 1997 to December 2024, Mr. Zhang successively served as a technician, a project manager, a paint workshop director, the factory director of the passenger car company, the assistant to the general manager, the deputy general manager, the executive deputy general manager, the general manager of Chery Auto Parts Procurement, the executive director of procurement of our Company, and the assistant to the general manager, the deputy general manager and the executive deputy general manager of our Company. From December 2021 to June 2025, Mr. Zhang served as a director of Chery Holding. In addition, Mr. Zhang has served as a supervisor in Qoros Automobile Co., Ltd.* (觀致汽車有限公司), a company in which our Company holds a minority interest, since March 2019 and a director of Ruichuang since November 2020.

Mr. Zhang obtained a bachelor's degree in chemical engineering and technology from Hefei University of Technology (合肥工業大學) in the PRC in July 1997 and a master's degree in vehicle engineering from Hefei University of Technology (合肥工業大學) in the PRC in December 2014. Mr. Zhang was awarded the title of senior engineer by the Department of Human Resources and Social Security of Anhui Province in January 2018.

Non-executive Directors

Ms. Wang Laichun (王來春), aged 58, joined our Group in March 2024 and has served as a non-executive Director since then, responsible for high-level supervision on the management and operations of our Group.

Ms. Wang has over 30 years of experience in the precision manufacturing industry. Ms. Wang has served as the chairman and the general manager of Luxshare Precision Industry (listed on the Shenzhen Stock Exchange, stock code: 002475) since May 2004, responsible for formulating development strategies and goals. Ms. Wang also serves as the chairman, the vice chairman, a director and the legal representative of certain subsidiaries of Luxshare Precision Industry. In 2004, Ms. Wang and Mr. Wang Laisheng founded Luxshare Precision Industry.

In addition, Ms. Wang has served as the chairman of the board and a non-executive director of Time Interconnect Technology Limited (listed on the Stock Exchange, stock code: 1729) since April 2022, responsible for formulating development strategies and goals.

Ms. Wang obtained her EMBA degree from Tsinghua University (清華大學) in the PRC in January 2008. Ms. Wang has served as a member of the 14th National Committee of the Chinese People's Political Consultative Conference, a vice chairman of the Chamber of Commerce for Women Entrepreneurs of the All-China Federation of Industry and Commerce and a vice chairman of the Guangdong Federation of Industry and Commerce (General Chamber of Commerce) since January 2023.

Ms. Li Jing (李晶), aged 54, joined our Group in March 2024 and has served as a non-executive Director since then, responsible for high-level supervision on the management and operations of our Group.

Ms. Li has over 21 years of experience in the precision manufacturing industry. Ms. Li has served as the general manager of the automotive department of Luxshare Precision Industry (listed on the Shenzhen Stock Exchange, stock code: 002475) since June 2004, responsible for the strategic planning and major decision-making of the automotive business. Ms. Li served as a director of Chery Holding from May 2022 to March 2024, responsible for the strategic planning and major decision-making.

Ms. Li obtained a bachelor's degree in automatic control from Dalian University of Technology (大連理工大學) in the PRC in July 1993.

Mr. Wang Jinhua (王津華), aged 55, joined our Group in April 2022 and has since then served as a non-executive Director, responsible for high-level supervision on the management and operations of our Group.

Mr. Wang has over 33 years of experience in management and corporate operations. Mr. Wang has served as the party secretary and chairman of Wuhu Investment Holding since November 2021, responsible for formulating overall development strategies and goals. Mr. Wang also serves as the chairman, a director and the general manager of certain subsidiaries and minority-owned companies of Wuhu Investment Holding, including a non-executive director of Chery Holding and Anhui Yofc Advanced Semiconductor Company Limited* (安徽長飛先進半導體有限公司) (currently known as Anhui Yofc Advanced Semiconductor Co., Ltd.* (安徽長飛先進半導體股份有限公司)) since May 2022, a director of EFORT Intelligent Equipment Co., Ltd. (埃夫特智能裝備股份有限公司) (listed on the STAR Market of the Shanghai Stock Exchange, stock code: 688165) since February 2022, etc., responsible for high-level supervision on the operations and management.

Mr. Wang worked as a teacher at Eshan Primary School in Fanchang County, Wuhu, Anhui Province from August 1988 to August 1992, and worked at the county party committee, county government and various functional departments of Fanchang County, Wuhu, Anhui Province from August 1992 to February 2019. From February 2019 to November 2021, Mr. Wang served as the party secretary and director of Wuhu Municipal Bureau of Water Resources.

Mr. Wang obtained a bachelor's degree in economics and management from the Correspondence College of the Party School of the CPC* (中共中央黨校函授學院) in the PRC through correspondence courses in December 1996 and obtained an in-service postgraduate certificate in economics and management from Party School of Anhui Provincial Committee of CPC (Anhui Academy of Governance) (中共安徽省委黨校(安徽行政學院)) in the PRC in July 2010.

Mr. Wang Xiaowei (王孝偉), aged 50, joined our Group in February 2025 and has since then served as a non-executive Director, responsible for high-level supervision on the management and operations of our Group.

Mr. Wang has over 18 years of experience in management and business operations. Mr. Wang has been the chairman of the board of directors of Wuhu Yangtze River Bridge Investment and Construction Co., Ltd.* (蕪湖長江大橋投資建設有限公司) since December 2020 and the general manager of Wuhu Investment Holding since November 2024. Mr. Wang served as an investment and financing assistant, the deputy director of the engineering investment department, the director of the investment department and director of the office of Wuhu Investment Holding from July 2007 to January 2020; deputy general manager (from January 2020 to December 2020) and general manager (from December 2020 to September 2023) of Wuhu Yangtze River Bridge Investment and Construction Co., Ltd.* (蕪湖長江大橋投資建設有限公司); and deputy general manager of Wuhu Investment Holding from October 2020 to October 2024, responsible for overseeing the operations and management.

Mr. Wang obtained a diploma in political history from Wuhu Normal College* ((蕪湖師範專科學校), currently known as Anhui Normal University (安徽師範大學)) in the PRC in July 1995, a master's degree in Marxist philosophy from Anhui Normal University (安徽師範大學) in the PRC in June 2002, and a doctorate degree in economics from the Party School of the CPC Central Committee (National Academy of Governance) (中共中央黨校(國家行政學院)) in the PRC in July 2007.

Mr. Bao Siyu (鮑思語), aged 50, joined our Group in July 1999 and has served as a Director since June 2021. Mr. Bao currently is a non-executive Director, responsible for high-level supervision on the management and operations of our Group.

Mr. Bao has over 26 years of experience in management and corporate operations. Mr. Bao has served as an executive vice president of Chery Holding since December 2024, the general manager of Anhui Chery Intelligent Technology Co., Ltd.* (安徽奇瑞智能科技有限公司), a subsidiary of Chery Holding since May 2025, an employee representative director of Chery Holding since June 2025 and a director of Ruichuang since November 2020. From July 1999 to February 2014, Mr. Bao successively served as the assistant to the head of the procurement department and the head of the procurement quality section of our Company, the acting general manager of Wuhu Tianyou Automobile Technology Co., Ltd.* (蕪湖天佑汽車技術有限公司), a subsidiary of our Company, a deputy general manager of the Chery Auto Parts Procurement, and the general manager of our Ordos Branch. From February 2014 to January 2024, Mr. Bao successively served as an assistant to the general manager and a deputy general manager of Chery Holding, and from September 2015 to May 2025, he served as the general manager of Chery Commercial Vehicle (Anhui) Co., Ltd. (奇瑞商用車(安徽)有限公司), a subsidiary of Chery Holding. From September 2021 to February 2024, he served as the chairman of Chery New Energy, a subsidiary of our Company, and from September 2015 to January 2024, he successively served as a deputy general manager and an executive deputy general manager of our Company. From January 2024 to December 2024, Mr. Bao served as an executive deputy general manager of Chery Holding.

Mr. Bao obtained a bachelor's degree in industrial management engineering from Anhui Polytechnic University (安徽工程大學) in the PRC in July 1999.

Mr. Yin Xiangling (尹祥領), aged 55, joined our Group in February 2025 and has served as a non-executive Director since then, responsible for high-level supervision on the management and operations of our Group.

Mr. Yin has over 34 years of experience in finance and financing. He has been the chief financial officer of Anhui Credit Financing Guaranty Group Co., Ltd.* (安徽省信用融資擔保集團有限公司) since June 2021 and is responsible for the general office affairs of the party committee, guarantee business and financial management.

From July 1991 to June 2021, Mr. Yin successively served as a chief clerk (secretary of the party group), the deputy director of the budget office, the deputy director of the budget division (budget office), the deputy division chief (deputy director) of the budget division (budget office), the deputy director and the executive deputy director of the government debt management office (director-level), the director of the government debt management office, and the level I consultant of the government debt management office of the Department of Finance of Anhui Province, the PRC.

Mr. Yin obtained a bachelor's degree in economics from Fudan University (復旦大學) in the PRC through correspondence courses in July 1998 and an in-service postgraduate certificate in economics from the Party School of the CPC Central Committee (National Academy of Governance) (中共中央黨校(國家行政學院)) in the PRC in July 2008.

Mr. Hu Jingyuan (胡敬源), aged 54, joined our Group in September 2022 and has since then served as a non-executive Director, responsible for high-level supervision on the management and operations of our Group.

Mr. Hu has extensive experience in financing and investment. Mr. Hu has served as the deputy general manager and a member of the party committee of Anhui Provincial Investment Group Holding Co., Ltd. (安徽省投資集團控股有限公司) since November 2020 and July 2021, respectively, and has served as the chairman of board of directors of Anhui Railway Group Co., Ltd. (安徽省鐵路集團有限公司) since October 2024, responsible for daily operations and management.

Mr. Hu worked at Anhui Branch of Bank of Communications Co., Ltd. (交通銀行股份有限公司) ("**Bank of Communications**", dually listed on the Shanghai Stock Exchange (stock code: 601328) and the Stock Exchange (stock code: 3328)) for a long time, and successively served as the general manager of Anhui Branch of Bank of Communications, the secretary of the party committee and president of Huainan Branch of Bank of Communications, etc. Mr. Hu served as a director and legal representative of the subsidiaries of Anhui Provincial Investment Group Holding Co., Ltd. (安徽省投資集團控股有限公司), including the chairman and the legal representative of Anhui Shen'an Investment Co., Ltd.* (安徽深安投資有限公司) from August 2021 to January 2024, and a director of Anhui Zhongan Auto Financial Leasing Co., Ltd.* (安徽中安汽車融資租賃股份有限公司) from April 2021 to June 2024, responsible for the overall operations and management.

Mr. Hu obtained a college degree in Chinese language from Hefei Union University (合肥聯合大學) in the PRC in July 1993, a college degree in accountancy from Anhui Vocational College (安徽省職工大學) in the PRC in July 1997 and a bachelor's degree in finance accounting from Central Radio and Television University (中央廣播電視大學) in the PRC in April 2006. Mr. Hu was certified as an economist by the Ministry of Human Resources and Social Security of the People's Republic of China in November 1998.

Independent Non-executive Directors

Mr. Shang Wenjiang (商文江), aged 59, joined our Group in March 2024 and has served as an independent non-executive Director since then, responsible for supervising and providing independent opinions and judgements to the Board.

Mr. Shang has over 40 years of experience in law. Mr. Shang has served as the dean of School of Business and director of the MBA Education Center of China University of Political Science and Law (中國政法大學) since June 2022, and has served as an independent director of China Resources New Energy Group Company Limited and Xi'an Eswin Material Technology Co., Ltd. (西安奕斯偉材料科技股份有限公司) since June 2023.

Mr. Shang served as a lecturer at Zhejiang University (浙江大學) from 1985 to 1993 and an associate researcher at the University of International Business and Economics (對外經濟貿易大學) from 1999 to 2001. Mr. Shang successively served as a division director at China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), an assistant to the mayor of the Banan District People's Government of Chongqing (on a temporary basis), and an assistant to the director and deputy director of the Financial Affairs Office of the Chongqing Municipal People's Government (concurrently serving as a director of Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司) (assigned by Central Huijin Investment Ltd.)) from March 2001 to March 2011. From April 2011 to October 2014, Mr. Shang served as the deputy director of the Chongqing Liangjiang New Area Management Committee. From November 2014 to February 2022, he served as the vice president, the chairman of the labor union and a researcher of Southwest University of Political Science and Law (西南政法大學), and from February 2022 to June 2022, he served as a professor at China University of Political Science and Law (中國政法大學).

Mr. Shang obtained a bachelor's degree in law from East China University of Political Science and Law (華東政法大學) in the PRC in July 1985, a doctorate degree in civil and commercial law from China University of Political Science and Law (中國政法大學) in the PRC in July 1996, and obtained the qualification of researcher of law from Southwest University of Political Science and Law (西南政法大學) in the PRC in June 2015. Mr. Shang has served as a member of the 14th National Committee of the Chinese People's Political Consultative Conference and a member of its Economic Committee since January 2023.

Mr. Yang Mianzhi (楊棉之), aged 56, joined our Group in March 2024 and has served as an independent non-executive Director since then, responsible for supervising and providing independent opinions and judgements to the Board.

Mr. Yang has over 32 years of experience in accounting. Mr. Yang has been a professor at the University of Science and Technology Beijing (北京科技大學) since January 2022, a director of the Accounting Society of China since June 2023, and an independent director of 360 Security Technology Inc. (三六零安全科技股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 601360) since May 2024, responsible for supervising and providing independent opinions and judgments to the board of directors.

Mr. Yang served as a professor and vice dean at Anhui University (安徽大學) from July 1993 to November 2017, and as a professor and the dean of the School of Economics and Management at China University of Petroleum (中國石油大學) from December 2017 to December 2021. Mr. Yang served as an independent director of Anhui Expressway Company Limited (安徽皖通高速公路股份有限公司) (dually listed on the Shanghai Stock Exchange (stock code: 600012) and the Stock Exchange (stock code: 995)) from August 2011 to August 2017, an independent director of Guoyuan Securities Company Limited (國元證券股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 000728) from October 2013 to January 2020, an independent non-executive director of Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司) (dually listed on the Shanghai Stock Exchange (stock code: 600585) and the Stock Exchange (stock code: 914)) from June 2016 to February 2021, and an independent director of Beijing Yuanliu Hongyuan Electronic Technology Co., Ltd. (北京元六鴻遠電子科技股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 603267) from July 2022 to July 2025.

Mr. Yang obtained a bachelor's degree in accounting from Anhui University of Finance and Economics (安徽財經大學) in the PRC in July 1993, a master's degree in business administration from Anhui University (安徽大學) in the PRC in July 2004, and a doctorate degree in business administration (financial management) from Renmin University of China (中國人民大學) in the PRC in June 2008. Mr. Yang obtained the qualification of professor of accounting from the University of Science and Technology Beijing (北京科技大學) in November 2011.

Mr. Ye Shengji (葉盛基), aged 63, joined our Group in March 2024 and has served as an independent non-executive Director since then, responsible for supervising and providing independent opinions and judgements to the Board.

Mr. Ye has over 40 years of experience in the automotive industry. Mr. Ye has served as an independent director of Xiamen King Long Motor Group Co., Ltd. (廈門金龍汽車集團股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600686) and Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600166) since September 2020 and November 2022, respectively, responsible for supervising and providing independent opinions and judgments to the board of directors.

From July 1985 to March 2009, Mr. Ye successively served as an engineer, a senior engineer, a professor-level senior engineer, the director of research office of the Institute of Standardization, the executive deputy general manager of certification center, the chief engineer and the chief expert of China Automotive Technology and Research Center* (中國汽車技術研究中心) (now known as China Automotive Technology and Research Center Co., Ltd. (中國汽車技術研究中心有限公司)), responsible for research and formulation of standards, regulations and certification, and research of industrial development and policy. Since March 2009, he has served as the assistant secretary-general and the director of the expert committee, the deputy secretary-general and management representative, the chief engineer and deputy secretary-general, and the chief engineer and executive deputy secretary-general of China Association of Automobile Manufacturers (中國汽車工業協會), responsible for research and formulation of standards, regulations and certification, new energy vehicles, industrial strategic development and policies. From April 2015 to June 2024, Mr. Ye served as a vice president of China Machine Building Quality Management Association. Mr. Ye served as an independent director of Zhejiang VIE Science and Technology Co., Ltd. (浙江萬安科技股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 002590) from June 2020 to June 2023.

Mr. Ye obtained a bachelor's degree in automotive engineering from Hefei University of Technology (合肥工業大學) in the PRC in July 1985 and a college degree in law from the School of Continuing Education of Beijing Normal University (北京師範大學) through correspondence course in the PRC in March 1997. Mr. Ye obtained the qualification of a senior engineer with enhanced remuneration granted by China National Machinery Industry Bureau (國家機械工業局) in September 2000.

Mr. Lu Feng (路風), aged 69, joined our Group in March 2024 and has served as an independent non-executive Director since then, responsible for supervising and providing independent opinions and judgements to the Board.

Mr. Lu has over 43 years of experience in policy research. From February 1982 to August 1991, Mr. Lu successively served as a clerk in the Petitions Office of the General Office of the CPC Beijing Municipal Committee, a senior clerk in the Research Office of the Finance and Trade Office of the Beijing Municipal People's Government, a senior clerk in the Finance and Trade Bureau of the National Economic Commission, and a senior clerk in the Consumer Market Department and the Comprehensive Planning Department of the National Planning Commission. From June 1999 to January 2003, Mr. Lu served as an associate professor at the School of Public Administration of Tsinghua University (清華大學). From February 2003 to April 2019, he served as a professor at the Department of Economics and director of the Research Institute of Business and Government at School of Government of Peking University (北京大學).

In April 2010, Mr. Lu's paper titled "Unit: A Special Form of Social Organization" (《單位:一種特殊的社會組織形式》) won the first "Outstanding Achievement Award in Sociology (社會學優秀成果獎)" of the Lu Xueyi Sociology Development Foundation (陸學藝社會學發展基金會). In October 2014, Mr. Lu's paper titled "Double Surplus, Capacity Gap and Independent Innovation — Macro and Micro Perspectives on Transformation of the Economic Development Mode" (《"雙順差"、能力缺口與自主創新——轉變經濟發展方式的宏觀和微觀視野》) won the fifth Zhang Peigang Outstanding Achievement Award in Development Economics (張培剛發展經濟學優秀成果獎). In February 2018, Mr. Lu's book titled "Light Change: An Enterprise and Its Industrial History" (《光變:一個企業及其工業史》) won the "Enterprise Reform and Development Research Award (企業改革與發展研究獎)" at the seventh Jiang Yiwei Enterprise Reform and Development Academic Fund (蔣一葦企業改革與發展學術基金獎).

Mr. Lu obtained a bachelor's degree in philosophy from the Department of Political Science of the Minzu University of China (中央民族學院) in the PRC in September 1982 and a doctorate degree in political science from Columbia University in the United States in December 1998. Mr. Lu obtained the professor qualification from Peking University (北京大學) in the PRC in August 2002.

Mr. Yang Shanlin (楊善林), aged 76, joined our Group in March 2024 and has served as an independent non-executive Director since then, responsible for supervising and providing independent opinions and judgements to the Board.

Mr. Yang has over 30 years of experience in computer and its applications. Mr. Yang has been a professor at Hefei University of Technology (合肥工業大學) since December 1994, a co-chairman of Chinese Academy of Management since November 2015, and the director of the Academic Committee of Hefei University of Technology (合肥工業大學) since January 2019. Prior to this, Mr. Yang served as the dean of the School of Management at Hefei University of Technology (合肥工業大學) from January 1994 to June 2002, and as the vice president of Hefei University of Technology (合肥工業大學) from June 1996 to June 2006, responsible for overseeing the scientific research and the graduate school.

Mr. Yang was awarded the second prize of the National Science and Technology Progress Award by the State Council of the People's Republic of China in December 2006, the Outstanding Teacher Award of Higher Education Institutions by the Ministry of Education of the People's Republic of China in September 2008, the second prize of the National Science and Technology Progress Award by the State Council of the People's Republic of China in December 2008, and the National Teaching Achievement Award by the Ministry of Education of the People's Republic of China in September 2009. From March 2018 to March 2023, Mr. Yang served as a representative of the 13th National People's Congress.

Mr. Yang obtained a bachelor's degree in electronic computer and its applications from Hefei University of Technology (合肥工業大學) in the PRC in July 1982 and a master's degree in computer applications from Hefei University of Technology (合肥工業大學) in the PRC in February 1985. Mr. Yang obtained the professor qualification from Hefei University of Technology (合肥工業大學) in December 1994.

Mr. Lai Ni Hium, Frank (黎汝雄), aged 63, joined our Group in February 2025 and has served as an independent non-executive Director since then, responsible for supervising and providing independent opinions and judgements to the Board.

Mr. Lai has over 37 years of experience in financial management. Mr. Lai served as an executive director (responsible for finance and operations) and the chief executive officer of China Resources Gas Group Limited (listed on the Stock Exchange, stock code: 1193, formerly known as Logic International Holdings Limited), the chief financial officer of Nam Cheong Limited (listed on the Singapore Stock Exchange, stock code: 1MZ, formerly known as Eagle Brand Holdings Limited), an executive director, chief financial officer, company secretary and non-executive director of China Resources Microelectronics Limited (formerly listed on the Stock Exchange, stock code: 597) from May 2000 to June 2009, an executive director, the chief financial officer and company secretary, a non-executive director of China Resources Beer (Holdings) Company Limited (listed on the Stock Exchange, stock code: 291) and an executive director and chief financial officer of China Resources Enterprise, Limited from June 2009 to July 2023, the chief executive officer of Dah Chong Hong Holdings Limited, a subsidiary of CITIC Limited (listed on the Stock Exchange, stock code: 267), which is principally engaged in automobile and consumer goods distribution, from June 2016 to December 2024, and the chairman of board of directors and a director of Jonjee HI-TECH Industrial and Commercial Holding Co., Ltd. (中炬高新技術實業(集團)股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600872) since July 2025.

Mr. Lai obtained a bachelor's degree in commerce from the University of Western Australia, Perth in Australia in April 1982 and a master's degree in business and management from the Western Australia Curtin University of Technology in Austria in August 1988. Mr. Lai was qualified as a Certified Practising Accountant accredited by CPA Australia in 1987, and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of CPA Australia.

SUPERVISORS

The following table sets out the key information of our Supervisors as at the Latest Practicable Date:

Name	Age	Position	Date of joining our Group	Date of appointment as Supervisor	Roles and responsibilities
Mr. Wu Yunfei (伍運飛)	43	Chairman of the Supervisory Committee and non-employee representative Supervisor	November 2021	November 16, 2021	Responsible for chairing the work of the Supervisory Committee and coordinating Supervisors to supervise the operating and financial activities of our Group
Mr. Xu Hui (徐暉)	57	Non-employee representative Supervisor	June 2006	March 30, 2024	Responsible for the supervision on the operating and financial activities of our Group
Mr. Cai Changfeng (蔡長鋒)	40	Employee representative Supervisor	July 2006	March 30, 2024	Responsible for the supervision on the operating and financial activities of our Group

Note: None of our Supervisors is related to other Directors, Supervisors or members of senior management.

Mr. Wu Yunfei (伍運飛), aged 43, joined our Group in November 2021 and has served as a Supervisor since then, responsible for chairing the work of the Supervisory Committee and coordinating Supervisors to supervise the operating and financial activities of our Group. Mr. Wu also served as a director of certain subsidiaries of our Company, including (i) a director of Anhui Ruizhi Drive Technology Co., Ltd.* (安徽瑞智驅動科技有限公司) since September 2016; (ii) a director of Chery New Energy since November 2023, and is responsible for the management or supervision of its operations.

Mr. Wu has over 21 years of experience in investment management and corporate management and operations. Mr. Wu joined Wuhu Investment Holding in July 2004 and served as a staff member of the investment management department, a staff member of the asset operations department, the deputy director of the investment management department, and the director of the investment management department of the company. Mr. Wu has served as a member of the party committee and deputy general manager of Wuhu Investment Holding since June 2022, and as the chairman, a director and the general manager of certain subsidiaries and minority-owned companies of Wuhu Investment Holding, responsible for management or

supervision on their operations, including: (i) a director of Anhui Changjiang Equity Exchange Co., Ltd.* (安徽長江產權交易所有限公司) from April 2012 to June 2024, (ii) a director of EFORT Intelligent Equipment Co., Ltd. (埃夫特智能裝備股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 688165) since June 2019, (iii) the general manager (from July 2022 to December 2024) and the chairman (since July 2022) of Wuhu Yuanda Venture Capital Co., Ltd.* (蕪湖遠大創業投資有限公司) and (iv) a director of Wuhu Token Sciences Co., Ltd. (蕪湖長信科技股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 300088) since May 2023, etc.

Mr. Wu obtained a bachelor's degree in business administration from Hubei University of Economics (湖北經濟學院) in the PRC in June 2004.

Mr. Xu Hui (徐暉), aged 57, joined our Group in June 2006 and has served as a Supervisor since March 2024, responsible for the supervision on the operations and financial activities of our Group. Mr. Xu has served as a director and supervisor of certain subsidiaries of our Company, including: (i) a supervisor of Chery New Energy since December 2015, (ii) the legal representative and the executive director of Anhui Pusi Standard Technology Co., Ltd.* (安徽普思標準技術有限公司) since November 2017, and (iii) a supervisor of Chery Technology since January 2014, responsible for management or supervision on the operations.

Mr. Xu has over 25 years of experience in intellectual property and corporate management and operations. Mr. Xu served as the head of the legal and intellectual property department of our Company from June 2006 to February 2015. From February 2015 to April 2016, he served as the assistant to the general manager and secretary to the board of directors of Chery Holding. Since April 2016, he has served as the deputy general manager and secretary to the board of directors of Chery Holding, and as the chairman, director, general manager and legal representative of certain of its subsidiaries, generally responsible for the operations and management (including serving as chairman and general manager of Ruiyuan International Resources Investment Co., Ltd.* (瑞源國際資源投資有限公司) since December 2018, a non-executive Director of Chery Commercial Vehicle (Anhui) Co., Ltd. (奇瑞商用車(安徽)有限公司) since October 2017, and the chairman of the board of directors of Tu Journey Camping Management Co., Ltd.* (途居露營管理股份有限公司) since February 2024, and as a supervisor of Ruichuang since June 2008.

Mr. Xu served as the head of Wuhu Anhui Intellectual Property Agency Co., Ltd.* (蕪湖安匯知識產權代理有限公司). Since December 2008, Mr. Xu has served concurrently as an intellectual property expert of Wuhu Intermediate People's Court. In January 2010, Mr. Xu was awarded the National Intellectual Property Honorary Certificate by China National Intellectual Property Administration. Since May 2014, he has served concurrently as an expert of the Anhui Provincial Intellectual Property Bureau, and since October 2020, he has served concurrently as an expert of the Wuhu Municipal Supervision for Market Regulation.

Mr. Xu obtained a bachelor's degree in polymer from Tongji University (同濟大學) in the PRC in July 1991 and was awarded the title of associate researcher by the Anhui Provincial Natural Science Research Series Senior Position Evaluation Committee in December 2002.

Mr. Cai Changfeng (蔡長鋒), aged 40, joined our Group in July 2006 and has been the deputy director of the finance center since August 2023 and a Supervisor since March 2024, responsible for the supervision on the operations and financial activities of our Group. Mr. Cai has also served as a director of certain subsidiaries of our Company, including (i) a director of Wuhu Purui Automobile Investment Co., Ltd.* (蕪湖普瑞汽車投資有限公司) since March 2007, (ii) a director of each of Chery Russia and its subsidiary, OMODA Cars Rus LLC since May 2018, (iii) a director of O&J (Hong Kong) Automobile Investment Co., Ltd. since August 2023, and (iv) a director of EXEED Cars Rus LLC since August 2023, responsible for management on the operations.

Mr. Cai has over 19 years of experience in finance as well as corporate management and operations. Mr. Cai was the cost administrator, budget administrator and accountant of our Company from July 2006 to May 2011, the accountant-in-charge and section chief of the finance department of Chery Holding from June 2011 to December 2014, and the section chief of the finance department of our Company's International Region, senior chief accountant of the business & finance department, and senior manager of the business & finance department from January 2015 to July 2023, dispatched executive vice president of finance of Chery Jaguar Land Rover Automotive Co., Ltd. (奇瑞捷豹路虎汽車有限公司), responsible for its financial management. Mr. Cai has also served as a director and a supervisor of certain companies in which our Company holds a non-controlling interest, including a director of Chery (Qingdao) International Trading Co., Ltd.* (奇瑞(青島)國際貿易有限公司) since May 2020, a director of Chery Overseas Industrial Investment Co., Ltd.* (奇瑞海外實業投資有限公司) since September 2021, a director of Wuhu Ruirong International Trading Co., Ltd.* (蕪湖瑞融國際貿易有限公司) since November 2021, and a supervisor of Chery Jaguar Land Rover Automotive Co., Ltd. (奇瑞捷豹路虎汽車有限公司) and Chery Jaguar Land Rover Auto Sales Co., Ltd.* (奇瑞捷豹路虎汽車銷售有限公司), respectively, since July 2023, responsible for management or supervision on the operations.

Mr. Cai obtained a bachelor's degree in financial management from Hubei University of Automotive Technology (湖北汽車工業學院) in the PRC in June 2006 and was granted the qualification as a certified public accountant in August 2016 by the Chinese Institute of Certified Public Accountants.

SENIOR MANAGEMENT

The following table sets out the key information of the senior management as at the Latest Practicable Date:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Yin Tongyue (尹同躍)	62	Chairman and President	January 1997	January 8, 1997	Overall responsible for the daily operations and management of our Group
Mr. Zhang Guozhong (張國忠)	53	Executive Vice President	July 1997	April 9, 2016	Responsible for chairing the daily work of our Group
Dr. Gao Xinhua (高新華)	53	Executive Vice President, President of General Research and Development Institute of Automobile Engineering Technology	June 1997	May 1, 2015	Responsible for the supervision on our Group's technological development
Mr. Zhang Guibing (張貴兵)	48	Executive Vice President, General Manager of International Business Division	July 1999	November 21, 2020	Responsible for our Group's international business outside the China market
Mr. Qi Shilong (戚士龍)	45	Executive Vice President, Secretary to the Board	July 2003	May 20, 2021	Responsible for the supervision on our Group's financial and supply chain operations and management

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Li Xueyong (李學用)	42	Executive Vice President, General Manager of CHERY Domestic Business Group	July 2005	April 7, 2023	Responsible for the management of CHERY domestic business and JETOUR business

Note: None of our senior management is related to other Directors, Supervisors or members of senior management.

For the biographical details of Mr. Yin Tongyue (尹同躍) and Mr. Zhang Guozhong (張國忠), please refer to the section headed "Directors — Executive Directors" above.

Dr. Gao Xinhua (高新華), aged 53, joined our Group in June 1997 and has been the executive vice president of our Company and president of the general research and development institute of automobile engineering technology of our Company since December 2024 and is responsible for the supervision on our Group's technology development. Dr. Gao also serves as the chairman and a director of certain subsidiaries of our Company, including (i) a director of Chery Technology since February 2018, (ii) the chairman of the board of directors and a director of Wuhu Lion Automotive Technology Co., Ltd.* (蕪湖雄獅汽車科技有限公司) since November 2019, (iii) an executive director of Anhui New Energy and Intelligent Connected Vehicle Industry Research Institute Co., Ltd.* (安徽省新能源和智能網聯汽車產業研究院有限公司) since November 2021, (iv) an executive director of Chery Intelligent Automobile Technology (Hefei) Co., Ltd.* (奇瑞智能汽車科技(合肥)有限公司) since July 2022, (v) an executive director of Dazhuo Quxing Intelligent Technology (Shanghai) Co., Ltd.* (大卓趣行智能科技(上海)有限公司) since February 2023, (vi) a director of Acteco since December 2023, (vii) a director of Anhui Deeiot Energy Technology Co., Ltd.* (安徽得壹能源科技有限公司) since January 2024, and (viii) a director of Wuhu Purui Automobile Investment Co., Ltd.* (蕪湖普瑞汽車投資有限公司) since December 2024, responsible for managing the operations.

Dr. Gao has over 28 years of experience in the automobile industry. From July 1997 to December 2024, Dr. Gao served as the head of the vehicle section of the product department, the assistant to the director of the product department, the assistant to the director of the research institute, the vice director of the research institute, the deputy director of the product development center, the assistant to the general manager, the deputy general manager, the general manager of the marketing company, the executive director of the product development management center, the general manager and executive deputy general manager of the general research and development institute of automobile engineering technology of our Company,

responsible for engineering design and product development. Since September 2010, Dr. Gao has concurrently served as a professor and a master's degree tutor at Hefei University of Technology (合肥工業大學), a visiting professor at Shanghai University of Engineering Science from September 2021 to September 2023, and a member of the Technical Committee of China Automotive Technology and Research Center from July 2020 to June 2022.

Dr. Gao was awarded the title of Anhui Provincial Academic and Technical Leader by the People's Government of Anhui Province in May 2013, the title of the seventh batch of Anhui Provincial Strategic Emerging Industry Technical Leader jointly by the Organization Department of the CPC Committee of Anhui Province, Department of Human Resources and Social Security of Anhui Province, Anhui Development and Reform Commission, and Department of Science and Technology of Anhui Province in September 2018, and was awarded the title of Young and Middle-aged Expert with Outstanding Contributions by the National Ten Million Talents Project in July 2020.

Dr. Gao received a bachelor's degree in mechanical design and manufacturing from Hefei University of Technology (合肥工業大學) in the PRC in July 1994, a master's degree in mechanical engineering from Hefei University of Technology (合肥工業大學) in the PRC in December 1997, and a doctorate degree in vehicle engineering from Hefei University of Technology (合肥工業大學) in the PRC in June 2016. Dr. Gao was awarded the title of senior engineer in December 2009 by the Department of Human Resources and Social Security of Anhui Province.

Mr. Zhang Guibing (張貴兵), aged 48, joined our Group in July 1999, and has been the executive vice president and general manager of the international business division of our Company since December 2024 and is responsible for the integrated management of our Group's international business outside the PRC market. Mr. Zhang also serves as a director and chairman of certain subsidiaries of our Company, including (i) a director of Chery Russia since May 2018, (ii) the chairman of Anhui Xingtu Automobile Co., Ltd.* (安徽星途汽車有限公司) since December 2021, and (iii) a director of Anhui Mojia Zhichuang Robot Technology Co., Ltd.* (安徽墨甲智創機器人科技有限公司) since January 2025, responsible for managing the operations.

Mr. Zhang has over 26 years of experience in the automobile industry. He was the head of the overseas quality section, the manager of the project department, the assistant to general manager, the deputy general manager, the executive deputy general manager and general manager of the international business division, deputy general manager of Karry Vehicle business division, and the assistant to general manager, the deputy general manager and the executive deputy general manager of our Company from July 1999 to December 2024, in charge of the sales business in the international market. Mr. Zhang has served as the chairman of Chery Overseas Industrial Investment Co., Ltd.* (奇瑞海外實業投資有限公司) since November 2018, responsible for managing the operations.

Mr. Zhang was awarded the title of 2023 Anhui Economic Figure (2023安徽年度經濟人物) by Anhui Broadcasting Corporation in February 2024.

Mr. Zhang obtained a bachelor's degree in automobile and tractor from Hefei University of Technology (合肥工業大學) in the PRC in June 1999.

Mr. Qi Shilong (戚士龍), aged 45, joined our Group in July 2003, has been the secretary to the Board since July 2023, and has been the executive vice president since January 2025 and is responsible for the supervision on the finance and supply chain operations and management of our Group. Mr. Qi also has served as the chairman, director, and supervisor of certain subsidiaries of our Company, including (i) a director of Ordos Ruishi International Trading Co., Ltd.* (鄂爾多斯市瑞世國際貿易有限公司) since October 2015, (ii) a supervisor of Chery Sales since July 2019, (iii) a non-executive director of Rejoin (Anhui) Supply Chain Technology Co., Ltd.* (瑞鯨(安徽)供應鏈科技有限公司) since May 2021, and (iv) the chairman of the board of directors of Chery Technology since January 2022, and is responsible for managing or supervising the operations.

Mr. Qi has over 22 years of experience in the automobile industry. From July 2003 to December 2024, Mr. Qi served as the supervisor and head of the budget section of the finance department of our Company, the director of the treasury and tax department of the finance department, the deputy director of the finance department, the assistant to the general manager and the executive director of the finance department, and the executive director of the operation and management center and the deputy general manager. Mr. Qi served as a non-executive director of Rayhoo Motor Dies Co., Ltd. (瑞鵠汽車模具股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 002997) from January 2024 to January 2025. Mr. Qi has also served as a director of certain companies in which our Company holds a non-controlling interest, including a non-executive director of Wuhu Chery Capital Management Co., Ltd.* (蕪湖奇瑞資本管理有限公司) since December 2021, and a non-executive director of Zhejiang Wanliyang Co., Ltd. (浙江萬里揚股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 002434) since August 2024. In addition, Mr. Qi has served as a non-executive director of Anhui Guofu Industry Investment Fund Management Co., Ltd.* (安徽國富產業投資基金管理有限公司) since February 2022, a supervisor of Chery Holding since May 2022, and the chairman of board of directors and a director of Chery Jaguar Land Rover Automotive Co., Ltd. (奇瑞捷豹路虎汽車有限公司) since April 2025.

Mr. Qi obtained a bachelor's degree in accounting from Anhui University of Technology (安徽工業大學) in the PRC in July 2003 and a master's degree in business administration from Tsinghua University (清華大學) in the PRC in October 2020.

Mr. Li Xueyong (李學用) , aged 42, joined our Group in July 2005 and has been the executive vice president and general manager of the CHERY domestic business group of our Company from January 2025, and is responsible for the management of CHERY domestic business and JETOUR business. Mr. Li has also served as the chairman and the general manager of certain subsidiaries of our Company, including (i) the general manager of Chery Sales since November 2022, and (ii) the chairman of Soueast Motor since March 2024, responsible for managing the operations.

Mr. Li has over 20 years of experience in the automobile industry. Mr. Li served as a sales assistant, a department head and a regional manager at Chery Sales, a marketing director of the Tiggo product line, and an assistant to general manager and the deputy general manager of Henan Branch from July 2005 to December 2016; the executive deputy general manager of Chery Commercial Vehicle (Anhui) Co., Ltd. (奇瑞商用車(安徽)有限公司), a subsidiary of Chery Holding, and the executive deputy general manager and the assistant to general manager of the JETOUR product line from January 2017 to May 2022; the assistant to general manager, the general manager of the JETOUR business division and the marketing company, the deputy general manager, the vice president and the general manager of the CHERY domestic business group of our Company from May 2022 to January 2025.

Mr. Li obtained his bachelor's degree in automation from Beihua University (北華大學) in the PRC in July 2005.

Save as disclosed in this section, none of our Directors, Supervisors and senior management held directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed in this section, there were no other matters relating to the appointment of our Directors or Supervisors that need to be brought to the attention of the Shareholders and there was no other information relating to our Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Please refer to "Statutory and General Information — C. Further Information about Directors, Supervisors, Chief Executive and Substantial Shareholders" in Appendix VI to this document for the interests of our Directors, Supervisors and chief executive in our Shares within the meaning of Part XV of the SFO.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each Director confirms that he/she (i) has obtained legal advice pursuant to Rule 3.09D of the Listing Rules on February 10, 2025 and (ii) is aware of his/her responsibilities as a director of the listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed that (i) he/she is independent for each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules; (ii) as at the Latest Practicable Date, he/she did not have any past or present financial or other interests in the business of our Company or its subsidiaries, nor was he/she connected in any way with any of the core connected persons of our Company under the Listing Rules; and (iii) there were no other factors which may affect his/her independence at the time of his/her appointment.

Disclosure under Rule 8.10(2) of the Listing Rules

As at the Latest Practicable Date, none of our Directors was interested in any business which competes directly or indirectly with our business pursuant to Rule 8.10(2) of the Listing Rules.

Resigned Directors and Supervisors

During the Track Record Period and up to the Latest Practicable Date, certain former Directors and Supervisors resigned as a Director or Supervisor on voluntary and amicable basis due to work arrangements, details of which were set out as follows:

Name	Appointment date	Resignation date
Resigned Directors, being non-executive Directors		
Mr. Xia Feng (夏峰)	December 2019	April 2022
Mr. Yu Zhijun (于志軍)	June 2021	April 2022
Mr. Cui Mingshou (崔明壽)	June 2021	April 2022
Mr. Huang Linmu (黃林沐)	June 2021	September 2022
Mr. Wang Zhaoyuan (王召遠)	June 2021	June 2023
Mr. Xing Hui (邢暉)	November 2021	January 2025
Mr. Li Bin (李斌)	April 2022	May 2023
Mr. Huang Zuchao (黃祖超)	December 2019	April 2022
	April 2022	May 2023
Mr. Yi Lei (易磊)	May 2023	March 2024
Ms. Liu Ling (劉翎)	May 2023	March 2024
Mr. Wang Laisheng (王來勝)	May 2022	May 2024
Mr. Wang Zhaohui (王朝暉)	June 2023	January 2025
Resigned Director, being independent non-executive Director		
Ms. Shi Qin (石琴)	March 2024	January 2025
Resigned Supervisors		
Ms. Li Qingxiang (李慶香)	June 2021	April 2022
Mr. Zhang Jinsong (張勁松)	December 2021	March 2024
Mr. Hong Gaoming (洪高明)	April 2022	March 2024

Note: Among the resigned Directors, all non-executive Directors were nominated by our Shareholders. Among the resigned Supervisors, Ms. Li Qingxiang (李慶香) was nominated by our Shareholder. For details, see note 8 to the Accountant's Report in Appendix I.

To the best of the knowledge and belief of our Directors, there were no disputes or disagreements between our Company and each of the resigned Directors and Supervisors as mentioned above, and there are no matters that need to be brought to the attention of the Stock Exchange and potential investors in Hong Kong.

Our Joint Company Secretaries

Ms. Zhan Ni (詹妮) has been appointed as our joint company secretary.

Ms. Zhan, aged 42, joined our Group in August 2024 and has since then been the assistant to the president and head of the office of the Board, responsible for the Board affairs.

Ms. Zhan has over 13 years of experience in finance and treasury. Ms. Zhan served as a researcher of the Ministry of Finance of the People's Republic of China from August 2012 to December 2020, in charge of financial budget; a consultant of the Local Financial Supervisory Authority of Anhui Province from December 2020 to September 2022, in charge of government fund management; and a deputy general manager of Hefei Ruicheng Private Equity Fund Management Co. Ltd.* (合肥瑞丞私募基金管理有限公司) from October 2022 to August 2024, in charge of equity fund raising and investment.

Ms. Zhan obtained a bachelor's degree in finance from Nanjing University (南京大學) in the PRC in June 2005 and a master's degree in business administration from Tsinghua University (清華大學) in the PRC in June 2012.

Ms. Yu Wing Sze (余詠詩), aged 42, is one of the joint company secretaries of our Company. She is a manager of the listing services division at TMF Hong Kong Limited, a company providing corporate accounting and corporate secretarial services in Hong Kong. She has over 15 years of experience in company secretarial profession and has been serving as the company secretary of several listed companies in Hong Kong.

Ms. Yu is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Ms. Yu obtained a bachelor's degree in business administration from the Chinese University of Hong Kong in Hong Kong in December 2005.

The Special Committees of The Board

We have established three special committees of the Board, namely the Risk Control and Audit Committee, the Nomination and Remuneration Committee and the Strategy and Sustainability Committee.

The Risk Control and Audit Committee

The Risk Control and Audit Committee comprises seven Directors, namely Mr. Lai Ni Hium, Frank, Mr. Shang Wenjiang, Mr. Yang Mianzhi, Mr. Yang Shanlin, Mr. Wang Jinhua, Mr. Hu Jingyuan and Mr. Bao Siyu. All members of the Risk Control and Audit Committee are our non-executive and independent non-executive Directors. Mr. Lai Ni Hium, Frank, our independent non-executive Director, is the chairman of the Risk Control and Audit Committee. Mr. Lai Ni Hium, Frank has appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Risk Control and Audit Committee include:

(i) proposing the appointment, re-appointment and removal of the external auditor, and making recommendations to the Board and approving the remuneration and terms of engagement of the external auditor;

(ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process, discussing the nature, scope, method and relevant reporting obligation of the audit with the auditor before the audit commences, formulating and implementing policies on engaging the external auditors to provide non-audit services;

(iii) monitoring the authenticity, accuracy and completeness of the financial statements of our Company and our Company's annual report and accounts, half-year report and quarterly reports (if any) and reviewing the material opinion on the financial reports contained in the statement and reports;

(iv) reviewing our Company's systems of financial control, internal control and risk management, discussing the risk management system and the internal control system with the management to ensure that the management has performed its duty to establish effective risk management and internal control systems;

(v) being responsible for the communication between the internal auditing department and the external auditor, acting as the key representative between our Company and the external auditor, and being responsible for monitoring the relationship between them; and

(vi) other matters authorized by the Board.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises seven Directors, namely Mr. Shang Wenjiang, Ms. Li Jing, Mr. Wang Xiaowei, Mr. Zhang Guozhong, Mr. Lu Feng, Mr. Ye Shengji and Mr. Yang Mianzhi. All members of the Nomination and Remuneration Committee are our non-executive Directors and independent non-executive Directors. Mr. Shang Wenjiang, our independent non-executive Director, is currently the chairman of the Nomination and Remuneration Committee.

The primary duties of the Nomination and Remuneration Committee include:

(i) establishing the criteria, procedures and methods for selecting our Directors and senior management of our Company, and submitting them to our Board for consideration;

(ii) regularly reviewing the structure, size and composition of our Board and their relevant qualifications (including skills, knowledge, experience and others) at least annually, assisting the Board in developing a board skill chart, and advising on any proposed changes to our Board to complement our Company's strategy;

(iii) identifying the individuals qualified to serve as our Directors and senior management, and reviewing and advising on the candidates for our Directors and senior management;

(iv) assessing the skills, knowledge and experience of our Directors and senior management comprehensively, and reviewing the independence of the independent non-executive Directors;

(v) supporting our Company's periodic evaluation of the performance of the Board;

(vi) reviewing the Board diversity policy, and the measurable objectives that it has set for implementing the policy and progress on achieving those objectives;

(vii) making recommendations to the Board on the remuneration policy and structure for all Directors and senior management of our Company and on the establishment of formal and transparent procedures for developing such remuneration policy;

(viii) determining the specific remuneration packages (including benefits in kind, pension rights and compensation payments, should including any compensation payable for loss or termination of their office or appointment) for all executive Directors and senior management members and making recommendations to the Board on non-executive Directors' remuneration packages;

(ix) preparing the management plan for the performance appraisal of the senior management of our Company, formulating the appraisal program and determining the appraisal objectives;

(x) examining the performance of duties by Directors and senior management and conducting annual assessment over their performance;

(xi) studying our Company's policies and proposals in relation to salary, welfare, rewards and penalties, making recommendations to the Board and supervising the implementation of such policies and proposals;

(xii) reviewing and/or approving matters relating to the share scheme under Chapter 17 of the Listing Rules; and

(xiii) other matters authorized by the Board.

The Strategy and Sustainability Committee

The Strategy and Sustainability Committee comprises seven Directors, namely Mr. Yin Tongyue, Ms. Wang Laichun, Mr. Wang Jinhua, Mr. Zhang Guozhong, Mr. Yin Xiangling, Mr. Lai Ni Hium, Frank and Mr. Ye Shengji. Mr. Yin Tongyue, our executive Director, chairman of our Board and president of our Company, is currently the chairman of the Strategy and Sustainability Committee.

The primary duties of the Strategy and Sustainability Committee include:

(i) evaluating and making recommendations on our long-term strategic planning and other significant matters that may affect our development strategy; and

(ii) other matters authorized by the Board.

Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [**REDACTED**], save that Chairman Yin, will serve as both the chairman of our Board and president as discussed below.

Pursuant to code provision C.2.1 set out in Part II of the Corporate Governance Code, companies listed on the Stock Exchange shall comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. Chairman Yin currently performs the chairman of our Board and president. Our Board believes that Chairman Yin has been operating and managing our Company since its incorporation and is familiar with the operations of our Group, which is in the best interest of our Group to have both roles assumed by Chairman Yin after the [**REDACTED**] for the effective management of our Group as well as for the development of the business of our Group, and that Chairman Yin will provide strong and consistent leadership to our Group. This arrangement will ensure the effective and efficient overall strategic planning of our Group as the structure will enable our Company to make and implement decisions quickly and effectively. In addition, our Company has put in place appropriate checks and balances through the Board and six independent non-executive Directors. Our independent non-executive Directors are able to maintain their independence of character and judgment and are able to express their views without undue restrictions. We will consult our Board for advice on any major decisions. Accordingly, our Board is of the view that the balance of power and authority of the existing arrangement will not be jeopardized as the arrangement does not result in an excessive concentration of power in a single individual, which may adversely affect the interests of minority Shareholders.

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination and Remuneration Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. In particular, our Board currently has two female Directors, and one female member serves in the Nomination and Remuneration Committee, and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have seven non-executive Directors and six independent non-executive Directors with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the Nomination and Remuneration Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

Compensation of Directors, Supervisors and Senior Management

We offer our executive Directors, Supervisors and senior management, who are also our Company's employees, compensation in the form of fees, salaries, bonuses and benefits in kind (including contributions to pension plans). The remuneration of Directors, Supervisors and senior management is determined with reference to factors such as the responsibilities, risks and commitments of the Directors, Supervisors and senior management, the market standards of the same industry and the operations of our Company. Our independent non-executive Directors receive compensation with reference to their respective positions and duties, including being a member or the chairman of Board committees.

The following table sets forth the aggregate amount of remuneration paid to our Directors, Supervisors and the five highest paid individuals (including certain Directors) for each of the three years ended December 31, 2024 and the three months ended March 31, 2025.

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*
Directors	5.48	6.69	43.35	13.84
Supervisors	4.89	4.76	9.34	0.59
Five highest paid individuals	56.19	49.41	164.00	48.03

During the Track Record Period, (i) no emoluments were paid to our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Group, (ii) no emoluments were paid or payable to our Directors, the retiring Directors, Supervisors, the retiring Supervisors or the five highest paid individuals for their loss of office as a Director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group, and (iii) no Directors and Supervisors waived or agreed to waive any emoluments except for Mr. Yang Shanlin (楊善林).

Save as disclosed above and in "Financial Information", "Accountant's Report" and "Statutory and General Information", no other payments have been paid or are payable in respect of the Track Record Period to our Directors, Supervisors and senior management by our Group. Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors and Supervisors for the year ending December 31, 2025 to be approximately RMB54.26 million. The actual amount may differ from this estimate.

See note 8 and note 9 to the Accountant's Report in Appendix I for details on remuneration paid to our Directors, Supervisors and senior management and, on an aggregate basis, the five highest paid individuals of our Group during the Track Record Period.

See "Statutory and General Information — D. Equity Incentive Schemes" in Appendix VI to this document for details on the incentive schemes for our Directors, Supervisors and senior management.

COMPLIANCE ADVISER

We have appointed China International Capital Corporation Hong Kong Securities Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, the sale or transfer of treasury shares and share repurchases;

(iii) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

The term of appointment of the compliance adviser shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**] and such appointment may be subject to extension by mutual agreement.

So far as known to our Directors as at the Latest Practicable Date, immediately following the completion of the [**REDACTED**] and the conversion of Domestic Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised), the following persons will have an interest and/or short position (as applicable) in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, once the H Shares are [**REDACTED**] on the Stock Exchange:

			As at the Latest Practicable Date[1]		Immediately following the completion of the [REDACTED] and the conversion of Domestic Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Description of Shares**	**Number of Shares**	**Approximate percentage of interest in our Company**	**Number of Shares**	**Approximate percentage of interest in the Unlisted Shares/ H Shares (as appropriate)[1]**	**Approximate percentage of interest in our Company[1]**
Wuhu Investment Holding	Beneficial owner[2]	Unlisted Shares	1,157,771,424	21.17%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Nil	–	[REDACTED]	[REDACTED]	[REDACTED]
Chairman Yin	Interest in controlled corporations[3]	Unlisted Shares	998,255,807	18.25%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Nil	–	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Wang Laijiao	Interest in controlled corporation[4]	Unlisted Shares	920,426,548	16.83%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Nil	–	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wang Laixi	Interest in controlled corporation[4]	Unlisted Shares	920,426,548	16.83%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Nil	–	[REDACTED]	[REDACTED]	[REDACTED]
Luxshare Investment Limited	Interest in controlled corporation	Unlisted Shares	920,426,548	16.83%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Nil	–	[REDACTED]	[REDACTED]	[REDACTED]
Luxshare Investment (HK) Limited	Beneficial owner[4]	Unlisted Shares	920,426,548	16.83%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Nil	–	[REDACTED]	[REDACTED]	[REDACTED]
Ruichuang	Beneficial owner[3]	Unlisted Shares	629,670,207	11.51%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Nil	–	[REDACTED]	[REDACTED]	[REDACTED]
Anhui Credit Financing Guaranty Group Co., Ltd.* (安徽省信用融資擔保集團有限公司)	Beneficial owner	Unlisted Shares	545,513,600	9.97%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Nil	–	[REDACTED]	[REDACTED]	[REDACTED]

			As at the Latest Practicable Date[1]		Immediately following the completion of the [REDACTED] and the conversion of Domestic Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Description of Shares	Number of Shares	Approximate percentage of interest in our Company	Number of Shares	Approximate percentage of interest in the Unlisted Shares/ H Shares (as appropriate)[1]	Approximate percentage of interest in our Company[1]
Wuhu Yongrui Enterprise Management Consultation Co., Ltd.* (蕪湖永瑞企業管理諮詢有限公司) ("**Wuhu Yongrui**"). . .	Interest in controlled corporations[3]	Unlisted Shares	368,585,600	6.74%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Nil	–	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares in issue upon [**REDACTED**] comprising (i) an aggregate of [**REDACTED**] H Shares to be converted from the Unlisted Shares and (ii) [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (without taking into account the H Shares which may be issued upon the exercise of the [**REDACTED**]).

(2) Wuhu Investment Holding is owned as to 95.59% by Wuhu SASAC and as to 4.41% by Anhui Provincial Department of Finance.

(3) As at the Latest Practicable Date, Ruichuang directly held 629,670,207 Domestic Unlisted Shares. Chairman Yin holds more than 30% of the shares in Ruichuang. Each of Hengrui and Zhenrui directly held 184,292,800 and 184,292,800 Domestic Unlisted Shares, respectively. Wuhu Yongrui is the general partner of Hengrui and Zhenrui. Chairman Yin holds more than 30% of the shares in Wuhu Yongrui. Therefore, Chairman Yin is deemed to be interested in 998,255,807 Domestic Unlisted Shares held by Ruichuang, Hengrui and Zhenrui for the purpose of the SFO, and Wuhu Yongrui is deemed to be interested in 368,585,600 Domestic Unlisted Shares held by Hengrui and Zhenrui for the purpose of the SFO. For the avoidance of doubt, the above statistical interests of Chairman Yin are deemed interests for the purpose of the SFO, which does not imply that Chairman Yin actually owns such interests. At the level of Hengrui and Zhenrui, Chaiman Yin only holds equity interests as a shareholder of Wuhu Yongrui, the general partner of Hengrui and Zhenrui, with very low shareholding percentages in Hengrui and Zhenrui, and the interests actually held by Chairman Yin through Hengrui and Zhenrui in our Company are negligible. On a see-through basis, Chairman Yin only holds interests in our Company through Ruichuang, and the percentage of interests actually held by Chairman Yin in our Company is less than 5%.

(4) As at the Latest Practicable Date, Luxshare Investment (HK) Limited directly held 920,426,548 Foreign Unlisted Shares. Luxshare Investment (HK) Limited is a wholly-owned subsidiary of Luxshare Investment Limited. Each of Ms. Wang Laijiao and Mr. Wang Laixi, both being family members of Ms. Wang Laichun (our non-executive Director), holds 50% of issued share capital of Luxshare Investment Limited. Therefore, each of Luxshare Investment Limited, Ms. Wang Laijiao and Mr. Wang Laixi is deemed to be interested in 920,426,548 Foreign Unlisted Shares held by Luxshare Investment (HK) Limited for the purpose of the SFO.

(5) All interests are long positions.

SUBSTANTIAL SHAREHOLDERS

For those who are directly and/or indirectly interested in 10% or more of the issued voting shares of any other members of our Group, see "Statutory and General Information — C. Further Information about our Directors, Supervisors, Chief Executive and Substantial Shareholders — 5. Disclosure of Interests of Substantial Shareholders — (b) Interests in our Company's subsidiaries" in Appendix VI to this document.

Save as disclosed above and in Appendix VI, our Directors are not aware of any person who will, immediately following completion of the [**REDACTED**] and the conversion of Domestic Unlisted Shares into H Shares (and the offering of any additional Shares pursuant to the [**REDACTED**]), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group.

This section presents certain information regarding our share capital prior to and upon the completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As at the Latest Practicable Date, the registered share capital of our Company was RMB5,469,831,633 comprising 5,469,831,633 Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [**REDACTED**] and conversion of Domestic Unlisted Shares into H Shares, assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
Domestic Unlisted Shares in issue*(Note)*	[**REDACTED**]	[**REDACTED**]
Foreign Unlisted Shares in issue*(Note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Domestic Unlisted Shares*(Note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100**

Immediately upon completion of the [**REDACTED**] and conversion of Domestic Unlisted Shares into H Shares, assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
Domestic Unlisted Shares in issue*(Note)*	[**REDACTED**]	[**REDACTED**]
Foreign Unlisted Shares in issue*(Note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Domestic Unlisted Shares*(Note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100**

Note: For details of the identities of the Shareholders whose Domestic Unlisted Shares will be converted into H Shares upon [**REDACTED**], see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments — 6. Public float" in this document. Domestic Unlisted Shares are held by domestic investors and not listed or traded on any stock exchange, while Foreign Unlisted Shares are held by foreign investors and not listed or traded on any stock exchange. As at the Latest Practicable Date, only the Unlisted Shares held by Luxshare were Foreign Unlisted Shares, and the Unlisted Shares held by other Shareholders were Domestic Unlisted Shares.

SHARE CLASSES

Upon completion of the [**REDACTED**] and conversion of [**REDACTED**] Domestic Unlisted Shares into H Shares, our Shares will consist of Domestic Unlisted Shares, Foreign Unlisted Shares and H Shares, all of which are ordinary shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for or traded among legal and natural persons of the PRC. On the other hand, Domestic Unlisted Shares and Foreign Unlisted Shares can only be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors, and may only be subscribed for and transferred in Renminbi.

Unlisted Shares and H Shares are regarded as one class of shares under our Articles of Association, and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

All our Unlisted Shares are not listed or traded on any stock exchange. The holders of our Unlisted Shares may, at their own option, authorize us to apply to the CSRC for conversion of their respective Unlisted Shares into H Shares. After the conversion of Unlisted Shares, such converted Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have been completed. The [**REDACTED**] of such converted Shares on the Stock Exchange will also require the approval of the Stock Exchange. In addition, such conversion, [**REDACTED**] and [**REDACTED**] shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [**REDACTED**]. As any [**REDACTED**] of additional Shares after our initial [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it will not require such prior application for [**REDACTED**] at the time of our initial [**REDACTED**] in Hong Kong.

No voting of class shareholder is required for the [**REDACTED**] and [**REDACTED**] of the converted Shares on the Stock Exchange. Any application for [**REDACTED**] of the converted Shares on the Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Unlisted Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our [**REDACTED**] maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on our [**REDACTED**] will be conditional on (a) our [**REDACTED**] lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [**REDACTED**] and the due dispatch of H Share certificates; and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted shares are re-registered on our [**REDACTED**], such Shares would not be [**REDACTED**] as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within 12 months from the [**REDACTED**].

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC, the domestic shareholders of Domestic Unlisted Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Domestic Unlisted Shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH A GENERAL MEETING IS REQUIRED

For details of circumstances under which a Shareholders' general meeting is required, see the section headed "Summary of Articles of Association" in Appendix V to this document.

You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are a passenger vehicle company headquartered in Wuhu, China. We design, develop, manufacture and sell a diverse and expanding portfolio of passenger vehicles, including internal combustion engine (ICE) vehicles and new energy vehicles (NEVs), to cater to the distinct and evolving needs and preferences of customers in both the domestic and overseas markets.

Since our founding in 1997, with a commitment to leading industrial innovation and engaging in the global market, we offer high quality passenger vehicles to users worldwide. We are the second largest Chinese domestic brand passenger vehicle company, and the 11th largest passenger vehicle company globally, in terms of global sales volume of passenger vehicles in 2024, according to Frost & Sullivan.

Our revenue increased from RMB92,618 million in 2022 to RMB163,205 million in 2023, and further to RMB269,897 million in 2024. Our revenue increased from RMB54,910 million for the three months ended March 31, 2024 to RMB68,223 million for the three months ended March 31, 2025. Our profit for the year increased from RMB5,806 million in 2022 to RMB10,444 million in 2023, and further to RMB14,334 million in 2024. Our profit for the period increased from RMB2,476 million for the three months ended March 31, 2024 to RMB4,726 million for the three months ended March 31, 2025.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by The Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. Details regarding the basis of presentation and preparation of the historical financial information of our Group are set out in notes 2.1 and 2.2 to the Accountants' Report in Appendix I to this document.

We have not applied certain new and revised HKFRS Accounting Standards, which have been issued but are not yet effective, in the consolidated financial statements of our Group. See note 2.2 to the Accountants' Report in Appendix I to this document. We intend to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective. We are in the process of making an assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application. Currently, we consider that these new and revised HKFRS Accounting Standards are unlikely to have a significant impact on our Group's financial performance and financial position.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The results of operations of our Group have been and will continue to be affected by a number of factors, including the key ones set out in the section headed "Risk Factors" in this document and below:

Conditions of Global and Domestic Passenger Vehicle Markets

Our results of operations are affected by the conditions of the global and domestic passenger vehicle markets. The global passenger vehicle industry is entering a stage of maturity after a century of development. It is undergoing a significant transformation in light of continuous advancement of technologies, such as electrification and intelligentization, as well as increasing awareness on environmental protection. According to Frost & Sullivan, the total sales of global passenger vehicle reached 74.3 million units in 2024, is expected to grow at a CAGR of 3.5% from 2025 to 90.1 million units in 2030, hitting a landmark of 100 million units by 2035.

Given the differences in size of economy, economic development, infrastructure construction, and industrial foundation, there is currently an imbalance in the regional development of the global passenger vehicle market. Mature markets such as China (excluding export), North America and Europe accounted for 30.4%, 23.9% and 19.5% of the market share, respectively, in terms of the global passenger vehicle sales in 2024, and are expected to grow moderately at 1.5%, 2.7% and 2.4%, respectively, from 2025 to 2030. Comparatively speaking, emerging markets such as South America, the Middle East and North Africa, and Asia (excluding China) are expected to grow at a higher CAGR of 8.7%, 21.4% and 2.8%, respectively, from 2025 to 2030.

Currently, ICE vehicles dominate the market, yet with decreasing market share from 2019 to 2024, while NEV are claiming market shares. By 2030, NEV are projected to make up 47.0% of the market. In recent years, the international recognition of Chinese domestic brands has steadily grown. Chinese domestic brands progressed significantly in electrification, particularly in developing electric and hybrid powertrain technologies. These innovations have significantly outpaced traditional overseas OEMs, and positioned China as a leader in the global NEV sector.

In recent years, the demand for SUVs has surged due to the growing interest in family travel and outdoor activities. Looking ahead, as consumer needs diversify and market segments like urban SUVs and off-road variants expand, the market share of SUVs is expected to continue growing, reaching 68.1% by 2030.

The sales of our passenger vehicles in both domestic and international markets are influenced by the conditions of passenger vehicle markets in different regions, particularly those where we have already established presence. The growth of the local passenger vehicle markets, along with the local economy, purchasing power, and demand for passenger vehicles, impacts the sales of our products in these markets, and consequently affects our financial performance in these areas.

Our Ability to Introduce New Models and Changes to Our Product Mix

Our results of operations depend on our ability to introduce new models and adapt our product mix to market trends and changing customer tastes and preferences. During the Track Record Period, we sold passenger vehicles primarily under five major brands, namely CHERY, JETOUR, EXEED, iCAR and LUXEED. With these brands' distinct market positioning and features, we integrate market insights and diverse customer needs into product definition, design and development process. This approach enables us to launch popular models to drive sales growth and capture significant growth opportunities across market segments. See "Business — Our Products — Passenger Vehicles".

In line with our global strategies, we will continue to launch new models and versions under our five major brands to expand our product portfolio and meet diverse customer needs. Our goals are to penetrate further into mid- to high-end and premium market segments while achieving a multi-brand strategy. In 2025, we plan to launch more than 60 new models and versions of passenger vehicles. We believe our proven ability to develop and deliver new vehicle models allows us to curate a diverse portfolio of passenger vehicles and serve our user base of evolving and diverse preferences.

Our Ability to Enhance Our Market Presence Domestically and Globally

We are among the top domestic brand passenger vehicle companies in the PRC market. We ranked second among Chinese domestic brand passenger vehicle companies, in terms of sales volume (including export volume) with a market share of 11.8% in 2023 and 14.0% in 2024. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our revenue in the PRC (including Hong Kong, Macau and Taiwan) were RMB62,231 million, RMB86,145 million, RMB169,000 million, RMB34,534 million and RMB41,934 million respectively, representing 67.2%, 52.8%, 62.6%, 62.9% and 61.5% of our total revenue during the same periods, respectively.

We have established a global footprint. We are the No. 1 exporter among the Chinese domestic brand passenger vehicle companies for 22 consecutive years since 2003 in terms of passenger vehicle export volume of Chinese domestic brands from 2003 to 2024[(1)], according to Frost & Sullivan. We are the 11th largest passenger vehicle company globally in terms of sales volume in 2024. As of the Latest Practicable Date, we had sold passenger vehicles to over 100 countries and regions. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our sales to other countries and regions generated revenue of RMB30,387 million, RMB77,060 million, RMB100,897 million, RMB20,376 million and RMB26,289 million, respectively, representing 32.8%, 47.2%, 37.4%, 37.1% and 38.5% of our total revenue during the same periods, respectively.

By continually expanding into new overseas markets, and strengthening our presence in existing ones, we aim to expand our customer base both domestically and globally, thereby promoting our sales in different markets.

Our Ability to Control Costs and Improve Operational Efficiency

Our ability to manage costs and enhance efficiency will impact the results of our operations. We collaborate with business partners across the industry value chain and work extensively with them to build an industrial ecosystem with a controllable supply chain. We believe our collaborative industrial ecosystem can provide us with a safe, flexible and efficient supply chain, enabling us to build a high-quality, efficient and cost-effective vehicle development system, supporting our multi-brand strategy and diversified product portfolio across China and overseas.

We also plan to leverage our vehicle development platform with high compatibility and adaptability to reduce unit production cost as we scale up to achieve economies of scale. By optimizing our production process through advanced, intelligent and automated manufacturing, we aim to enhance our production capacity and our profitability.

Note:

1. Excluding export volume of brands acquired from overseas by Chinese companies for the purpose of comparison of export volume of Chinese domestic brands only.

Our Ability to Enhance Technological Capabilities

We are committed to research and development driven by market demands. As of March 31, 2025, we had more than 14,400 R&D professionals, accounting for over 50% of our non-manufacturing employees. According to Frost & Sullivan, technological innovation and the rapid development of intelligent systems have become pivotal in shaping the future of the automotive industry. We have strategically focused our R&D efforts on the areas like driving assistance solutions and smart cockpit to design and develop new passenger vehicles that provide an optimal driving experience for our customers.

We have established three R&D centers in Wuhu, Hefei and Shanghai in China, and five overseas R&D centers in Germany, Spain, Brazil, Mexico and Malaysia. As we expand our business overseas, we expedite the localization of our technical capabilities to make our products appealing to local customers.

Our research and development expenditure (including capitalized R&D expenditure) increased from RMB4,128 million in 2022 to RMB10,544 million in 2024. We plan to invest in research and development with a focus on developing new vehicles and technologies as well as improving the quality and core technology of our existing products and services. As our business grows, we anticipate our research and development investments will increase, which we believe will boost our technological capabilities.

Our Ability to Execute Effective Sales and Marketing Strategies

Effective sales and marketing strategies are crucial for driving our sales growth, especially in the face of complex market environments and intensifying market competition both domestically and globally.

We sell our passenger vehicles primarily through a network of dealers in China and overseas markets. Our dealership outlets market and sell our vehicles as well as provide repairs, maintenance and other after-sales services. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our selling and distribution expenses amounted to RMB3,207 million, RMB5,557 million, RMB8,380 million, RMB1,812 million and RMB2,182 million, respectively, representing 3.5%, 3.4%, 3.1%, 3.3% and 3.2% of our total revenue in the same periods, respectively. The number of our dealership outlets in China and overseas increased from 3,901 as of December 31, 2022 to 6,621 as of March 31, 2025. As of March 31, 2025, we had 3,663 dealership outlets covering over 310 cities in the PRC and 2,958 overseas dealership outlets in Asia (excluding China), Europe, Africa, Oceania and the Americas. Our extensive network of dealership outlets ensures wide market coverage in various areas, boosting our sales both domestically and globally.

We continually evaluate the effectiveness of various marketing channels and allocate our marketing expenditure accordingly. Effective marketing helps us boost global sales in a cost-effective manner. With the growing popularity of online marketing channels, we are dedicated to increasing our product exposure by creating content on major social media platforms to precisely target users. As we expand our business, we expect to continually improve our sales and marketing efficiency.

MATERIAL ACCOUNTING POLICY INFORMATION, JUDGMENTS AND ESTIMATES

Our Group has identified certain accounting policies that are significant to the preparation of our consolidated financial statements in accordance with HKFRS Accounting Standards. Our Group has also made certain accounting judgments and assumptions in the process of applying our accounting policies. When reviewing our Group's consolidated financial statements, you should consider (i) the selection of critical accounting policies; (ii) the judgment and assumptions affecting the application of such policies; and (iii) the sensitivity or reported results to change in conditions and assumptions. We set out below those accounting judgment and estimates used in the preparation of our Group's financial statements.The details of material accounting policy information, estimates and judgments, which are important for an understanding of our Group's financial condition and results of operations, are set out in notes 2.3 and 3 to the financial statements included in the Accountants' Report in Appendix I to this document.

We believe the following accounting policies, estimates and judgments are most critical to the preparation of the financial information:

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between our Group and the customer at contract inception. When the contract contains a financing component which provides our Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sale of Goods

Our Group manufactures and sells a range of passenger vehicles, and automotive parts and components. Sales revenue are recognized when control of the goods has been transferred to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Our Group provides sales rebate and discounts to certain customers for sales of passenger vehicles, automotive parts and components, and the relevant revenue is recognized based on contract consideration net of the estimated sales rebate and discount amount.

Passenger vehicles are often sold with volume rebates. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

Rendering of Services

The services rendered include automobile repair and maintenance services, extended warranty services, technology development services, etc. Should one of the following conditions is satisfied, service provided by our Group, is a performance obligation performed within a certain period of time. Our Group recognizes revenue within a period of time in accordance with the progress of contract performance. The conditions are: (1) The customer obtains and consumes the economic benefits brought by the contract at the same time performing the contract; (2) The customer is able to control the products under construction during our Group's performance; (3) The products of our Group have irreplaceable uses, and our Group has the right to ask for payment for the cumulative part that has been completed so far during the entire contract period. Otherwise, our Group recognizes revenue at the point the customer obtains control of the relevant services.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When our Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Our Group provides for warranties in relation to the sales of passenger vehicles, automotive parts and components. Provisions for these assurance-type warranties granted by our Group are initially recognized based on sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

Foreign Currencies

The historical financial information is presented in RMB, which is our Company's functional currency. Each entity in our Group determines its own functional currency and items included in the historical financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in our Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the relevant periods. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB, mainly including RUB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Leases

Our Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Our Group as a Lessee

Our Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Our Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	2 to 20 years
Machinery	2 to 10 years
Vehicles and others	2 to 5 years

If ownership of the leased asset transfers to our Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease Liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by our Group and payments of penalties for termination of a lease, if the lease term reflects our Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, our Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

Our Group applies the short-term lease recognition exemption to its short-term leases of buildings and machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of machinery, vehicles and others that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

RESULTS OF OPERATIONS

The following table sets forth selected items of the consolidated statements of profit or loss of our Group for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB million)		
				(Unaudited)	
Revenue	**92,618**	**163,205**	**269,897**	**54,910**	**68,223**
Cost of sales	(79,813)	(137,115)	(233,589)	(46,747)	(59,766)
Gross profit	**12,805**	**26,090**	**36,308**	**8,163**	**8,457**
Other income and gains	3,822	4,232	6,251	1,174	3,652
Selling and distribution expenses	(3,207)	(5,557)	(8,380)	(1,812)	(2,182)
Administrative expenses	(1,934)	(4,070)	(5,999)	(1,887)	(1,140)
Research and development expenses	(3,646)	(6,664)	(9,243)	(2,224)	(2,272)
Impairment (losses)/gains on financial and contract assets, net	(684)	223	258	424	13
Other expenses	(130)	(568)	(1,719)	(421)	(99)
Finance costs	(1,405)	(1,617)	(2,310)	(692)	(872)
Share of profits and losses of					
– Joint ventures	640	854	851	258	112
– Associates	247	382	595	188	98
Profit before tax	**6,508**	**13,305**	**16,612**	**3,171**	**5,767**
Income tax expense	(702)	(2,861)	(2,278)	(695)	(1,041)
Profit for the year/period	**5,806**	**10,444**	**14,334**	**2,476**	**4,726**
attributable to					
– Owners of our Company	6,266	11,953	14,135	2,712	4,650
– Non-controlling interests	(460)	(1,509)	199	(236)	76
Other comprehensive income for the year/period, net of tax	94	(410)	171	39	(1,030)
Total comprehensive income for the year/period	**5,900**	**10,034**	**14,505**	**2,515**	**3,696**
attributable to					
– Owners of our Company	6,360	11,543	14,306	2,751	3,620
– Non-controlling interests	(460)	(1,509)	199	(236)	76

Non-HKFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with HKFRSs, we also use adjusted profit (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with, HKFRSs. We believe these measures provide useful information to investors 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 profit (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under HKFRSs.

Adjusted Profit (non-HKFRS measure) and Adjusted EBITDA (non-HKFRS measure)

We define adjusted profit (non-HKFRS measure) as profit for the year/period adjusted by adding equity-settled share-based compensation expenses. We then add back (i) income tax expense, (ii) net finance costs, and (iii) depreciation and amortization to derive adjusted EBITDA (non-HKFRS measure). The following table sets out a reconciliation from profit for the year/period to adjusted profit (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) for the year/period indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB million)		
				(Unaudited)	
Reconciliation of profit for the year/period to adjusted profit (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure)					
Profit for the year/period	**5,806**	**10,444**	**14,334**	**2,476**	**4,726**
Add:					
Equity-settled share-based compensation expenses[(1)]	–	–	2,016	1,632	131
Adjusted profit (non-HKFRS measure)	**5,806**	**10,444**	**16,350**	**4,108**	**4,857**
Add:					
Income tax expense	702	2,861	2,278	695	1,041
Net finance costs[(2)]	599	500	1,350	442	658
Depreciation and amortization[(3)]	2,004	2,481	3,849	520	908
Adjusted EBITDA (non-HKFRS measure)	**9,111**	**16,286**	**23,827**	**5,765**	**7,464**

Notes:

(1) Non-cash expenses arising from shares granted to selected employees. See note 37 to the Accountant's Report in Appendix I to this document for details.

(2) Net finance costs represent finance costs less bank interest income.

(3) The amount of depreciation and amortization presented represents the depreciation of property, plant and equipment, the amortization of other intangible assets, and the depreciation of right-of-use assets.

Revenue

In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our total revenue amounted to RMB92,618 million, RMB163,205 million, RMB269,897 million, RMB54,910 million and RMB68,223 million, respectively.

Revenue by Products

During the Track Record Period, our revenue was primarily from sales of passenger vehicles, and automotive parts and components. In addition, we also manufacture and sell KD kits, the revenue of which are included in the sales of passenger vehicles. See "Business — Our Products" for further details.

The following table sets forth our revenue breakdown by products for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	(RMB million)	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*
							(Unaudited)			
Passenger vehicles	82,511	89.1	151,228	92.7	246,822	91.5	50,547	92.1	61,639	90.3
Automotive parts and components	8,675	9.4	8,904	5.5	15,864	5.9	2,936	5.3	5,743	8.4
Others[(1)]	1,432	1.5	3,073	1.8	7,211	2.6	1,427	2.6	841	1.3
Total	**92,618**	**100.0**	**163,205**	**100.0**	**269,897**	**100.0**	**54,910**	**100.0**	**68,223**	**100.0**

Note:

(1) Others include automotive business-related procurement, production, technology development and other supporting services.

The majority of our revenue was derived from the sales of passenger vehicles, representing 89.1%, 92.7%, 91.5%, 92.1% and 90.3% of our total revenue in 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, respectively.

The table below sets forth the breakdown of our revenue generated from sales of passenger vehicles by energy type:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	(RMB million)	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*
							(Unaudited)			
Passenger vehicles										
ICE vehicles	70,258	85.1	143,316	94.8	187,891	76.1	45,951	90.9	42,974	69.7
NEVs	12,253	14.9	7,912	5.2	58,931	23.9	4,596	9.1	18,665	30.3
– PHEVs and REEVs	*1,301*	*1.6*	*2,727*	*1.8*	*35,314*	*14.3*	*2,584*	*5.1*	*10,709*	*17.5*
– BEVs	*10,952*	*13.3*	*5,185*	*3.4*	*23,617*	*9.6*	*2,012*	*4.0*	*7,956*	*12.8*
Total	**82,511**	**100.0**	**151,228**	**100.0**	**246,822**	**100.0**	**50,547**	**100.0**	**61,639**	**100.0**

We generated a majority of our revenue from the sales of ICE vehicles during the Track Record Period. As a result of our business expansion in both domestic and overseas markets, our revenue increased from RMB70,258 million to RMB143,316 million from 2022 to 2023, and further to RMB187,891 million in 2024. Our revenue slightly decreased from RMB45,951 million for the three months ended March 31, 2024 to RMB42,974 million for the three months ended March 31, 2025.

In 2023, we officially released our NEV new strategy and optimized our NEV product portfolio by scaling down the sales of certain BEV models. As a result, our revenue from NEV sales initially decreased from RMB12,253 million in 2022 to RMB7,912 million in 2023. With the introduction of new NEV models and versions under this strategy, our revenue from NEV sales surged to RMB58,931 million in 2024. Our revenue from NEV sales increased from RMB4,596 million for the three months ended March 31, 2024 to RMB18,665 million for the three months ended March 31, 2025 due to the sales volume growth of our NEV vehicles.

The table below sets forth the geographical breakdown of our revenue generated from sales of passenger vehicles:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	(RMB million)	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*	*(RMB million)*	*%*
							(Unaudited)			
PRC[(1)]	53,359	64.7	76,695	50.7	148,954	60.3	30,901	61.1	36,971	60.0
Other countries and regions	29,152	35.3	74,533	49.3	97,868	39.7	19,646	38.9	24,668	40.0
– Asia (excluding PRC)	*6,048*	*7.3*	*18,341*	*12.1*	*29,449*	*11.9*	*5,844*	*11.6*	*10,382*	*16.8*
– Europe[(2)]	*13,964*	*16.9*	*42,289*	*28.0*	*51,297*	*20.8*	*10,103*	*20.0*	*10,420*	*16.9*
– Americas	*8,545*	*10.4*	*12,427*	*8.2*	*13,268*	*5.4*	*2,918*	*5.8*	*2,394*	*3.9*
– Africa	*558*	*0.7*	*482*	*0.3*	*2,170*	*0.9*	*578*	*1.1*	*805*	*1.3*
– Oceania and others	*37*	*0.0*	*994*	*0.7*	*1,684*	*0.7*	*203*	*0.4*	*667*	*1.1*
Total	**82,511**	**100.0**	**151,228**	**100.0**	**246,822**	**100.0**	**50,547**	**100.0**	**61,639**	**100.0**

Notes:

(1) Including Hong Kong, Macau and Taiwan.

(2) In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our revenue from sales of passenger vehicles in Russia represented 14.6%, 26.8%, 18.6%, 18.4% and 10.9% of our revenue from sales of passenger vehicles, respectively.

Geographical Breakdown

The following table sets forth the geographical breakdown of our revenue for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	(RMB million)	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*
							(Unaudited)			
PRC[(1)]	62,231	67.2	86,145	52.8	169,000	62.6	34,534	62.9	41,934	61.5
Other countries and regions	30,387	32.8	77,060	47.2	100,897	37.4	20,376	37.1	26,289	38.5
– Asia (excluding PRC)	*6,420*	*7.0*	*19,057*	*11.6*	*29,966*	*11.2*	*6,038*	*11.0*	*10,649*	*15.6*
– Europe[(2)]	*14,339*	*15.5*	*43,355*	*26.6*	*53,221*	*19.7*	*10,502*	*19.1*	*11,607*	*17.0*
– Americas	*9,000*	*9.7*	*13,150*	*8.1*	*13,756*	*5.1*	*3,033*	*5.5*	*2,530*	*3.7*
– Africa	*591*	*0.6*	*494*	*0.3*	*2,247*	*0.8*	*589*	*1.1*	*836*	*1.2*
– Oceania and others	*37*	*0.0*	*1,004*	*0.6*	*1,707*	*0.6*	*214*	*0.4*	*667*	*1.0*
Total	**92,618**	**100.0**	**163,205**	**100.0**	**269,897**	**100.0**	**54,910**	**100.0**	**68,223**	**100.0**

Notes:

(1) Including Hong Kong, Macau and Taiwan.

(2) In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our revenue derived from Russia represented 13.4%, 25.5%, 17.7%, 17.7% and 10.7% of our total revenue, respectively.

In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our revenue derived from the PRC (including Hong Kong, Macau and Taiwan) represented 67.2%, 52.8%, 62.6%, 62.9% and 61.5% of our total revenue, respectively; while our revenue derived from other countries and regions represented 32.8%, 47.2%, 37.4%, 37.1% and 38.5% of our total revenue, respectively.

Cost of Sales

Our cost of sales mainly comprises cost of materials for manufacturing of our products, manufacturing costs and labor costs, which in aggregate accounted for 92.6%, 86.9%, 87.3%, 86.5% and 88.0% of our cost of sales, respectively, in 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our cost of sales amounted to RMB79,813 million, RMB137,115 million, RMB233,589 million, RMB46,747 million and RMB59,766 million, respectively, representing 86.2%, 84.0%, 86.5%, 85.1% and 87.6% of our total revenue in the same periods, respectively. During the same periods, the cost of materials constituted the most part of our cost of sales, accounting for 86.6%, 81.9%, 82.4%, 81.8% and 82.9% of our cost of sales, respectively.

The following table sets forth our cost of sales breakdown by nature for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	(RMB million)	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*
							(Unaudited)			
Cost of materials	69,144	86.6	112,230	81.9	192,395	82.4	38,229	81.8	49,524	82.9
Direct labor	1,172	1.5	1,914	1.4	3,675	1.6	733	1.6	1,024	1.7
Manufacturing costs	3,575	4.5	5,067	3.6	7,749	3.3	1,463	3.1	2,026	3.4
Warranty expenses	2,858	3.6	5,213	3.8	7,477	3.2	1,882	4.0	2,046	3.4
Freight expenses, taxes and others	3,064	3.8	12,691	9.3	22,293	9.5	4,440	9.5	5,146	8.6
Total	**79,813**	**100.0**	**137,115**	**100.0**	**233,589**	**100.0**	**46,747**	**100.0**	**59,766**	**100.0**

Gross Profit and Gross Margin

Our gross profit represents revenue less cost of sales, and our gross margin represents gross profit divided by revenue. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our total gross profit amounted to RMB12,805 million, RMB26,090 million, RMB36,308 million, RMB8,163 million and RMB8,457 million, respectively, and our overall gross margin was 13.8%, 16.0%, 13.5%, 14.9% and 12.4%, respectively.

The following table sets forth a breakdown of our gross profit and gross margin by products for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	(RMB million)	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*
							(Unaudited)			
Passenger vehicles	10,751	13.0	24,111	15.9	32,572	13.2	7,482	14.8	7,246	11.8
– ICE Vehicles	*11,068*	*15.8*	*24,565*	*17.1*	*32,308*	*17.2*	*7,479*	*16.3*	*6,185*	*14.4*
– NEVs	*(317)*	*(2.6)*	*(454)*	*(5.7)*	*264*	*0.4*	*3*	*0.1*	*1,061*	*5.7*
Automotive parts and components	1,678	19.3	1,702	19.1	3,243	20.4	586	20.0	1,175	20.5
Others	376	26.3	277	9.0	493	6.8	95	6.7	36	4.3
Total	**12,805**	**13.8**	**26,090**	**16.0**	**36,308**	**13.5**	**8,163**	**14.9**	**8,457**	**12.4**

The majority of our gross profit was from sale of our passenger vehicles, which represented 84.0%, 92.4%, 89.7%, 91.7% and 85.7% of our total gross profit in 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, respectively. Our gross margin from passenger vehicles increased from 13.0% in 2022 to 15.9% in 2023, primarily as a result of the sales increase in overseas markets with higher average selling prices and thus higher gross margin and product mix optimization of our passenger vehicles, which then decreased to 13.2% in 2024, primarily as a result of (i) intensifying competition in overseas markets in 2024 and the increase of recycling fees imposed on imported vehicles in Russia since the fourth quarter of 2024; and (ii) increased sales in NEVs in our product mix in the same year. Our gross margin from passenger vehicles decreased from 14.8% for the three months ended March 31, 2024 to 11.8% for the three months ended March 31, 2025, primarily due to (i) a significant increase in revenue contribution of our NEVs to our total revenue from 8.4% to 27.3% during the same period, which generally had a lower profit margin than ICE vehicles; and (ii) intensifying competition in overseas markets and the increase of recycling fees imposed on imported vehicles in Russia since the fourth quarter of 2024. Our gross margin from ICE vehicles increased from 15.8% in 2022 to 17.1% in 2023 due to increased sales in ICE vehicles with higher gross margin in overseas markets and the gross margin remained relatively stable

at 17.2% in 2024. Our gross margin from ICE vehicles decreased from 16.3% for the three months ended March 31, 2024 to 14.4% for the three months ended March 31, 2025, primarily due to intensifying competition in overseas markets and the increase of recycling fees imposed on imported vehicles in Russia since the fourth quarter of 2024. Our gross margin from NEVs was -2.6% in 2022 as we were at the early stage of development and production of NEV vehicles and had not achieved economies of scale. Such gross margin decreased to -5.7% in 2023 as the result of the decrease of the selling prices of some of our BEV models under Little Ant and QQ Ice Cream in response to the changing market trend and relevant policies. Our gross margin from NEVs then increased to 0.4% in 2024 as a result of (i) increased sales of PHEV models as a percentage to total NEV models which had a higher gross margin; and (ii) decreased sales of certain BEV models under Little Ant and QQ Ice Cream. Our gross margin from NEV vehicles increased from 0.1% for the three months ended March 31, 2024 to 5.7% for the three months ended March 31, 2025, primarily due to (i) our effective cost management measures; (ii) a decrease in raw material costs, especially the procurement costs for battery cells; and (iii) economies of scale along with the sales volume growth of our NEV vehicles.

Our gross margin from others decreased from 26.3% in 2022 to 9.0% in 2023, then further decreased to 6.8% in 2024, primarily due to the following reasons: (i) for our technology development business, our grant of a non-exclusive license relating to utilization of developed technology for an NEV model in 2022 recorded only minimal costs because development related expenditures were expensed off when incurred prior to 2022; and (ii) our automotive business-related procurement increased in 2023 and 2024 which had a lower gross margin. Leveraging our accumulated expertise, networks and resources in automotive industry chain, we facilitated such procurement incidental to our supply chain, which primarily involved the procurement of industrial robotic arms, automation equipment and parts and components. Our gross margin from others decreased from 6.7% for the three months ended March 31, 2024 to 4.3% for the three months ended March 31, 2025, primarily due to our increased automotive business-related procurement, which had a lower gross margin.

Other Income and Gains

Our other income and gains primarily comprise bank interest income, investment income, additional deduction for value-added tax (VAT), research and development subsidies (R&D subsidies) and other subsidies. Additional deduction for VAT mainly represents the additional deduction of value-added tax for advanced manufacturing business like ours. The R&D subsidies and other subsidies mainly represent subsidies from governments to encourage our R&D activities and operations. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our other income and gains amounted to RMB3,822 million, RMB4,232 million, RMB6,251 million, RMB1,174 million and RMB3,652 million, respectively, representing 4.1%, 2.6%, 2.3%, 2.1% and 5.4% of our total revenue, respectively.

The following table sets forth a breakdown of our other income and gains for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB million)		
				(Unaudited)	
Other income					
Bank interest income	806	1,117	960	250	214
Additional deduction for value-added tax	2	205	762	20	148
Research and development subsidies	510	514	765	136	150
Other subsidies	364	704	1,092	473	155
Investment income	817	1,243	1,085	(6)	198
Others[(1)]	431	815	1,407	236	253
Total other income	**2,930**	**4,598**	**6,071**	**1,109**	**1,118**
Gains/(Losses)					
Fair value gains/(losses) on derivative financial instruments, net	230	(265)	52	16	–
Fair value gains on financial assets at fair value through profit or loss	62	27	69	42	72
Foreign exchange gains/(losses), net	504	(141)	–	–	2,439
Gain on disposal of items of property, plant and equipment	96	13	59	7	23
Total gains/(losses)	**892**	**(366)**	**180**	**65**	**2,534**
Total other income and gains	**3,822**	**4,232**	**6,251**	**1,174**	**3,652**

Note:

(1) Others mainly includes patent licensing income, sales of carbon credits and sales of scrap materials.

Selling and Distribution Expenses

Our selling and distribution expenses primarily include advertisement and marketing expenses, and employee benefit expenses for our sales and marketing personnel. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our selling and distribution expenses amounted to RMB3,207 million, RMB5,557 million, RMB8,380 million, RMB1,812 million and RMB2,182 million, respectively, representing 3.5%, 3.4%, 3.1%, 3.3% and 3.2% of our total revenue of the same periods, respectively.

Administrative Expenses

Our administrative expenses primarily consist of employee benefit expenses for our administrative personnel. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our administrative expenses amounted to RMB1,934 million, RMB4,070 million, RMB5,999 million, RMB1,887 million and RMB1,140 million, respectively, representing 2.1%, 2.5%, 2.2%, 3.4% and 1.7% of our total revenue of the same periods, respectively.

Research and Development Expenses

Our research and development expenses primarily consist of employee benefit expenses for our R&D personnel, cost of materials for R&D activities and design expenses. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our research and development expenses amounted to RMB3,646 million, RMB6,664 million, RMB9,243 million, RMB2,224 million and RMB2,272 million, respectively, representing 3.9%, 4.1%, 3.4%, 4.1% and 3.3% of our total revenue of the same periods, respectively.

Impairment (Losses)/Gains on Financial and Contract Assets, Net

Our impairment (losses)/gains on financial and contract assets, net, represented provisions/reversal of provisions for impairment of trade receivables, contract assets, financial assets included in prepayments, other receivables and other assets.

In 2022, we recorded impairment losses on financial and contract assets, net, of RMB684 million, mainly for the provision for our impairment losses on trade receivables and other receivables; while in 2023 and 2024 and the three months ended March 31, 2024 and 2025, we recorded impairment gains on financial and contract assets, net, of RMB223 million, RMB258 million, RMB424 million and RMB13 million, respectively, mainly due to reversal of the provision for our impairment losses as a result of our collection of trade receivables and other receivables.

Finance Costs

Our finance costs comprise interest expenses on bank loans and other borrowings, long-term liabilities and lease liabilities. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our finance costs amounted to RMB1,405 million, RMB1,617 million, RMB2,310 million, RMB692 million and RMB872 million, respectively, representing 1.5%, 1.0%, 0.9%, 1.3% and 1.3% of our total revenue for the same periods, respectively.

Share of Profits and Losses of Joint Ventures and Associates

Our share of profits and losses of joint ventures and associates comprises invest income in joint ventures and associates recognized under the equity method. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our share of profits of joint ventures and associates amounted to RMB887 million, RMB1,236 million, RMB1,446 million, RMB446 million and RMB210 million, respectively, representing 1.0%, 0.8%, 0.5%, 0.8% and 0.3% of our total revenue, respectively.

Income Tax Expense

Our income tax expense primarily includes the PRC enterprise income tax ("**EIT**"), and the applicable income taxes of other countries where we conduct business or have establishment.

The PRC

Pursuant to the PRC Enterprise Income Tax Law and the respective regulations, the EIT for our Company and its subsidiaries in China is calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated taxable profits for the year or period based on the existing legislations, interpretations and practices in respect thereof.

Our Company was recognized as a High and New Technology Enterprise ("**HNTE**") and has been enjoying a preferential income tax rate of 15% since 2020. Our Company renewed the HNTE qualification in 2023 and will continue to enjoy the 15% preferential tax rate till 2025. Some of our subsidiaries were also recognized as HNTE and enjoy a preferential income tax rate of 15% in the PRC.

Other Countries

Income tax on profit arising from other jurisdictions have been calculated on the estimated taxable profit for the year at the respective rates prevailing in the relevant jurisdictions.

A reconciliation of the income tax expense applicable to profit before tax at the statutory tax rates in the PRC in which our Company is domiciled to the income tax expense at the effective tax rates are as follows:

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB million)		
				(Unaudited)	
Profit before income tax	6,508	13,305	16,612	3,171	5,767
Tax at PRC statutory tax rate of 25%	1,627	3,326	4,153	793	1,442
Effect of preferential or different tax rate	(623)	(1,425)	(1,660)	(228)	(506)
Effect on opening deferred tax of decrease in rates	–	105	–	–	–
Adjustments in respect of current tax of previous periods	–	–	15	15	(5)
Income not subject to tax	(230)	(253)	(331)	(44)	(27)
Expenses not deductible for tax	30	123	439	267	40
Effect of super deduction for research and development costs	(621)	(1,093)	(1,153)	(206)	(315)
Utilization/recognition of unrecognized tax losses and temporary differences from prior years	(27)	(2)	(659)	(174)	(27)
Unrecognized temporary differences and tax losses	406	1,979	1,629	320	435
Withholding tax on dividends of overseas subsidiaries	140	101	(155)	(48)	4
Tax charge at our Group's effective rate	702	2,861	2,278	695	1,041

Profit for the Year/Period

In light of the above, we achieved a profit of RMB5,806 million, RMB10,444 million, RMB14,334 million, RMB2,476 million and RMB4,726 million, with a net profit margin of 6.3%, 6.4%, 5.3%, 4.5% and 6.9% for the same periods, respectively.

PERIOD-TO-PERIOD COMPARISON OF OUR RESULTS OF OPERATIONS

Three Months Ended March 31, 2025 as Compared to Three Months Ended March 31, 2024

Revenue

Our revenue increased by RMB13,313 million (or by 24.2%), from RMB54,910 million for the three months ended March 31, 2024 to RMB68,223 million for the three months ended March 31, 2025.

Our revenue from sales of passenger vehicles increased by RMB11,092 million (or by 21.9%), from RMB50,547 million for the three months ended March 31, 2024 to RMB61,639 million for the three months ended March 31, 2025.

Our revenue from sales of automotive parts and components increased by RMB2,807 million (or by 95.6%), from RMB2,936 million for the three months ended March 31, 2024 to RMB5,743 million for the three months ended March 31, 2025, which was primarily due to the rise in the market demands of our automotive parts and components.

Revenue from Sales of Passenger Vehicles

	For the three months ended March 31,			
	2024		2025	
	(RMB million)	*(%)*	*(RMB million)*	*(%)*
	(Unaudited)			
Passenger vehicles				
ICE vehicles	45,951	90.9	42,974	69.7
NEVs	4,596	9.1	18,665	30.3
– PHEVs and REEVs	*2,584*	*5.1*	*10,709*	*17.5*
– BEVs	*2,012*	*4.0*	*7,956*	*12.8*
Total	**50,547**	**100.0**	**61,639**	**100.0**

Our revenue from ICE vehicles decreased by RMB2,977 million (or by 6.5%), from RMB45,951 million for the three months ended March 31, 2024 to RMB42,974 million for the three months ended March 31, 2025.

Our revenue from NEV vehicles increased significantly by RMB14,069 million (or by 306.1%), from RMB4,596 million for the three months ended March 31, 2024 to RMB18,665 million for the three months ended March 31, 2025, primarily due to the sales volume growth of our NEV vehicles.

The table below sets forth the geographical breakdown of our revenue from sales of passenger vehicles:

	For the three months ended March 31,			
	2024		2025	
	(RMB million)	*(%)*	*(RMB million)*	*(%)*
	(Unaudited)			
PRC[(1)]	30,901	61.1	36,971	60.0
Other countries and regions	19,646	38.9	24,668	40.0
– Asia (excluding the PRC)	*5,844*	*11.6*	*10,382*	*16.8*
– Europe	*10,103*	*20.0*	*10,420*	*16.9*
– Americas	*2,918*	*5.8*	*2,394*	*3.9*
– Africa	*578*	*1.1*	*805*	*1.3*
– Oceania and others	*203*	*0.4*	*667*	*1.1*
Total	**50,547**	**100.0**	**61,639**	**100.0**

Note:

(1) Including Hong Kong, Macau and Taiwan.

Our revenue from sales of passenger vehicles in the PRC (including Hong Kong, Macau and Taiwan) increased by RMB6,070 million (or by 19.6%), from RMB30,901 million for the three months ended March 31, 2024 to RMB36,971 million for the three months ended March 31, 2025. During the same period, our revenue from sales of passenger vehicles in other countries and regions increased by RMB5,022 million (or by 25.6%), from RMB19,646 million for the three months ended March 31, 2024 to RMB24,668 million for the three months ended March 31, 2025. Such increase was primarily due to sales volume growth in both PRC and other countries and regions along with our further penetration into the PRC (including Hong Kong, Macau and Taiwan) market and our business expansion overseas.

Cost of Sales

Our cost of sales increased by RMB13,019 million (or by 27.8%), from RMB46,747 million for the three months ended March 31, 2024 to RMB59,766 million for the three months ended March 31, 2025, which was largely in line with the increase in the sales of our passenger vehicles.

Gross Profit and Gross Margin

Our gross profit slightly increased by RMB294 million (or by 3.6%), from RMB8,163 million for the three months ended March 31, 2024 to RMB8,457 million for the three months ended March 31, 2025, which translated into a gross margin of 14.9% and 12.4% for the corresponding periods, as a result of changes in market conditions and our strategic adjustment.

Our gross profit from passenger vehicles remained relatively stable at RMB7,482 million and RMB7,246 million for the three months ended March 31, 2024 and 2025, respectively. Our gross margin from passenger vehicles decreased from 14.8% to 11.8% for the same periods, primarily due to (i) a significant increase in revenue contribution of our NEVs to our total revenue from 8.4% to 27.3% during the same period, which generally had a lower profit margin than ICE vehicles; and (ii) intensifying competition in overseas markets and the increase of recycling fees imposed on imported vehicles in Russia since the fourth quarter of 2024. Our gross margin from ICE vehicles decreased from 16.3% to 14.4% for the same periods primarily due to intensifying competition in overseas markets and the increase of recycling fees imposed on imported vehicles in Russia since the fourth quarter of 2024. Our gross margin from NEV vehicles increased from 0.1% to 5.7% for the same periods, primarily due to (i) our effective cost management measures; (ii) a decrease in raw material costs, especially the procurement costs for battery cells; and (iii) economies of scale along with the sales volume growth of our NEV vehicles.

Our gross profit from automotive parts and components increased by RMB589 million (or by 100.5%), from RMB586 million for the three months ended March 31, 2024 to RMB1,175 million for the three months ended March 31, 2025, primarily due to the increase in the market demands for our automotive parts and components. Our gross margin from automotive parts and components remained relatively stable at 20.0% and 20.5%, respectively, for the same periods.

Other Income and Gains

Our other income and gains increased by RMB2,478 million (or by 211.1%), from RMB1,174 million for the three months ended March 31, 2024 to RMB3,652 million for the three months ended March 31, 2025, primarily as we recorded foreign exchange gains, net, of RMB2,439 million mainly as a result of due to a significant decrease in inter-company payables by our overseas subsidiaries, as a result of appreciation of the functional currencies of such subsidiaries against the RMB.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB370 million (or by 20.4%), from RMB1,812 million for the three months ended March 31, 2024 to RMB2,182 million for the three months ended March 31, 2025, primarily due to an increase in advertisement and marketing expenses as a result of our increasing marketing activities.

Administrative Expenses

Our administrative expenses decreased by RMB747 million (or by 39.6%), from RMB1,887 million for the three months ended March 31, 2024 to RMB1,140 million for the three months ended March 31, 2025, primarily due to a decrease in equity-settled share-based compensation.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB2,224 million for the three months ended March 31, 2024 and RMB2,272 million for the three months ended March 31, 2025, respectively.

Impairment (Losses)/Gains on Financial and Contract Assets, Net

We recorded impairment gains on financial and contract assets, net, of RMB424 million and of RMB13 million for the three months ended March 31, 2024 and 2025, respectively, primarily due to reversal of provision for impairment losses on trade receivables and other receivables as a result of our collection efforts.

Finance Costs

Our finance costs increased by RMB180 million (or by 26.0%), from RMB692 million for the three months ended March 31, 2024 to RMB872 million for the three months ended March 31, 2025, which was largely in line with our business expansion.

Share of Profits and Losses of Joint Ventures and Associates

Our share of profits and losses of joint ventures and associates decreased by RMB236 million (or by 52.9%), from RMB446 million for the three months ended March 31, 2024 to RMB210 million for the three months ended March 31, 2025, primarily due to a decrease in profit of certain joint ventures and associates.

Income Tax Expense

Our income tax expense increased by RMB346 million (or by 49.8%), from RMB695 million for the three months ended March 31, 2024 to RMB1,041 million for the three months ended March 31, 2025, which was primarily due to the increase in our profit before tax.

Profit for the Period

For the reasons as discussed above, our profit for the period increased from RMB2,476 million for the three months ended March 31, 2024 to RMB4,726 million for the three months ended March 31, 2025.

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

Revenue

Our revenue increased by RMB106,692 million (or by 65.4%), from RMB163,205 million in 2023 to RMB269,897 million in 2024.

Our revenue from sales of passenger vehicles increased by RMB95,594 million (or by 63.2%), from RMB151,228 million in 2023 to RMB246,822 million in 2024.

Our revenue from sales of automotive parts and components increased by RMB6,960 million (or by 78.2%), from RMB8,904 million in 2023 to RMB15,864 million in 2024, which was primarily due to the rise in the market demands of our automotive parts and components in China and overseas.

Revenue from Sales of Passenger Vehicles

The table below sets forth the breakdown of our revenue from sales of passenger vehicles by energy type:

	For the year ended December 31,			
	2023		2024	
	(RMB million)	*%*	*(RMB million)*	*%*
Passenger vehicles				
ICE vehicles	143,316	94.8	187,891	76.1
NEVs	7,912	5.2	58,931	23.9
– PHEVs and REEVs	*2,727*	*1.8*	*35,314*	*14.3*
– BEVs	*5,185*	*3.4*	*23,617*	*9.6*
Total	**151,228**	**100.0**	**246,822**	**100.0**

Our revenue from ICE vehicles increased by RMB44,575 million (or by 31.1%), from RMB143,316 million in 2023 to RMB187,891 million in 2024, primarily due to the increase in the sales of our ICE vehicles, as a result of (i) the introduction of new versions of ICE vehicles in both domestic and overseas markets; (ii) our expansion in overseas markets; and (iii) our continuous marketing efforts in both domestic and overseas markets which enhanced the recognition of our brands.

Our revenue from NEV vehicles increased significantly by RMB51,019 million (or by 644.8%), from RMB7,912 million in 2023 to RMB58,931 million in 2024, primarily due to sales volume growth in different types of NEVs as a result of (i) our efforts to optimize our portfolio of NEVs; and (ii) our expansion in overseas markets. Led by our NEV new strategy officially released in 2023, we optimized our product portfolio of NEVs, which included (i) scaling down the sales of certain BEV models under Little Ant and QQ Ice Cream, partly to

respond to the changing market trend and partly to prepare for CHERY's adaptation to new energy strategy, whereby Little Ant and QQ Ice Cream are product series under CHERY primarily focused on compact and mini electric vehicles; (ii) introduction of various types of BEV models, including four new models that were rolled out in 2024, namely, EXLANTIX ET, LUXEED R7, iCAR 03 and iCAR V23; and (iii) introduction of new PHEV and REEV models, including four new models that were rolled out in 2024, namely, Fulwin T9, Fulwin A8, Shan Hai T1 and Shan Hai T2, as well as (iv) introduction of one NEV version of our existing ICE model of EXEED.

The table below sets forth the geographical breakdown of our revenue from sales of passenger vehicles:

	For the year ended December 31,			
	2023		2024	
	(RMB million)	*%*	*(RMB million)*	*%*
PRC[(1)]	76,695	50.7	148,954	60.3
Other countries and regions	74,533	49.3	97,868	39.7
– Asia (excluding PRC)	*18,341*	*12.1*	*29,449*	*11.9*
– Europe	*42,289*	*28.0*	*51,297*	*20.8*
– Americas	*12,427*	*8.2*	*13,268*	*5.4*
– Africa	*482*	*0.3*	*2,170*	*0.9*
– Oceania and others	*994*	*0.7*	*1,684*	*0.7*
Total	**151,228**	**100.0**	**246,822**	**100.0**

Note:

(1) Including Hong Kong, Macau and Taiwan.

Our revenue from sales of passenger vehicles in the PRC (including Hong Kong, Macau and Taiwan) increased by RMB72,259 million (or by 94.2%), from RMB76,695 million in 2023 to RMB148,954 million in 2024. During the same period, our revenue from sales of passenger vehicles in other countries and regions increased by RMB23,335 million (or by 31.3%), from RMB74,533 million in 2023 to RMB97,868 million in 2024. Such increase was primarily due to sales volume growth in both PRC and other countries and regions along with our further penetration into the PRC (including Hong Kong, Macau and Taiwan) market and our business expansion overseas.

Cost of Sales

Our cost of sales increased by RMB96,474 million (or by 70.4%), from RMB137,115 million in 2023 to RMB233,589 million in 2024, which was largely in line with the increase in the sales of our passenger vehicles.

Gross Profit and Gross Margin

Our gross profit increased by RMB10,218 million (or by 39.2%), from RMB26,090 million in 2023 to RMB36,308 million in 2024, which translated into a gross margin of 16.0% and 13.5% for the corresponding periods, as a result of the sales increase and product portfolio optimization of our passenger vehicles.

Our gross profit from passenger vehicles increased by RMB8,461 million (or by 35.1%), from RMB24,111 million in 2023 to RMB32,572 million in 2024, primarily due to the increase in our revenue from sales of passenger vehicles as sales volume of passenger vehicles surged. Our gross margin from passenger vehicles decreased from 15.9% to 13.2% for the same years, primarily due to (i) a significant increase in revenue contribution of our NEVs to our total revenue from 4.9% in 2023 to 21.9% in 2024 as a result of changes in our product mix as we focused more on promoting NEVs and launched nine new NEV models in 2024, which generally had a lower profit margin than ICE vehicles; and (ii) intensifying competition in overseas markets resulting in a decrease in our gross margin and the increase of recycling fees imposed on imported vehicles in Russia since the fourth quarter of 2024. Our gross margin from ICE vehicles remained relatively stable at 17.1% and 17.2% for the same years. We recorded a gross margin of 0.4% from our NEVs in 2024, as compared to a gross margin of -5.7% in 2023, as a result of (i) significantly increased sales of PHEV models with a higher contribution to our sales of NEVs in 2024, which had a higher gross margin than that from our BEVs; and (ii) a sharp drop in sales of certain BEV models under Little Ant and QQ Ice Cream which had a lower gross margin.

Our gross profit from automotive parts and components increased by RMB1,541 million (or by 90.5%), from RMB1,702 million in 2023 to RMB3,243 million in 2024, primarily due to the increase in the market demands for our automotive parts and components. Our gross margin from automotive parts and components increased from 19.1% to 20.4% for the same years, as a result of the economies of scale with our business expansion.

Other Income and Gains

Our other income and gains increased by RMB2,019 million (or by 47.7%), from RMB4,232 million in 2023 to RMB6,251 million in 2024, primarily due to (i) an increase in our additional deduction for VAT; (ii) an increase in research and development subsidies and other subsidies; (iii) an increase in our sales of scrap materials; and (iv) that we recorded fair value gains on derivative financial instruments in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB2,823 million (or by 50.8%), from RMB5,557 million in 2023 to RMB8,380 million in 2024, primarily due to (i) an increase in advertisement and marketing expenses as we launched new models and versions; and (ii) an increase in employee benefit expenses, including equity-settled share-based compensation, of our sales personnel, both in line with our business expansion.

Administrative Expenses

Our administrative expenses increased by RMB1,929 million (or by 47.4%), from RMB4,070 million in 2023 to RMB5,999 million in 2024, primarily due to an increase in employee benefit expenses, including equity-settled share-based compensation, of our administrative personnel, as our business expanded.

Research and Development Expenses

Our research and development expenses increased by RMB2,579 million (or by 38.7%), from RMB6,664 million in 2023 to RMB9,243 million in 2024, primarily due to (i) an increase in our employee benefits expenses, including equity-settled share-based compensation, of our R&D personnel, and (ii) enhancement of our research and development efforts.

Impairment Gains on Financial and Contract Assets, Net

In 2023 and 2024, we recorded impairment gains on financial and contract assets, net, of RMB223 million and RMB258 million, respectively, mainly due to reversal of the provision for our impairment losses as a result of our collection of trade receivables and other receivables.

Finance Costs

Our finance costs increased by RMB693 million (or by 42.9%), from RMB1,617 million in 2023 to RMB2,310 million in 2024, primarily due to an increase in the average balance of our bank loans.

Share of Profits and Losses of Joint Ventures and Associates

Our share of profits and losses of joint ventures and associates increased by RMB210 million (or by 17.0%), from RMB1,236 million in 2023 to RMB1,446 million in 2024, primarily due to an increase in profit of certain joint ventures and associates.

Income Tax Expense

Despite the increase in our profit before tax, our income tax expense decreased by RMB583 million (or by 20.38%), from RMB2,861 million in 2023 to RMB2,278 million in 2024. This decrease was primarily due to the prudent re-evaluation of deferred tax assets to be recognized by certain subsidiaries of our Group.

Profit for the Year

For the reasons as discussed above, our profit for the year increased from RMB10,444 million in 2023 to RMB14,334 million in 2024.

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

Revenue

Our revenue increased by RMB70,587 million (or by 76.2%), from RMB92,618 million in 2022 to RMB163,205 million in 2023.

Our revenue from sales of passenger vehicles increased by RMB68,717 million (or by 83.3%), from RMB82,511 million in 2022 to RMB151,228 million in 2023.

Our revenue from sales of automotive parts and components increased by RMB229 million (or by 2.6%), from RMB8,675 million in 2022 to RMB8,904 million in 2023, which was primarily due to the rise in the market demands for our automotive parts and components in China and overseas.

Revenue from Sales of Our Passenger Vehicles

The table below sets forth the breakdown of our revenue from sales of passenger vehicles by energy type:

	For the year ended December 31,			
	2022		2023	
	(RMB million)	*%*	*(RMB million)*	*%*
Passenger vehicles				
ICE vehicles	70,258	85.1	143,316	94.8
NEVs	12,253	14.9	7,912	5.2
– PHEVs and REEVs	*1,301*	*1.6*	*2,727*	*1.8*
– BEVs	*10,952*	*13.3*	*5,185*	*3.4*
Total	**82,511**	**100.0**	**151,228**	**100.0**

Our revenue from ICE vehicles increased by RMB73,058 million (or by 104.0%), from RMB70,258 million in 2022 to RMB143,316 million in 2023. The increase was primarily due to the increase in the sales of our ICE vehicles, as a result of (i) the introduction of new ICE models and versions in both domestic and overseas markets; (ii) our expansion in overseas passenger vehicle markets; and (iii) our continuous marketing efforts in both domestic and overseas markets which enhanced the recognition of our brands.

Our revenue from NEVs decreased by RMB4,341 million (or by 35.4%), from RMB12,253 million in 2022 to RMB7,912 million in 2023. Such decrease was mainly attributable to our efforts to optimize our product portfolio of NEVs. In 2023, we officially released our NEV new strategy and adjusted our product portfolio of BEVs strategically towards more high-end brands and models, and scaled down the sales of certain BEV models under the series of Little Ant and QQ Ice Cream, the product series of passenger vehicles that focused on compact and mini electric vehicles. As a result, sales volume for the product series of Little Ant and QQ Ice Cream decreased from 191.7 thousand units in 2022 to 95.8 thousand units in 2023, which in turn led to the decrease of revenue of NEVs.

The table below sets forth the geographical breakdown of our revenue from sales of passenger vehicles:

	For the year ended December 31,			
	2022		2023	
	(RMB million)	*%*	*(RMB million)*	*%*
PRC[(1)]	53,359	64.7	76,695	50.7
Other countries and regions	29,152	35.3	74,533	49.3
– Asia (excluding PRC)	*6,048*	*7.3*	*18,341*	*12.1*
– Europe	*13,964*	*16.9*	*42,289*	*28.0*
– Americas	*8,545*	*10.4*	*12,427*	*8.2*
– Africa	*558*	*0.7*	*482*	*0.3*
– Oceania and others	*37*	*0.0*	*994*	*0.7*
Total	**82,511**	**100.0**	**151,228**	**100.0**

Note:

(1) Including Hong Kong, Macau and Taiwan.

Our revenue from sales of passenger vehicles in the PRC (including Hong Kong, Macau and Taiwan) increased by RMB23,336 million (or by 43.7%), from RMB53,359 million in 2022 to RMB76,695 million in 2023, as a result of our sales volume growth primarily due to our marketing efforts in promoting our new models and versions of passenger vehicles.

Our revenue from sales of passenger vehicles in other countries and regions increased by RMB45,381 million (or by 155.7%), from RMB29,152 million in 2022 to RMB74,533 million in 2023, primarily due to the sales volume growth in our passenger vehicles to overseas markets in response to the increasing market demands as well as our efforts in expanding our presence in overseas markets.

Cost of Sales

Our cost of sales increased by RMB57,302 million (or by 71.8%), from RMB79,813 million in 2022 to RMB137,115 million in 2023, which was largely in line with the increase in the revenue of our passenger vehicles.

Gross Profit and Gross Margin

Our gross profit increased by RMB13,285 million (or by 103.7%), from RMB12,805 million in 2022, to RMB26,090 million in 2023. Our gross margin increased from 13.8% to 16.0% for the same years, primarily as a result of the sales increase and product portfolio optimization of our passenger vehicles.

Our gross profit from passenger vehicles increased by RMB13,360 million (or by 124.3%), from RMB10,751 million in 2022 to RMB24,111 million in 2023, primarily due to the increase in our revenue from passenger vehicles as sales volume of passenger vehicles surged. Our gross margin from passenger vehicles increased from 13.0% to 15.9% for the same years, primarily due to the sales volume growth of our passenger vehicles in overseas markets with higher average selling prices and thus higher gross margin as well as scaling down the sales of some of our BEV models. Our gross margin from ICE vehicles increased from 15.8% to 17.1% for the same years due to increased sales in ICE vehicles with higher gross margin in overseas markets. Our gross margin from NEVs decreased from -2.6% to -5.7% for the same years as the result of the decrease of the selling prices of some of our BEV models under Little Ant and QQ Ice Cream in response to the changing market trend and relevant policies, resulting in a drop in the gross margin of such BEV models.

Our gross profit from automotive parts and components remained relatively stable at RMB1,678 million and RMB1,702 million in 2022 and 2023, respectively. Our gross margin from automotive parts and components remained relatively stable at 19.3% and 19.1% for the same years, respectively.

Other Income and Gains

Our other income and gains increased by RMB410 million (or by 10.7%), from RMB3,822 million in 2022 to RMB4,232 million in 2023, primarily due to (i) an increase in our additional deduction for VAT; and (ii) an increase in bank interest income due to higher cash balances deposited with banks.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB2,350 million (or by 73.3%), from RMB3,207 million in 2022 to RMB5,557 million in 2023, primarily due to (i) an increase in advertisement and marketing expenses as we launched new models and versions; and (ii) an increase in employee benefits of our sales personnel, both in line with our business expansion.

Administrative Expenses

Our administrative expenses increased by RMB2,136 million (or by 110.4%), from RMB1,934 million in 2022 to RMB4,070 million in 2023, primarily due to an increase in employee benefit expenses of our administrative personnel as our business expanded.

Research and Development Expenses

Our research and development expenses increased by RMB3,018 million (or by 82.8%), from RMB3,646 million in 2022 to RMB6,664 million in 2023, primarily due to (i) an increase in our employee benefits expenses of our R&D personnel; and (ii) enhancement of our research and development efforts.

Impairment (Losses)/Gains on Financial and Contract Assets, Net

We recorded impairment losses on financial and contract assets, net, of RMB684 million in 2022, primarily due to provision for impairment losses on trade receivables and other receivables; while we recorded impairment gains on financial and contract assets, net, of RMB223 million in 2023, primarily due to reversal of provision for impairment losses on trade receivables and other receivables as a result of our collection efforts.

Finance Costs

Our finance costs increased by RMB212 million (or by 15.1%), from RMB1,405 million in 2022 to RMB1,617 million in 2023, which was primarily due to an increase in the average balance of our bank loans.

Share of Profits and Losses of Joint Ventures and Associates

Our share of profits and losses of joint ventures and associates increased by RMB349 million (or by 39.3%), from RMB887 million in 2022 to RMB1,236 million in 2023, primarily due to an increase in profit of certain joint ventures and associates.

Income Tax Expense

Our income tax expense increased by RMB2,159 million (or by 307.5%), from RMB702 million in 2022 to RMB2,861 million in 2023, which was primarily due to the increase in our profit before tax.

Profit for the Year

For the reasons as discussed above, our profit for the year increased from RMB5,806 million in 2022 to RMB10,444 million in 2023.

CERTAIN BALANCE SHEET ITEMS

Inventories

Our inventories comprise raw materials, work in progress and finished goods. Raw materials mainly include steel products, seats, tires, battery cells and electronic components. Work in progress and finished goods mainly include semi-completed or completed passenger vehicles, respectively.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Raw materials	1,438	1,755	2,370	2,517
Work in progress	1,374	2,618	4,911	4,876
Finished goods	10,061	26,662	29,043	31,114
Total	**12,873**	**31,035**	**36,324**	**38,507**

Our inventories increased from RMB12,873 million as of December 31, 2022 to RMB31,035 million as of December 31, 2023, further to RMB36,324 million as of December 31, 2024, and then to RMB38,507 million as of March 31, 2025, primarily due to the increase of our finished goods as a result of our business expansion. Nevertheless, such increase did not cause the material change of our inventory turnover days, the details of which are set out as follows:

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
Inventory turnover days[(1)]	43.5	58.4	52.6	56.3

Note:

(1) Calculated using the average of opening and closing balances of the inventories for such years/period divided by cost of sales for the relevant years/period and multiplied by the number of days during such years/period.

Our inventory turnover days increased from 43.5 days in 2022 to 58.4 days in 2023, primarily due to increased inventories to serve our overseas market demands as these inventories generally had longer turnover days caused by long shipping time. Our inventory turnover days then decreased to 52.6 days in 2024, as we enhanced inventory management measures. Our inventory turnover days remained relatively stable at 56.3 days for the three months ended March 31, 2025.

The following table set forth an aging analysis of our inventories:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Within 1 year	12,810	30,931	36,157	38,167
1 to 2 years	58	96	160	324
2 to 3 years	3	6	6	15
Over 3 years	1	2	1	1
Total	**12,873**	**31,035**	**36,324**	**38,507**

As of July 31, 2025, RMB33,626 million (or 87.3%) of our inventories as of March 31, 2025, had been sold or utilized.

Trade Receivables

Our trade receivables represented receivables of income from the sales of our products from our customers.

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Trade receivables	10,794	12,621	18,488	22,338
Impairment	(1,273)	(1,353)	(1,065)	(1,068)
Total trade receivables	**9,521**	**11,268**	**17,423**	**21,270**

Our trade receivables increased from RMB9,521 million as of December 31, 2022 to RMB11,268 million as of December 31, 2023, further increased to RMB17,423 million as of December 31, 2024, and further to RMB21,270 million as of March 31, 2025, primarily due to the increase in the sales of our products.

Sales of our passenger vehicles are normally settled in advance of delivery. However, in the case of long-standing customers with bulk purchases and a good repayment history, we may offer them credit terms that are generally between 30 and 180 days.

We make provisions for impairment of trade receivables based on our assessment of risk of default and expected losses. We recorded provisions for impairment of trade receivables of RMB1,273 million, RMB1,353 million, RMB1,065 million and RMB1,068 million as of December 31, 2022, 2023 and 2024 and as of March 31, 2025, respectively.

The following table set forth an aging analysis of our trade receivables, net of allowance for credit losses, presented based on the time of revenue recognition:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Within 1 year	9,059	9,473	17,336	21,233
1 to 2 years	281	1,737	74	29
2 to 3 years	181	58	13	8
Total	**9,521**	**11,268**	**17,423**	**21,270**

The following table sets forth our trade receivables turnover days for the years/period indicated:

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
Trade receivables turnover days[(1)]	35.8	26.2	21.0	26.9

Note:

(1) Calculated using the average of opening and closing balances of the trade receivables for such years/period divided by the total revenue for the relevant years/period and multiplying by the number of days during such years/period.

In 2022, 2023 and 2024, our trade receivables turnover days were 35.8 days, 26.2 days and 21.0 days, respectively. The decrease in our trade receivables turnover days was primarily because we stepped up our efforts in the management and collection of trade receivables. Our trade receivables turnover days slightly increased to 26.9 days for the three months ended March 31, 2025 primarily due to seasonal factors.

As of July 31, 2025, RMB17,905 million (or 80.2%) of our trade receivables as of March 31, 2025, had been subsequently settled.

Bills Receivables and Financial Assets at Fair Value through Other Comprehensive Income

We received bank acceptance bills from our customers to settle their payments with us. Such bank acceptance bills are either booked as our financial assets at fair value through other comprehensive income if they are issued by reputable banks with higher credit ratings, or as bills receivables if otherwise.

The following table sets forth a breakdown of our bills receivables as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Bank acceptance bills	6,167	10,805	774	330
Total	**6,167**	**10,805**	**774**	**330**

Our bills receivables increased from RMB6,167 million as of December 31, 2022 to RMB10,805 million as of December 31, 2023 with the increase in our product sales. Our bills receivables decreased from RMB10,805 million as of December 31, 2023 to RMB774 million as of December 31, 2024, and further to RMB330 million as of March 31, 2025, as more of our customers settled payments using bank acceptance bills issued by reputable banks with higher credit ratings.

The following table sets forth a breakdown of our financial assets at fair value through other comprehensive income as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Bills receivables	2,359	4,433	7,547	1,802
Total	**2,359**	**4,433**	**7,547**	**1,802**

For the same reason, our financial assets at fair value through other comprehensive income increased from RMB2,359 million as of December 31, 2022 to RMB4,433 million as of December 31, 2023, then further to RMB7,547 million as of December 31, 2024. Our financial assets at fair value through other comprehensive income then decreased to RMB1,802 million as of March 31, 2025 as we used such bills receivables to settle our payments to suppliers.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets mainly comprise other receivables and prepayments for acquisition of equity.

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Non-current portion				
Debt investments	512	380	–	–
Prepayments for acquisition of long-term assets	528	247	757	504
Prepayments for acquisition of JETOUR business	–	7,003	–	–
Others	136	99	84	79
Impairment allowance	(77)	(26)	(2)	(2)
Total non-current portion	**1,099**	**7,703**	**839**	**581**
Current portion				
Other receivables	25,316	19,412	3,847	4,045
Value-added-tax recoverable	1,222	2,765	5,126	5,069
Prepayments	733	2,149	3,531	3,037
Others	10	14	12	33
Impairment allowance	(2,937)	(2,976)	(2,011)	(1,987)
Total current portion	**24,344**	**21,364**	**10,505**	**10,197**

The non-current portion of our prepayments, other receivables and other assets increased from RMB1,099 million as of December 31, 2022 to RMB7,703 million as of December 31, 2023, and then decreased to RMB839 million as of December 31, 2024. Such a fluctuation was primarily caused by the prepayment for acquisition of JETOUR business. The non-current portion of our prepayments, other receivables and other assets further decreased to RMB581 million as of March 31, 2025, primarily due to a decrease in prepayments for acquisition of long-term assets in relation to partial settlement of prepayments for purchases of equipment. The current portion of our prepayments, other receivables and other assets decreased from RMB24,344 million as of December 31, 2022 to RMB21,364 million as of December 31, 2023 and then decreased to RMB10,505 million as of December 31, 2024, primarily due to the settlement of certain receivables. The current portion of our prepayments, other receivables and other assets then decreased to RMB10,197 million as of March 31, 2025, primarily due to a decrease in prepayments in relation to settlement for prepayments for purchases of materials.

As of July 31, 2025, RMB7,266 million (or 56.9%) of our prepayments, other receivables and other assets as of March 31, 2025, had been subsequently settled.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Our financial assets at FVTPL include (i) unlisted equity investments; (ii) listed convertible bonds; and (iii) wealth management products and structured deposits issued by banks in the PRC. All the structured deposits are principal-guaranteed while wealth management products are not. Such investment in the financial assets at FVTPL shall be subject to compliance with Chapter 14 of the Listing Rules upon [**REDACTED**].

The following table sets forth a breakdown of our financial assets at FVTPL as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Non-current portion				
Unlisted equity investments, at fair value	33	45	61	58
Total non-current portion	**33**	**45**	**61**	**58**
Current portion				
Listed convertible bonds	106	–	–	–
Wealth management products and structured deposits, at fair value	13,792	11,961	19,579	29,278
Total current portion	**13,898**	**11,961**	**19,579**	**29,278**
Total	**13,931**	**12,006**	**19,640**	**29,336**

Our financial assets at FVTPL decreased from RMB13,931 million as of December 31, 2022 to RMB12,006 million as of December 31, 2023, primarily due to the redemption of our wealth management products and structured deposits. Our financial assets at FVTPL increased to RMB19,640 million as of December 31, 2024, and then to RMB29,336 million as of March 31, 2025, primarily as a result of our efforts to increase returns of our idle cash and bank balances.

We make investment decisions case-by-case after thoroughly considering a number of factors, including but not limited to the macroeconomic environment, general market conditions, the investment risk management, sources of investment, and the expected profit or potential loss of the investment.

To monitor and control the potential risks associated with our investment portfolio, we have adopted internal procedures to manage our investment. With the authorization of the Board and the supervision by our officer responsible for the supervision on our financial matters, our financial department is responsible for analyzing, evaluating and determining the investment plans in accordance with our cash management policies and internal approval process. Prior to modifying our existing investment portfolio, the proposal must be approved by our financial controller or the treasury division of the finance department. The performance of our investments shall be reported to our financial controller or the treasury division of the finance department on a monthly basis.

Trade and Bills Payables

Our trade and bills payables represented payment obligations to our suppliers.

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Trade payables	42,421	71,547	99,771	95,477
Bills payables	9,287	2,861	1,725	6,926
Total	**51,708**	**74,408**	**101,496**	**102,403**

Our trade and bills payables increased from RMB51,708 million as of December 31, 2022 to RMB74,408 million as of December 31, 2023 and further to RMB101,496 million as of December 31, 2024, and then to RMB102,403 million as of March 31, 2025, primarily due to the increase in our purchases from suppliers in response to our sales increase.

The following table sets forth an aging analysis of trade and bills payables presented based on the time of purchase as of the dates indicated:

	As of December 31,			As of March 31,
Trade payables	2022	2023	2024	2025
	(RMB million)			
Within 1 year	41,253	70,130	99,286	94,794
1 to 2 years	633	1,094	367	563
2 to 3 years	170	201	39	42
Over 3 years	365	122	79	78
Total	**42,421**	**71,547**	**99,771**	**95,477**

Bills payables	As of December 31, 2022	2023	2024	As of March 31, 2025
		(RMB million)		
Within 1 year	9,287	2,861	1,725	6,926
Total	**9,287**	**2,861**	**1,725**	**6,926**

The following table sets forth our trade and bills payables turnover days for the periods indicated:

	For the year ended December 31, 2022	2023	2024	As of March 31, 2025
Trade and bills payables turnover days[(1)]	206.6	167.9	137.4	155.7

Note:

(1) Calculated using the average of opening and closing balances of the trade and bills payables for such years/period divided by cost of sales for the relevant years/period and multiplied by the number of days during such years/period.

During the Track Record Period, our suppliers granted us credit periods generally ranging from 30 to 180 days either after the issuance of invoices or after we verify the amount of purchase with our suppliers.

In 2022, 2023 and 2024, our trade and bills payables turnover days were 206.6 days, 167.9 days and 137.4 days, respectively. The decrease in our trade and bills payables turnover days was mainly due to our efforts in expediting the payment of our trade and bills payables to our suppliers. For the three months ended March 31, 2025, our trade and bills payables turnover days were 155.7 days, primarily due to seasonal factors.

As of July 31, 2025, RMB62,049 million (or 60.6%) of our trade and bills payables as of March 31, 2025, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals mainly comprise accrued salaries, bonuses and benefits, other payables for additions of property, plant and equipment, other tax payables and other payables.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB million)			
Non-current portion				
Other payables for additions of property, plant and equipment	1,019	2,077	2,806	2,806
Equity repurchases	282	804	836	843
Long-term payables	2,300	3,000	1,212	1,430
Total non-current portion	**3,601**	**5,881**	**4,854**	**5,079**
Current portion				
Accrued salaries, bonuses and benefits	1,934	4,016	4,978	3,494
Other payables for additions of property, plant and equipment	1,735	3,349	3,371	2,985
Other tax payables	1,250	1,573	1,917	2,601
Marketing and promotion expense payables	985	1,353	2,081	2,190
Deposit from suppliers and distributors	953	1,277	1,431	1,462
Transportation fee payables	297	990	1,478	1,688
Other payables[(1)]	5,074	6,401	7,181	5,750
Total current portion	**12,228**	**18,959**	**22,437**	**20,170**
Total	**15,829**	**24,840**	**27,291**	**25,249**

Note:

(1) Other payables includes payables due to various service providers and miscellaneous payables.

The current portion of our other payables and accruals increased from RMB12,228 million as of December 31, 2022 to RMB18,959 million as of December 31, 2023, primarily due to (i) an increase in our accrued salaries, bonuses and benefits, primarily as a result of the increase in our staff and employee incentives as our business grew; and (ii) an increase in our other payables for additions of property, plant and equipment. The current portion of our other payables and accruals increased from RMB18,959 million as of December 31, 2023 to RMB22,437 million as of December 31, 2024, primarily due to (i) an increase in payables of transportation fees; and (ii) an increase in our other tax payables (mainly our VAT payables), primarily as a result of the increase in the sales of our products. The current portion of our other payables and accruals decreased from RMB22,437 million as of December 31, 2024 to RMB20,170 million as of March 31, 2025, primarily due to (i) a decrease in our accrued salaries, bonuses and benefits; and (ii) a decrease in our other payables due to third-party service providers. The non-current portion of our other payables and accruals increased from RMB3,601 million as of December 31, 2022 to RMB5,881 million as of December 31, 2023, primarily due to (i) increase in our other payables for additions of property, plant and equipment; and (ii) increase in our long-term payables, which were mainly conditional government subsidies that could require partial repayment if we fail to fulfill the relevant conditions in the future years, and such increase was mainly due to the grant of such subsidies. The non-current portion of our other payables and accruals then decreased to RMB4,854 million as of December 31, 2024, primarily as we met certain condition which is the prerequisite for other conditions to be satisfied, therefore, such subsidies were transferred to deferred income under our consolidated statement of financial position. The non-current portion of our other payables and accruals then increased to RMB5,079 million, primarily due to an increase in our long-term payables used for production line upgrade.

As of July 31, 2025, RMB8,150 million (or 32.3%) of our other payables and accruals as of March 31, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities mainly arise from the advance payments made by customers and rebate payables to customers in relation to our sales of vehicles and components. Our contract liabilities increased from RMB8,030 million as of December 31, 2022 to RMB18,589 million as of December 31, 2023, which was primarily due to the increase in the advance payments we received from customers for sales of our passenger vehicles. Our contract liabilities decreased to RMB15,319 million as of December 31, 2024, as we (i) enabled multiple payment methods for some of our customers as our business expanded; and (ii) expedited our product delivery progress. Our contract liabilities decreased to RMB13,088 million as of March 31, 2025, primarily due to seasonal factors.

As of July 31, 2025, RMB12,313 million (or 94.1%) of our contract liabilities as of March 31, 2025, had been subsequently recognized as revenue.

Property, Plant and Equipment

Our property, plant and equipment mainly comprise buildings, machinery and molds, electronic equipment and others, vehicles and construction in progress.

As of December 31, 2022, 2023 and 2024 and March 31, 2025, the net book value of our property, plant and equipment amounted to RMB11,905 million, RMB18,968 million, RMB23,443 million and RMB24,750 million, respectively. The increases in our property, plant and equipment were primarily due to purchase of machinery and equipment as we expanded our production capacity in response to the increase in the demand of our products.

Investments in Joint Ventures and Investments in Associates

Our investments in joint ventures and investments in associates represent our investments in entities in which we have joint control or significant influence. As of December 31, 2022, 2023 and 2024 and March 31, 2025, our investments in joint ventures amounted to RMB7,626 million, RMB8,265 million, RMB9,793 million and RMB10,817 million, respectively, and our investments in associates amounted to RMB4,344 million, RMB5,290 million, RMB6,364 million and RMB5,741 million, respectively. The changes in our investments in joint ventures and investments in associates were primarily a result of changes in number of joint ventures and associates we invested in during the Track Record Period as well as changes in share of profits of these joint ventures and associates.

NET CURRENT LIABILITIES/ASSETS

We recorded net current liabilities of RMB4,760 million, RMB17,388 million, RMB3,401 million, RMB2,788 million and net current liabilities of RMB1,260 million as of December 31, 2022, 2023 and 2024, March 31, 2025 and July 31, 2025, respectively.

The following table sets forth our current assets, current liabilities, and net current liabilities/assets as of the dates indicated:

	As of December 31,			As of March 31,	As of July 31,
	2022	2023	2024	2025	2025
			(RMB million)		
					(Unaudited)
Current assets					
Inventories	12,873	31,035	36,324	38,507	27,562
Trade receivables	9,521	11,268	17,423	21,270	35,530
Bills receivables	6,167	10,805	774	330	229
Contract assets	1,187	455	–	–	–
Prepayments, other receivables and other assets	24,344	21,364	10,505	10,197	10,548
Prepaid income tax	43	541	162	218	57

	As of December 31,			As of March 31,	As of July 31,
	2022	2023	2024	2025	2025
			(RMB million)		*(Unaudited)*
Financial assets at fair value through profit or loss	13,898	11,961	19,579	29,278	22,847
Derivative financial instruments	241	31	–	–	18
Financial assets at fair value through other comprehensive income	2,359	4,433	7,547	1,802	2,913
Time deposits	3,373	2,188	7,319	16,204	22,089
Restricted bank deposits	927	587	75	2,303	580
Cash and cash equivalents	12,686	35,048	62,693	37,498	41,805
Total current assets	**87,619**	**129,716**	**162,401**	**157,607**	**164,178**
Current liabilities					
Trade and bills payables	51,708	74,408	101,496	102,403	104,111
Other payables and accruals	12,228	18,959	22,437	20,170	26,915
Derivative financial instruments	3	86	–	–	–
Interest-bearing bank loans and other borrowings	18,806	31,724	20,068	16,514	13,968
Bonds payables	71	–	–	–	–
Lease liabilities	46	138	366	428	464
Tax payable	577	703	3,120	3,608	2,027
Contract liabilities	8,030	18,589	15,319	13,088	13,197
Provision	856	2,395	2,816	3,298	3,562
Deferred income	54	102	180	886	1,194
Total current liabilities	**92,379**	**147,104**	**165,802**	**160,395**	**165,438**
Net current (liabilities)/assets	**(4,760)**	**(17,388)**	**(3,401)**	**(2,788)**	**(1,260)**

Our net current liabilities increased from RMB4,760 million as of December 31, 2022 to RMB17,388 million as of December 31, 2023. This increase was primarily due to a substantial increase in our current liabilities during the period, offset by a moderate increase in our current assets. The increase of our current liabilities was primarily attributable to (i) an increase in trade and bills payables of RMB22,700 million as a result of our business growth; (ii) an increase in interest-bearing bank loans and other borrowings of RMB12,918 million; and (iii) an increase in contract liabilities of RMB10,559 million. Meanwhile, our current assets increased as a result of (i) an increase in inventories of RMB18,162 million; and (ii) an increase in cash and cash equivalents of RMB22,362 million, partially offset by prepayment for acquisition of JETOUR business.

Our net current liabilities position improved from RMB17,388 million as of December 31, 2023, to RMB3,401 million as of December 31, 2024. This was primarily due to a substantial increase in our current assets during the period, offset by a moderate increase in our current liabilities. The increase in current assets primarily includes (i) an increase in trade receivables of RMB6,155 million; (ii) an increase in financial assets at FVTPL of RMB7,618 million primarily as a result of our efforts to increase returns of our idle cash and bank balances; (iii) an increase in financial assets at fair value through other comprehensive income of RMB3,114 million due to the increase in bank acceptance bills as more payments by customers were settled by such bank acceptance bills issued by reputable banks with higher credit ratings; and (iv) an increase in cash and cash equivalents of RMB27,645 million. Meanwhile, our current liabilities increased, but partially offset by (i) a decrease in interest-bearing bank loans of RMB11,656 million; and (ii) a decrease in contract liabilities of RMB3,270 million, as we (a) enabled multiple payment methods for some of our customers as our business expanded; and (b) expedited our product delivery progress.

Our net current liabilities position further improved from RMB3,401 million as of December 31, 2024 to RMB2,788 million as of March 31, 2025. Such improvement was primarily due to a decrease in our current liabilities during the period, slightly outpacing the decrease in our current assets. The decrease in current liabilities primarily includes (i) a decrease in interest-bearing bank loans and other borrowings of RMB3,554 million; (ii) a decrease in other payables and accruals of RMB2,267 million; and (iii) a decrease in contract liabilities of RMB2,231 million. The decrease in current assets primarily includes a decrease in our cash and cash equivalents of RMB25,195 million, partially offset by (i) an increase in financial assets at FVTPL of RMB9,699 million primarily as a result of our efforts to increase returns of our idle cash and bank balances; (ii) an increase in our time deposits of RMB8,885 million; and (iii) an increase in trade receivables of RMB3,847 million.

We recorded net current liabilities of RMB1,260 million as of July 31, 2025 as compared to net current liabilities of RMB2,788 million as of March 31, 2025. This was primarily due to an increase in our current assets during the period, slightly outpacing the increase in our current liabilities. The increase in current assets primarily includes (i) an increase in trade receivables of RMB14,260 million; (ii) an increase in time deposits of RMB5,885 million and (iii) an increase in cash and cash equivalents of RMB4,307 million, partially offset by (i) a decrease in inventories of RMB10,945 million and (ii) a decrease in financial assets at fair value through profit or loss of RMB6,431 million. The increase in current liabilities primarily

includes (i) an increase in other payables and accruals of RMB6,745 million and (ii) an increase in trade and bills payables of RMB1,708 million, partially offset by (i) a decrease in interest-bearing bank and other borrowings of RMB2,546 million and (ii) a decrease in tax payable of RMB1,581 million.

We seek to improve our net current liabilities position by improving our operating cash flows. During the Track Record Period, attributable to our continuous business growth, our net cash flows generated from operating activities increased from RMB9,842 million in 2022 to RMB24,925 million in 2023 and further to RMB44,887 million in 2024. We also intend to improve our net current liabilities position by (i) optimizing our debt structure through replacement of short-term debt with long-term ones; and (ii) increasing our current assets through (a) promoting increased dividend payouts from joint ventures and associates; and (b) receipt of the net [**REDACTED**] from the [**REDACTED**].

Working capital sufficiency

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, our available banking facilities, cash flows from operating activities and net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months from the date of this document.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our capital expenditure and working capital requirements mainly through cash generated from operating activities and bank loans. As of December 31, 2022, 2023 and 2024, March 31, 2025 and July 31, 2025, we had cash and cash equivalents of approximately RMB12,686 million, RMB35,048 million, RMB62,693 million, RMB37,498 million and RMB41,805 million, respectively. Our financial strategy includes diligent monitoring of our cash flows and balances to ensure sufficient liquidity for operational needs. Throughout the Track Record Period, we successfully managed our financial obligations, repaying bank loans in time and effectively mitigating liquidity risks. This was achieved by preserving adequate reserves, utilizing credit lines, and aligning the maturity timelines of our financial assets and liabilities, ensuring we faced no cash shortages. As of July 31, 2025, we had unutilized banking facilities of RMB104,816 million.

Going forward, we anticipate that our operating cash flows, credit lines, and the net [**REDACTED**] from the [**REDACTED**] will collectively fulfill our working capital, capital expenditures and liquidity needs. Our capacity to meet financial commitments and debt obligations, reduce debt, and cover expenses will hinge on our operational performance and cash flow generation, which, in turn, are influenced by economic conditions, customer expenditure levels, and various external factors. As we navigate future business landscapes, we may require additional funds. Opportunities such as strategic investments, acquisitions, or partnerships may also necessitate further financial resources. Should our current funds prove inadequate, we will consider securing additional credit or engaging in equity financing, acknowledging that such actions could dilute existing shareholder value.

Cash flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated:

	For the year ended December 31,			Forthe three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB million)		
				(Unaudited)	
Net cash flows from operating activities	**9,842**	**24,925**	**44,887**	**16,036**	**4,538**
Net cash flows (used in)/ from investing activities	**(4,949)**	**4,023**	**(3,177)**	**(11,174)**	**(22,095)**
Net cash flows (used in)/ from financing activities	**(825)**	**(6,458)**	**(13,783)**	**(1,796)**	**(7,838)**
Net increase/(decrease) in cash and cash equivalents	**4,068**	**22,490**	**27,927**	**3,066**	**(25,395)**
Cash and cash equivalents at beginning of the year/period	8,476	12,686	35,048	35,048	62,693
Effect of foreign exchange rate changes, net	142	(128)	(282)	(138)	200
Cash and cash equivalents at end of the year/period	**12,686**	**35,048**	**62,693**	**37,976**	**37,498**

Net cash flows from operating activities

We derive our cash inflow from operating activities primarily from receipt of payments from customers for our products. Our cash outflow from operating activities is primarily for procurement payments to our suppliers.

For the three months ended March 31, 2025, we had net cash flows from operating activities of RMB4,538 million. This net cash inflow was primarily due to (i) profit before tax of RMB5,767 million, as adjusted to reflect non-cash items, which principally included finance costs of RMB872 million, and depreciation and amortization of non-current assets primarily consisted of property, plant and equipment of RMB908 million; (ii) an increase in trade receivables of RMB4,004 million; (iii) a decrease in other payables and accruals of RMB2,487 million; (iv) a decrease in contract liabilities of RMB2,231 million, partially offset by a decrease in financial assets at fair value through other comprehensive income of RMB5,725 million.

For the three months ended March 31, 2024, we had net cash flows from operating activities of RMB16,036 million. This net cash inflow was primarily due to (i) profit before tax of RMB3,171 million, as adjusted to reflect non-cash items, which principally included finance costs of RMB692 million, and depreciation and amortization of non-current assets primarily consisted of property, plant and equipment of RMB520 million as well as share of profits and losses of joint ventures and associates of RMB446 million; (ii) a decrease in bills receivables of RMB9,569 million as certain customers settled payments using such bank acceptance bills issued by reputable banks with higher credit ratings; (iii) an increase in deferred income of RMB3,727 million; and (iv) a decrease in financial assets at fair value through other comprehensive income of RMB2,610 million.

In 2024, we had net cash flows from operating activities of RMB44,887 million. This net cash inflow was primarily due to (i) profit before tax of RMB16,612 million, as adjusted to reflect non-cash items, which principally included finance costs of RMB2,310 million, and depreciation and amortization of non-current assets primarily consisted of property, plant and equipment of RMB3,849 million; (ii) a decrease in bills receivables of RMB10,081 million as certain customers settled payments using such bank acceptance bills issued by reputable banks with higher credit ratings; and (iii) an increase in trade and bills payables of RMB23,490 million, primarily due to the increase in our purchases from suppliers in response to the increase in the sales of our products.

In 2023, we had net cash flows from operating activities of RMB24,925 million. This net cash inflow was primarily due to (i) profit before tax of RMB13,305 million, as adjusted to reflect non-cash items, which principally included finance costs of RMB1,617 million, depreciation and amortization of non-current assets which primarily consisted of property, plant and equipment of RMB2,481 million as well as share of profits and losses of joint ventures and associates of RMB1,236 million and other income from investing activities of RMB1,308 million; (ii) an increase in trade and bills payables of RMB22,703 million, primarily due to the increase in our purchases from suppliers in response to the increase in the sales of our products; (iii) an increase in contract liabilities of RMB10,559 million, primarily due to the increase in the advance payments we received from customers for sales of our passenger vehicles, which was primarily due to the increase in our sales of passenger vehicles; and partially offset by (i) an increase in inventories of RMB20,081 million as we need to maintain a certain level of inventories (mainly finished passenger vehicles) to serve the demands of the customers; and (ii) an increase in bills receivables of RMB4,638 million, which was primarily due to the increase in the sales of our products.

In 2022, we had net cash flows from operating activities of RMB9,842 million. This net cash inflow was primarily due to (i) profit before tax of RMB6,508 million, as adjusted to reflect non-cash items, which principally included finance costs of RMB1,405 million, and depreciation and amortization of non-current assets which primarily consisted of property, plant and equipment of RMB2,004 million; (ii) an increase in trade and bills payables of RMB6,669 million, primarily due to the increase in our purchases from suppliers in response to the increase in the sales of our products; (iii) an increase in other payables and accruals of RMB7,574 million; (iv) an increase in contract liabilities of RMB2,824 million, primarily due

to the increase in the advance payments we received from dealers for sales of our passenger vehicles, which was primarily due to the increase in our sales of passenger vehicles, partially offset by (i) an increase in inventories of RMB6,694 million as we need to maintain a certain level of inventories (mainly finished passenger vehicles) to serve the demands of the customers; (ii) an increase in trade receivables of RMB3,180 million, which was primarily due to the increase in the sales of our products; and (iii) an increase in prepayments, other receivables and other assets of RMB4,367 million.

Net cash flows (used in)/from investing activities

Our cash outflow from investing activities primarily consisted of (i) payments for purchases of property, plant and equipment; (ii) placement of time deposits; (iii) purchases of financial assets at FVTPL; and (iv) advance to related parties. Our cash inflow from investing activities primarily consisted of (i) proceeds on disposal of property, plant and equipment; (ii) maturity of time deposits; (iii) proceeds on disposal of financial assets at FVTPL; and (iv) repayments of related parties.

For the three months ended March 31, 2025, we had net cash flows used in investing activities of RMB22,095 million. This net cash outflow was primarily due to (i) purchases of financial assets at FVTPL of RMB55,286 million; and (ii) placement of time deposits of RMB11,775 million, partially offset by proceeds on disposal of financial assets at FVTPL of RMB45,690 million.

For the three months ended March 31, 2024, we had net cash flows used in investing activities of RMB11,174 million. This net cash outflow was primarily due to (i) placement of time deposits of RMB24,402 million; and (ii) purchases of financial assets at FVTPL of RMB10,833 million, partially offset by (i) repayments of related parties of RMB13,716 million as a result of our enhanced efforts to collect our advance to related parties; and (ii) proceeds on disposal of financial assets at FVTPL of RMB10,598 million.

In 2024, we had net cash flows used in investing activities of RMB3,177 million. This net cash outflow was primarily due to (i) purchases of property, plant and equipment of RMB7,305 million; (ii) placement of time deposits of RMB34,866 million; and (iii) purchases of financial assets at FVTPL of RMB25,344 million; and partially offset by (i) maturity of time deposits of RMB32,301 million; (ii) proceeds on disposal of financial assets at FVTPL of RMB18,224 million; and (iii) repayments of related parties of RMB13,716 million as a result of our enhanced efforts to collect our advance to related parties.

In 2023, we had net cash flows from investing activities of RMB4,023 million. This cash inflow was primarily due to (i) proceeds on disposal of financial assets at FVTPL of RMB15,354 million; (ii) repayments of related parties of RMB15,513 million as a result to our collection of advance to related parties; and (iii) maturity of time deposits of RMB93,065 million. This net cash inflow was partially offset by (i) payments for purchases of property, plant and equipment of RMB6,293 million; (ii) placement of time deposits of RMB92,703 million; and (iii) advance to related parties of RMB9,580 million.

In 2022, we had net cash flows used in investing activities of RMB4,949 million. This net cash outflow was primarily due to (i) purchases of financial assets at FVTPL of RMB17,092 million; (ii) placement of time deposits of RMB107,017 million; and (iii) advance to related parties of RMB6,439 million. This cash outflow was partially offset by (i) proceeds on disposal of financial assets at FVTPL of RMB14,387 million; (ii) maturity of time deposits of RMB111,265 million; and (iii) repayments of related parties of RMB5,555 million as a result of our efforts to collect advance to related parties.

Net cash flows (used in)/from financing activities

Our cash inflow from financing activities primarily consisted of interest-bearing bank loans. We use cash in financing activities primarily for repayment of interest-bearing bank loans and interests paid.

For the three months ended March 31, 2025, we had net cash flows used in financing activities of RMB7,838 million. This net cash outflow was primarily due to (i) repayments of interest-bearing bank loans RMB11,320 million; and (ii) dividends paid of RMB3,993 million, partially offset by proceeds from interest-bearing bank loans and other borrowings of RMB8,028 million.

For the three months ended March 31, 2024, we had net cash flows used in financing activities of RMB1,796 million. This net cash outflow was primarily due to (i) repayments of interest-bearing bank loans of RMB19,981 million; and (ii) interest paid for interest-bearing bank loans of RMB711 million, partially offset by proceeds from interest-bearing bank loans of RMB17,844 million.

In 2024, we had net cash flows used in financing activities of RMB13,783 million. This net cash outflow was primarily due to repayment of interest-bearing bank loans of RMB47,990 million. This net cash outflow was partially offset by proceeds from interest-bearing bank loans of RMB34,024 million.

In 2023, we had net cash flows used in financing activities of RMB6,458 million. This net cash outflow was primarily due to (i) repayment of interest-bearing bank loans of RMB42,103 million; and (ii) interests paid for interest-bearing bank loans of RMB1,338 million. This net cash outflow was partially offset by new interest-bearing bank loans of RMB48,107 million.

In 2022, we had net cash flows used in financing activities of RMB825 million. This net cash outflow was primarily due to (i) repayment of bank loans of RMB41,114 million; and (ii) interests paid for interest-bearing bank loans of RMB944 million. This net cash outflow was partially offset by new interest-bearing bank loans of RMB39,396 million.

INDEBTEDNESS AND CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, March 31, 2025 and July 31, 2025, except for the disclosure below, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Since July 31, 2025, the latest practicable date for the purpose of the indebtedness statement, and up to the date of this document, there has been no material change to our indebtedness.

We also confirm that during the Track Record Period and up to the Latest Practicable Date, (i) our credit facilities were subject to the standard banking conditions and covenants, and there were no material covenants that impose a substantial limitation on our ability to obtain further banking facilities; (ii) we had no material default in repayments of our borrowings and with regard to covenants and/or breaches of the covenants under our credit facilities; (iii) we had not received any notice from any bank indicating that it might withdraw or downsize our facilities; (iv) we did not experience any difficulty in obtaining credit facilities and request for early repayments of our borrowings; and (v) we had no material external debt financing plans out of the ordinary course of our business.

Indebtedness

Our indebtedness primarily consisted of bank loans and other borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31, 2025	As of July 31, 2025
	2022	2023	2024		
			(RMB million)		
					(Unaudited)
Bank loans and other borrowings	33,123	38,508	23,166	21,630	21,314
Lease liabilities . . .	211	521	2,319	2,286	2,346
Total	**33,334**	**39,029**	**25,485**	**23,916**	**23,660**

Bank loans and other borrowings

Our bank loans and other borrowings during the Track Record Period were denominated in different currencies, including but not limited to RMB, RUB, TRY and USD. Our bank loans as of December 31, 2022, 2023 and 2024 and March 31, 2025 bore the average weighted interest rates of 3.11%, 4.10%, 5.14% and 3.57% per annum.

Our bank loan agreements contain standard terms, conditions, and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any difficulties in obtaining bank loans and other borrowings, any default in repayment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Given our credit history and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional bank loans and other borrowings in the future.

As of December 31, 2022, 2023 and 2024, March 31, 2025 and July 31, 2025, we had bank loans and other borrowings of RMB33,123 million, RMB38,508 million, RMB23,166 million, RMB21,630 million and RMB21,314 million, respectively, the majority of which were unsecured.

As of March 31, 2025 and the Latest Practicable Date, the outstanding balance of our bank loans and other borrowings guaranteed by Chery Holding and other related parties was nil.

Lease liabilities

Our lease liabilities represented the outstanding lease payments primarily in respect of our leased buildings and properties.

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

	As of December 31,			As of March 31, 2025	As of July 31, 2025
	2022	2023	2024		
			(RMB million)		
					(Unaudited)
Lease liabilities					
– Current	46	138	366	428	464
– Non-current	165	383	1,953	1,858	1,882
Total	**211**	**521**	**2,319**	**2,286**	**2,346**

Contingent Liabilities

As of July 31, 2025, we did not have any material contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since March 31, 2025 and up to the Latest Practicable Date.

OFF-BALANCE SHEET TRANSACTIONS

We had not entered into any material off-balance sheet transactions or arrangements as of the Latest Practicable Date.

CAPITAL EXPENDITURES

During the Track Record Period, we paid an aggregate amount of RMB4,716 million, RMB9,640 million, RMB8,361 million and RMB2,553 million primarily for capital expenditures on our property, plant and equipment.

The details of our capital expenditure during the Track Record Period are summarized as follows:

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
	(RMB million)			
Property, plant and equipment	4,120	9,282	6,684	2,005
Leasehold land	29	40	57	18
Other intangible assets	567	318	1,620	530
Total	**4,716**	**9,640**	**8,361**	**2,553**

COMMITMENTS

As of December 31, 2022, 2023 and 2024 and March 31, 2025, we had capital commitments contracted for but not yet provided of RMB1,896 million, RMB3,752 million, RMB2,519 million and RMB2,462 million, respectively, primarily representing contracted but unprovided commitments for property, plant and equipment, and investment.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of transactions with related parties. For detail of our related party transactions, see note 46 to the Accountant's Report in Appendix I to this document. All loans, advances, which are of a non-trade nature, due to and from the related parties are expected to be settled before the [**REDACTED**]. It is the view of our Directors that our transactions with related parties during the Track Record Period was conducted on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our historical results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the date or for the period indicated:

	As of/for the year ended December 31,			As of/For the three months ended March 31,
	2022	2023	2024	2025
Return on equity[(1)]	85.1%	90.8%	70.8%	73.1%
Return on total assets[(2)]	5.3%	6.9%	7.3%	8.9%
Current ratio[(3)]	0.95	0.88	0.98	0.98
Quick ratio[(4)]	0.81	0.67	0.76	0.74
Interest-bearing debt ratio[(5)]	27.9%	21.8%	11.9%	11.4%
Turnover growth[(6)]	–	76.2%	65.4%	24.2%
Gearing ratio[(7)]	93.1%	91.9%	87.9%	87.7%

Notes:

(1) Return on equity is calculated based on profit for the year/period divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(2) Return on total assets is calculated based on profit for the year/period divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(3) Current ratio is calculated based on total current assets divided by total current liabilities as of the date indicated.

(4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as of the date indicated.

(5) The interest-bearing debt ratio is calculated as interest-bearing debt (including interest-bearing bank loans and other borrowings, lease liabilities and bonds payables) divided by total assets as of the date indicated.

(6) Turnover growth represents the percentage change of our revenue in a year/period when compared with that in the previous corresponding year/period during the Track Record Period.

(7) Gearing ratio is calculated based on the total liabilities as at the respective dates divided by total assets as at the respective dates.

Return on equity

Our return on equity increased from 85.1% as of December 31, 2022 to 90.8% as of December 31, 2023, reflecting the improvements in our profitability. Our return on equity was 70.8% as of December 31, 2024 and 73.1% as of March 31, 2025, respectively.

Return on total assets

Our return on total assets increased from 5.3% as of December 31, 2022 to 6.9% as of December 31, 2023, further to 7.3% as of December 31, 2024, and then to 8.9% as of March 31, 2025, reflecting the growth in our profitability outpacing that of our total assets.

Current ratio

Our current ratio remained relatively stable throughout the Track Record Period, at 0.95 times, 0.88 times, 0.98 times and 0.98 times as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively.

Quick ratio

Our quick ratio decreased from 0.81 times as of December 31, 2022 to 0.67 times as of December 31, 2023, reflecting the growth in our current liabilities outpacing that of our current assets due to prepayment for the acquisition of JETOUR business, less the impact of our inventories. Our quick ratio then increased to 0.76 times as of December 31, 2024, primarily due to the increase in our current assets at a quicker pace than increase of our current liabilities. Our quick ratio remained relatively stable at 0.74 times as of March 31, 2025.

Interest-bearing debt ratio

Our interest-bearing debt ratio decreased from 27.9% as of December 31, 2022 to 21.8% as of December 31, 2023, reflecting an increase in our total assets outpacing that of our interest-bearing debts. Our interest-bearing debt ratio then decreased to 11.9% as of December 31, 2024, primarily due to the decrease in our interest-bearing debts as we expedited the repayment of our bank loans. Our interest-bearing debt ratio slightly decreased to 11.4% as of March 31, 2025.

Turnover growth

Our revenue amounted to RMB92,618 million, RMB163,205 million, RMB269,897 million, RMB54,910 million and RMB68,223 million in 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, respectively, representing a growth rate of 76.2% from 2022 to 2023, 65.4% from 2023 to 2024 and 24.2% from the three months ended March 31, 2024 to the three months ended March 31, 2025. See "— Year-to-year Comparisons of Our Results of Operations".

Gearing ratio

Our gearing ratio decreased from 93.1% as of December 31, 2022 to 91.9% as of December 31, 2023, reflecting an increase in our total assets resulting from increase in revenue due to our business expansion, outpacing that of our total liabilities. Our gearing ratio further decreased to 87.9% as of December 31, 2024 for similar reasons. Our gearing ratio slightly decreased to 87.7% as of March 31, 2025.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are exposed to various types of financial risks in the ordinary course of business, including interest rate risk, foreign currency risk, credit risk, and liquidity risk. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our senior management is responsible for carrying out our risk management. For details, see note 49 of Appendix I to this document.

Interest rate risk

Our exposure to risk for changes in market interest rates relates primarily to our long-term interest-bearing bank borrowings with a floating interest rate. Our policy is to manage our interest cost using a mix of fixed and variable rate debts. For details, see note 30 of Appendix I to this document.

Foreign currency risk

We are exposed to transactional exchange rate risk. Such risks arise from transactions conducted by an operating entity in a currency other than its functional currency. To ensure the currency risk exposure of our Group is kept to an acceptable level and to minimize the gap between assets and liabilities in the same currency, we have used foreign currency forward contracts to manage foreign currency risk associated with foreign currency-denominated assets and liabilities.

The following table shows the sensitivity analysis of exchange rate risk, reflecting the impact of reasonable and possible changes in foreign currency exchange rates on profit before tax under the assumption that other variables remain unchanged:

	Increase/(decrease) in exchange rates	**Increase/(decrease) in profit before tax**
	(%)	*(RMB million)*
As at December 31, 2022		
If the USD strengthens against the RMB	5	215
If the USD weakens against the RMB	5	(215)
As at December 31, 2024		
If the USD strengthens against the RMB	5	100
If the USD weakens against the RMB	5	(100)
If the RUB strengthens against the RMB	5	463
If the RUB weakens against the RMB	5	(463)

	Increase/(decrease) in exchange rates	Increase/(decrease) in profit before tax
	(%)	*(RMB million)*
As at 31 March 2025		
If the USD strengthens against the RMB	5	584
If the USD weakens against the RMB	5	(584)
If the RUB strengthens against the RMB	5	490
If the RUB weakens against the RMB	5	(490)
If the EUR strengthens against the RMB	5	181
If the EUR weakens against the RMB	5	(181)

Due to the utilization of foreign currency forward contracts, as at December 31, 2023, we were not exposed to material foreign currency risks.

During the Track Record Period, we formulated certain foreign exchange policies in an effort to effectively reduce the impact of exchange rate fluctuations on our operating activities. Such policies include the following:

Principle

- We shall maintain exchange rate risk neutrality by locking in target cost exchange rates, thereby building a robust financial position.

Measures

- We shall preferentially utilize natural hedges to reduce our foreign exchange risk exposures. Where natural hedges cannot sufficiently cover our risk exposures, we may utilize other hedging instruments, depending on the relevant circumstances; and

- We shall continuously optimize settling currencies to minimize foreign exchange risk.

Credit risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

Liquidity risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans, and other available sources of financing.

Capital management

The primary objectives of our Group's capital management are to safeguard our Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

Our Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, our Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

DIVIDENDS

In 2022, 2023 and 2024, and the three months ended March 31, 2025, dividends of nil, RMB1,094 million, nil and RMB3,993 million were declared and paid, respectively. Our Board retains the discretion to distribute dividends in the future, considering our operational outcomes, financial stability, cash necessities, and other pertinent factors at the time. As of the date of this document, we do not have any formal dividend policy. The declaration, payment, and dividend amounts were subject to our existing articles of association and will adhere to our Articles of Association which will take effect upon [**REDACTED**] and the laws of the PRC. Moreover, our Directors hold the authority to issue interim dividends on the currently held shares of our Company and sanction their payment from legally accessible funds. It should be noted that any future dividend declarations may vary from past patterns and will be determined by our Board.

DISTRIBUTABLE RESERVES

As of March 31, 2025, our Company had retained earnings of RMB18,467 million under HKFRS Accounting Standards, as reserves available for distribution to our Shareholders.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For details of our unaudited [**REDACTED**] adjusted combined net tangible assets, see Appendix II to this document.

[REDACTED]

[**REDACTED**] represent professional fees, [**REDACTED**] commission and other fees incurred in connection with the [**REDACTED**]. Assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), [**REDACTED**] to be borne by us are estimated to be approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising: (i) [**REDACTED**] fees of RMB[**REDACTED**] (HK$[**REDACTED**]); and (ii) non-[**REDACTED**] expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisers and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]); and

(b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be deducted from equity upon the completion of the [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]) and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since March 31, 2025, which is the end date of the years reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since March 31, 2025 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

[REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per H Share) and the [**REDACTED**] is not exercised, we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses paid and payable by us in connection with the [**REDACTED**]. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], in the next one to three years, is expected to be used for the R&D of passenger vehicles of different models and versions to further expand our product portfolio, including:

  (i) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for developing and expanding our NEV offerings. We plan to continuously introduce NEV models and NEVs of existing product series to enrich our product portfolio and promote the adoption of green mobility globally. We plan to continue to invest in the R&D in NEV models under each of our brands, namely CHERY, JETOUR, EXEED, iCAR and LUXEED, respectively and roll out a variety of PHEVs, REEVs and BEVs with distinct models including SUV, sedans and MPVs and market positionings covering mass market segment, mid- to high-segment and premium segment to further increase our domestic and overseas market share. For example, we plan to launch more than eight NEV models in the second half of 2025 covering PHEVs, REEVs and BEVs with a MSRP range from RMB100,000 to RMB400,000. The annual sales volume of these models is targeted to exceed 400,000 units.

  (ii) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for the upgrade and broadening of our existing product series. Leveraging our extensive expertise in vehicle development, we will effectively integrate the distinct needs and preferences of consumers across various regions and demographics into our product development. For example, we will develop vehicles with more appealing exterior designs, improved energy efficiency, advanced driving assistance features and enhanced intelligent cockpit functionality. For the existing product series that enjoy wide recognition, for example, Tiggo, Arrizo, and Jetour Traveler, we endeavor to promote the continuous launch of popular models in the future.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], in the next one to three years, is expected to be used for the R&D in the next-generation vehicle and advanced technologies to enhance our core technological competencies, including:

  (i) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be invested in upgrading our electrification technologies and vehicle platform architecture, in particular,

  - we plan to invest in the upgrade and broadening of our new energy powertrain technologies by (i) developing key components such as more advanced hybrid engine, hybrid transmission and electric motor to enhance the comprehensive performance of our new energy powertrain; and (ii) achieving mass production of in-house developed high-performance batteries and accelerating R&D and commercialization of next-generation battery technologies. Moreover, we will also explore potential new power type for our passenger vehicles; and

  - we plan to invest in the upgrade of our vehicle platform architecture, including (i) continuing to enhance our chassis technology by developing next-generation intelligent chassis to provide users with better driving and riding experience, (ii) continuing to develop next-generation E/E architecture to build a more competitive vehicle architecture; (iii) enhancing the R&D in key parts and components to expand our in-house developed key parts and components portfolio.

  (ii) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used to invest in the driving assistance solutions and intelligent cockpit solutions, in particular,

  - we plan to increase investment in R&D of driving assistance technologies. Leveraging our strong R&D capabilities, we will continue to upgrade and broadening in-house developed driving assistance solutions. For example, we plan to achieve adoption of our self-developed CNOA on our passenger vehicles to realize point to point travel in the city and handle complex urban driving scenarios. We also plan to develop more advanced driving assistance technologies. In addition, we plan to enhance the practicality and cost-effectiveness of our driving assistance solutions, carry out the vehicle testing across various regions globally as well as increase the penetration of our driving assistance solutions among our ICE vehicles and NEVs with different markets and price range and powertrain types to strengthen our product competitiveness across models and markets and empower a superior driving experience for users worldwide through driving assistance technologies; and

- we plan to continue to upgrade Lion OS, our intelligent cockpit system, by investing in R&D on hardware and software to establish an automotive intelligent ecosystem with smooth interaction and rich applications. Moreover, we plan to continue to enhance smart interaction, infotainment and mobility experience of our intelligent cockpit system by utilizing advanced sensors and intelligent software, thereby providing comfort and technological experience of intelligent cockpit system to global users.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], in the next one to four years, is expected to be used to expand overseas markets and execute our globalization strategy. In particular,

  (i) we will expand our overseas production capacity subject to local market conditions. We will execute overseas capacity expansion plans at appropriate time and locations, promoting the deep integration of the industrial chain with local markets. We plan to utilize approximatlely HK$[1,010.6] million to establish new production facilities and expand the existing overseas production facilities in countries including Vietnam or Malaysia to produce passenger vehicles including models of ICE vehicles and NEVs under OMODA and JAECOO brand that meet the needs and preferences of local customers. The designed production capacity for the new production facilities in Vietnam is 19,000 units annually and the additional designed production capacity for the expansion of the existing production facilities in Malaysia is 36,000 units annually; and

  (ii) we will continue to strengthen our international presence. We plan to increase the deployment of overseas R&D teams to develop technologies and products that better align with local driving habits. We plan to recruit [1,000] to [1,500] R&D personnel with bachelor's degrees or higher and extensive knowledge and skills in the R&D, design and manufacturing of automobiles at our overseas R&D centers located in areas including Europe, Southeast Asia and North America. We will also further improve our global sales and service network. By conducting multi-channel marketing activities, participating in exhibitions and through other means, we aim to further promote our brand and products in international markets such as Europe including Netherlands, Germany, France, Portugal and Sweden, as well as other international markets including Southeast Asia, Latin America, the Middle East and Australia, build broader brand recognition and continuously enhance our global brand equity.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], in the next one to four years, is expected to be used to upgrade our production facilities in Wuhu, Anhui province. In particular, we plan to use our existing multiple intelligent factories with advanced automation, digital integration and Internet-of-things (IoT) enabled production as a benchmark to upgrade and transform the plants at our Wuhu production bases into an advanced factory. This

will accommodate our rapidly developing innovative technologies and meet the manufacturing needs of various new models. We will procure advanced intelligent manufacturing equipment and integrate it with our continuously evolving manufacturing technologies to enhance the digitalization and intelligence levels of our production facilities, steadily improving our production efficiency. For instance, we will deploy visual inspection system to effectively improve defect detection accuracy and enhance quality assurance, along with automated assembly systems to ensure more consistent output while reducing manual operations. With the same designed production capacity, the upgraded factory will enable us to produce higher-caliber passenger vehicles with superior quality and better cost-effectiveness.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for the working capital and general corporate purposes.

In the event that the [**REDACTED**] is set at the maximum [**REDACTED**] or the minimum [**REDACTED**] of the indicative [**REDACTED**], the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**], respectively.

The additional net [**REDACTED**] that we would receive if the [**REDACTED**] is exercised in full would be (i) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the maximum [**REDACTED**]), (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the [**REDACTED**]) and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the minimum [**REDACTED**]).

To the extent that the net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we may adjust our allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions) so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

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HOW TO APPLY FOR [REDACTED]

[**REDACTED**]

[REDACTED]

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHERY AUTOMOBILE CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED, AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Chery Automobile Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-128, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 March 2025, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-128 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and 31 March 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the three months ended 31 March 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million (RMB million) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
REVENUE	*5*	92,618	163,205	269,897	54,910	68,223
Cost of sales		(79,813)	(137,115)	(233,589)	(46,747)	(59,766)
Gross profit		12,805	26,090	36,308	8,163	8,457
Other income and gains	*5*	3,822	4,232	6,251	1,174	3,652
Selling and distribution expenses		(3,207)	(5,557)	(8,380)	(1,812)	(2,182)
Administrative expenses		(1,934)	(4,070)	(5,999)	(1,887)	(1,140)
Research and development expenses		(3,646)	(6,664)	(9,243)	(2,224)	(2,272)
Impairment (losses)/gains on financial and contract assets, net		(684)	223	258	424	13
Other expenses		(130)	(568)	(1,719)	(421)	(99)
Finance costs	*7*	(1,405)	(1,617)	(2,310)	(692)	(872)
Share of profits and losses of:						
Joint ventures		640	854	851	258	112
Associates		247	382	595	188	98
PROFIT BEFORE TAX	*6*	6,508	13,305	16,612	3,171	5,767
Income tax expense	*10*	(702)	(2,861)	(2,278)	(695)	(1,041)
PROFIT FOR THE YEAR/PERIOD		5,806	10,444	14,334	2,476	4,726
Attributable to:						
Owners of the parent		6,266	11,953	14,135	2,712	4,650
Non-controlling interests		(460)	(1,509)	199	(236)	76
		5,806	10,444	14,334	2,476	4,726
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*12*					
Basic (RMB)						
– For profit for the year/period		1.15	2.19	2.58	0.50	0.85
Diluted (RMB)						
– For profit for the year/period		1.15	2.19	2.58	0.50	0.85

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
PROFIT FOR THE YEAR/PERIOD	5,806	10,444	14,334	2,476	4,726
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	77	(419)	131	62	(1,017)
Share of other comprehensive income of joint ventures and associates	(1)	(8)	(12)	(36)	11
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	76	(427)	119	26	(1,006)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Changes in fair value of equity investments designated at fair value through other comprehensive income	19	16	52	13	(24)
Share of other comprehensive income of joint ventures and associates	(1)	1	–	–	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	18	17	52	13	(24)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX	94	(410)	171	39	(1,030)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	5,900	10,034	14,505	2,515	3,696
Attributable to:					
Owners of the parent	6,360	11,543	14,306	2,751	3,620
Non-controlling interests	(460)	(1,509)	199	(236)	76
	5,900	10,034	14,505	2,515	3,696

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 31 March 2025
		RMB million	*RMB million*	*RMB million*	*RMB million*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	11,905	18,968	23,443	24,750
Right-of-use assets	*14(a)*	1,106	1,404	3,350	3,292
Other intangible assets	*15*	1,196	1,081	2,057	2,400
Investments in joint ventures	*16*	7,626	8,265	9,793	10,817
Investments in associates	*17*	4,344	5,290	6,364	5,741
Equity investments designated at fair value through other comprehensive income	*18*	349	323	313	282
Prepayments, other receivables and other assets	*19*	1,099	7,703	839	581
Financial assets at fair value through profit or loss	*20*	33	45	61	58
Deferred tax assets	*33*	4,691	3,829	5,131	4,915
Time deposits	*26(c)*	1,987	2,810	244	35
Restricted bank deposits	*26(b)*	5	–	–	–
Total non-current assets		34,341	49,718	51,595	52,871
CURRENT ASSETS					
Inventories	*21*	12,873	31,035	36,324	38,507
Trade receivables	*22*	9,521	11,268	17,423	21,270
Bills receivables	*23*	6,167	10,805	774	330
Contract assets	*24*	1,187	455	–	–
Prepayments, other receivables and other assets	*19*	24,344	21,364	10,505	10,197
Prepaid income tax		43	541	162	218
Financial assets at fair value through profit or loss	*20*	13,898	11,961	19,579	29,278
Derivative financial instruments	*29*	241	31	–	–
Financial assets at fair value through other comprehensive income	*25*	2,359	4,433	7,547	1,802
Time deposits	*26(c)*	3,373	2,188	7,319	16,204
Restricted bank deposits	*26(b)*	927	587	75	2,303
Cash and cash equivalents	*26(a)*	12,686	35,048	62,693	37,498
Total current assets		87,619	129,716	162,401	157,607
CURRENT LIABILITIES					
Trade and bills payables	*27*	51,708	74,408	101,496	102,403
Other payables and accruals	*28*	12,228	18,959	22,437	20,170
Derivative financial instruments	*29*	3	86	–	–
Interest-bearing bank loans and other borrowings	*30*	18,806	31,724	20,068	16,514
Bonds payables	*31*	71	–	–	–
Lease liabilities	*14(b)*	46	138	366	428
Tax payable		577	703	3,120	3,608
Contract liabilities	*32*	8,030	18,589	15,319	13,088
Provision	*35*	856	2,395	2,816	3,298
Deferred income	*34*	54	102	180	886
Total current liabilities		92,379	147,104	165,802	160,395

	Notes	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 31 March 2025
		RMB million	*RMB million*	*RMB million*	*RMB million*
NET CURRENT LIABILITIES		(4,760)	(17,388)	(3,401)	(2,788)
TOTAL ASSETS LESS CURRENT LIABILITIES		29,581	32,330	48,194	50,083
NON-CURRENT LIABILITIES					
Other payables and accruals	*28*	3,601	5,881	4,854	5,079
Interest-bearing bank loans and other borrowings	*30*	14,317	6,784	3,098	5,116
Bonds payables	*31*	625	–	–	–
Lease liabilities	*14(b)*	165	383	1,953	1,858
Deferred tax liabilities	*33*	151	241	231	241
Deferred income	*34*	515	1,177	5,283	4,179
Provision	*35*	1,792	3,283	6,851	7,815
Total non-current liabilities		21,166	17,749	22,270	24,288
Net assets		8,415	14,581	25,924	25,795
EQUITY					
Equity attributable to owners of the parent					
Share capital	*36*	5,470	5,470	5,470	5,470
Treasury shares		(34)	–	–	–
Reserves	*38*	3,784	9,981	21,018	21,125
		9,220	15,451	26,488	26,595
Non-controlling interests		(805)	(870)	(564)	(800)
Total equity		8,415	14,581	25,924	25,795

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent									
	Share capital	Treasury shares	Other comprehensive income*	Other reserves*	Exchange fluctuation reserve*	Surplus reserves*	Accumulated loss*	Total	Non-controlling interests	Total equity
	RMB million (note 36)	*RMB million*	*RMB million*	*RMB million (note 38)*	*RMB million*	*RMB million (note 38)*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2022	5,470	–	15	24,503	(72)	519	(24,477)	5,958	(712)	5,246
Profit for the year	–	–	–	–	–	–	6,266	6,266	(460)	5,806
Other comprehensive income for the year:										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	19	–	–	–	–	19	–	19
Share of other comprehensive income of joint ventures and associates	–	–	(2)	–	–	–	–	(2)	–	(2)
Exchange differences on translation of foreign operations	–	–	–	–	77	–	–	77	–	77
Total comprehensive income for the year	–	–	17	–	77	–	6,266	6,360	(460)	5,900
Transfer of other reserves upon the disposal of equity investments at fair value through other comprehensive income	–	–	(36)	–	–	–	36	–	–	–
Business combination under common control	–	–	–	(3,862)	–	–	–	(3,862)	–	(3,862)
Deemed contribution from one shareholder	–	–	–	147	–	–	–	147	–	147
Share of other reserves of joint ventures and associates	–	–	–	41	–	–	–	41	19	60
Capital contribution from non-controlling shareholders	–	–	–	9	–	–	–	9	392	401
Transfer to safety production reserve	–	–	–	2	–	–	(2)	–	–	–
Others	–	(34)	–	601	–	–	–	567	(44)	523
At 31 December 2022	5,470	(34)	(4)	21,441	5	519	(18,177)	9,220	(805)	8,415

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital	Treasury shares	Other comprehensive income*	Other reserves*	Exchange fluctuation reserve*	Surplus reserves*	Accumulated loss*	Total	Non-controlling interests	Total equity
	RMB million (note 36)	*RMB million*	*RMB million*	*RMB million (note 38)*	*RMB million*	*RMB million (note 38)*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2023	5,470	(34)	(4)	21,441	5	519	(18,177)	9,220	(805)	8,415
Profit for the year	–	–	–	–	–	–	11,953	11,953	(1,509)	10,444
Other comprehensive income for the year:										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	16	–	–	–	–	16	–	16
Share of other comprehensive income of joint ventures and associates	–	–	(7)	–	–	–	–	(7)	–	(7)
Exchange differences on translation of foreign operations	–	–	–	–	(419)	–	–	(419)	–	(419)
Total comprehensive income for the year	–	–	9	–	(419)	–	11,953	11,543	(1,509)	10,034
Transfer of other reserves upon the disposal of equity investments at fair value through other comprehensive income	–	–	(36)	–	–	–	36	–	–	–
Business combination under common control	–	–	–	(4,050)	–	–	–	(4,050)	–	(4,050)
Acquisition of non-controlling interests	–	–	–	(754)	–	–	–	(754)	712	(42)
Deemed contribution from one shareholder	–	–	–	128	–	–	–	128	–	128
Share of other reserves of joint ventures and associates	–	–	–	98	–	–	–	98	(2)	96
Capital contribution from non-controlling shareholders	–	–	–	156	–	–	–	156	729	885
Transfer to safety production reserve	–	–	–	36	–	–	(36)	–	–	–
Dividend declared	–	–	–	–	–	–	(1,094)	(1,094)	–	(1,094)
Others	–	34	–	170	–	–	–	204	5	209
At 31 December 2023	5,470	–	(31)	17,225	(414)	519	(7,318)	15,451	(870)	14,581

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital	Other comprehensive income*	Share-based compensation*	Other reserves*	Exchange fluctuation reserve*	Surplus reserves*	Accumulated (loss)/retained profits*	Total	Non-controlling interests	Total equity
	RMB million (note 36)	*RMB million*	*RMB million*	*RMB million (note 38)*	*RMB million*	*RMB million (note 38)*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2024	5,470	(31)	–	17,225	(414)	519	(7,318)	15,451	(870)	14,581
Profit for the year	–	–	–	–	–	–	14,135	14,135	199	14,334
Other comprehensive income for the year:										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	52	–	–	–	–	–	52	–	52
Share of other comprehensive income of joint ventures and associates	–	(12)	–	–	–	–	–	(12)	–	(12)
Exchange differences on translation of foreign operations	–	–	–	–	131	–	–	131	–	131
Total comprehensive income for the year	–	40	–	–	131	–	14,135	14,306	199	14,505
Transfer of other reserves upon the disposal of equity investments at fair value through other comprehensive income	–	(30)	–	–	–	–	30	–	–	–
Business combination under common control	–	–	–	(7,320)	–	–	–	(7,320)	–	(7,320)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	439	439
Acquisition of non-controlling interests	–	–	–	(40)	–	–	–	(40)	(77)	(117)
Disposal of subsidiaries	–	–	–	(153)	–	–	–	(153)	(132)	(285)
Share-based compensation	–	–	2,016	–	–	–	–	2,016	–	2,016
Share of other reserves of joint ventures and associates	–	–	–	183	–	–	–	183	–	183
Capital contribution from non-controlling shareholders	–	–	–	15	–	–	–	15	25	40
Transfer to safety production reserve	–	–	–	27	–	–	(27)	–	–	–
Contribution from the shareholders	–	–	–	2,012	–	–	–	2,012	(105)	1,907
Transfer from retained profits	–	–	–	–	–	2,073	(2,073)	–	–	–
Others	–	–	–	18	–	–	–	18	(43)	(25)
At 31 December 2024	5,470	(21)	2,016	11,967	(283)	2,592	4,747	26,488	(564)	25,924

Three months ended 31 March 2024 (unaudited)

	Attributable to owners of the parent									
	Share capital	Other comprehensive income	Share-based compensation	Other reserves	Exchange fluctuation reserve	Surplus reserves	Accumulated loss	Total	Non-controlling interests	Total equity
	RMB million (note 36)	*RMB million (note 38)*	*RMB million (note 38)*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2024	5,470	(31)	–	17,225	(414)	519	(7,318)	15,451	(870)	14,581
Profit for the period	–	–	–	–	–	–	2,712	2,712	(236)	2,476
Other comprehensive income for the period:										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	13	–	–	–	–	–	13	–	13
Share of other comprehensive income of joint ventures and associates	–	(36)	–	–	–	–	–	(36)	–	(36)
Exchange differences on translation of foreign operations	–	–	–	–	62	–	–	62	–	62
Total comprehensive income for the period	–	(23)	–	–	62	–	2,712	2,751	(236)	2,515
Transfer of other reserves upon the disposal of equity investments at fair value through other comprehensive income	–	(30)	–	–	–	–	30	–	–	–
Business combination under common control	–	–	–	(7,320)	–	–	–	(7,320)	–	(7,320)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	439	439
Acquisition of non-controlling interests	–	–	–	(7)	–	–	–	(7)	(51)	(58)
Share-based compensation	–	–	1,632	–	–	–	–	1,632	–	1,632
Share of other reserves of joint ventures and associates	–	–	–	19	–	–	–	19	–	19
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	1	1
Transfer to safety production reserve	–	–	–	6	–	–	(6)	–	–	–
Contribution from the shareholders	–	–	–	1,894	–	–	–	1,894	(158)	1,736
Others	–	–	–	5	–	–	–	5	(57)	(52)
At 31 March 2024	5,470	(84)	1,632	11,822	(352)	519	(4,582)	14,425	(932)	13,493

Three months ended 31 March 2025

	Attributable to owners of the parent									
	Share capital	Other comprehensive income*	Share-based compensation*	Other reserves*	Exchange fluctuation reserve*	Surplus reserves*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB million (note 36)	*RMB million*	*RMB million*	*RMB million (note 38)*	*RMB million*	*RMB million (note 38)*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2025	5,470	(21)	2,016	11,967	(283)	2,592	4,747	26,488	(564)	25,924
Profit for the period	–	–	–	–	–	–	4,650	4,650	76	4,726
Other comprehensive income for the period:										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	(24)	–	–	–	–	–	(24)	–	(24)
Share of other comprehensive income of joint ventures and associates	–	11	–	–	–	–	–	11	–	11
Exchange differences on translation of foreign operations	–	–	–	–	(1,017)	–	–	(1,017)	–	(1,017)
Total comprehensive income for the period	–	(13)	–	–	(1,017)	–	4,650	3,620	76	3,696
Disposal of interest in subsidiaries without loss of control	–	–	–	282	–	–	–	282	(273)	9
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(84)	(84)
Share-based compensation	–	–	131	–	–	–	–	131	–	131
Share of other reserves of joint ventures and associates	–	–	–	15	–	–	–	15	–	15
Capital contribution from non-controlling shareholders	–	–	–	9	–	–	–	9	26	35
Transfer to safety production reserve	–	–	–	28	–	–	(28)	–	–	–
Contribution from the shareholders	–	–	–	40	–	–	–	40	17	57
Dividend declared	–	–	–	–	–	–	(3,993)	(3,993)	–	(3,993)
Others	–	–	–	3	–	–	–	3	2	5
At 31 March 2025	5,470	(34)	2,147	12,344	(1,300)	2,592	5,376	26,595	(800)	25,795

* These reserve accounts comprise the consolidated reserves of RMB3,784 million, RMB9,981 million, RMB21,018 million and RMB21,125 million in the consolidated statements of financial position at the end of each of the Relevant Periods, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		6,508	13,305	16,612	3,171	5,767
Adjustments for:						
Finance costs	*7*	1,405	1,617	2,310	692	872
Share of profits and losses of joint ventures and associates		(887)	(1,236)	(1,446)	(446)	(210)
Depreciation and amortisation of non-current assets	*6*	2,004	2,481	3,849	520	908
Gain on disposal of items of property, plant and equipment	*5*	(96)	(13)	(59)	(7)	(23)
Fair value (gains)/losses on derivative financial instruments		(230)	265	(52)	(16)	–
Fair value gains on financial assets at fair value through profit or loss		(62)	(27)	(69)	(42)	(72)
Provision for impairment of assets	*6*	770	347	1,193	13	424
Other income from investing activities		(930)	(1,308)	(1,100)	–	(179)
Assets-related government grants released		(88)	(77)	(163)	(56)	(57)
Employee benefit contributed by one shareholder		147	128	–	–	–
Share-based compensation		–	–	2,016	1,632	131
Effect of foreign exchange rate changes, net		(24)	177	193	98	(5)
		8,517	15,659	23,284	5,559	7,556
(Increase)/decrease in restricted bank deposits		(20)	345	512	198	(228)
(Increase)/decrease in inventories		(6,694)	(20,081)	(7,519)	1,659	(1,941)
Increase in trade receivables		(3,180)	(1,840)	(2,740)	(212)	(4,004)
(Increase)/decrease in bills receivables		(465)	(4,638)	10,081	9,569	440
Decrease in contract assets		271	770	479	13	–
(Increase)/decrease in prepayments, other receivables and other assets		(4,367)	(2,170)	(1,697)	1,611	12
(Increase)/decrease in financial assets at fair value through other comprehensive income		(1,266)	(2,074)	(3,109)	2,610	5,725
Increase in capitalised development expenditures		(482)	(185)	(1,301)	(69)	(488)
Increase in trade and bills payables		6,669	22,703	23,490	671	1,121
Increase/(decrease) in other payables and accruals		7,574	5,126	313	(5,604)	(2,487)
Increase in deferred income		–	–	3,727	3,727	–
Increase/(decrease) in contract liabilities		2,824	10,559	(3,295)	(4,818)	(2,231)
Increase in provision		1,116	3,030	3,952	1,518	1,446

	Note	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Cash generated from operations		10,497	27,204	46,177	16,432	4,921
Income tax paid		(655)	(2,279)	(1,290)	(396)	(383)
Net cash flows from operating activities		9,842	24,925	44,887	16,036	4,538
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(5,471)	(6,293)	(7,305)	(2,543)	(1,906)
Purchases of other intangible assets		(85)	(133)	(319)	(12)	(42)
Receipt of government grants for non-current assets		399	787	623	123	22
Additions to right-of-use assets		(29)	(40)	(57)	(1)	(18)
Disposal of right-of-use assets		32	–	–	–	–
Advance to related parties		(6,439)	(9,580)	–	–	–
Repayments of related parties		5,555	15,513	13,716	13,716	–
Placement of time deposits		(107,017)	(92,703)	(34,866)	(24,402)	(11,775)
Maturity of time deposits		111,265	93,065	32,301	2,340	3,099
Investments in debt investments		(574)	–	–	–	–
Recovery of debt investments		62	132	380	380	–
Purchases of financial assets at fair value through profit or loss		(17,092)	(12,755)	(25,344)	(10,833)	(55,286)
Proceeds on disposal of financial assets at fair value through profit or loss		14,387	15,354	18,224	10,598	45,690
Proceeds on disposal of items of property, plant and equipment		246	162	305	183	36
Proceeds on disposal of other intangible assets		17	1	2	–	–
Purchases of equity investments designated at fair value through other comprehensive income		(15)	(25)	–	–	–
Proceeds on disposal of equity investments designated at fair value through other comprehensive income		112	67	68	68	–
Settlement on derivative financial instruments		(63)	550	(270)	(100)	–
Investments in joint ventures and associates		(666)	(714)	(493)	–	–
Proceeds on disposal of investments in joint ventures and associates		289	339	33	31	55
Disposal of subsidiaries		9	12	179	–	(51)
Acquisition of a subsidiary	*40(e)*	–	–	(800)	(800)	–
Interest received		110	117	233	77	61
Dividends received		19	167	213	1	20
Increase in restricted bank deposits		–	–	–	–	(2,000)
Net cash flows (used in)/generated from investing activities		(4,949)	4,023	(3,177)	(11,174)	(22,095)

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from interest-bearing bank loans and other borrowings		39,396	48,107	34,024	17,844	8,028
Repayments of interest-bearing bank loans and other borrowings		(41,114)	(42,103)	(47,990)	(19,981)	(11,320)
Interest paid for interest-bearing bank loans and other borrowings		(944)	(1,338)	(1,900)	(711)	(780)
Payments of [**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Acquisition of subsidiaries under common control		–	(11,053)	–	–	–
Acquisition of non-controlling interests		–	(37)	(117)	(58)	–
Repayments of bonds payables		(2)	(696)	–	–	–
Principal portion of lease payments		(85)	(94)	(199)	(63)	(27)
Proceeds from long-term payables		2,367	1,261	1,623	6	257
Repayments of long-term payables		(561)	(296)	(552)	(94)	(55)
Capital contribution from non-controlling shareholders		118	885	40	1	35
Dividends paid		–	(1,094)	–	–	(3,993)
Contribution from shareholders		–	–	1,288	1,260	14
Disposal of interest in subsidiaries without loss of control		–	–	–	–	10
Net cash flows used in financing activities		(825)	(6,458)	(13,783)	(1,796)	(7,838)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,068	22,490	27,927	3,066	(25,395)
Cash and cash equivalents at beginning of year/period		8,476	12,686	35,048	35,048	62,693
Effect of foreign exchange rate changes, net		142	(128)	(282)	(138)	200
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		12,686	35,048	62,693	37,976	37,498
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		18,978	40,633	70,331	65,425	56,040
Less: Time deposits	*26(c)*	(5,360)	(4,998)	(7,563)	(27,060)	(16,239)
Less: Restricted bank deposits	*26(b)*	(932)	(587)	(75)	(389)	(2,303)
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows		12,686	35,048	62,693	37,976	37,498

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 31 March 2025
		RMB million	*RMB million*	*RMB million*	*RMB million*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	8,364	12,977	15,259	16,272
Right-of-use assets	*14(a)*	748	654	2,178	2,146
Other intangible assets	*15*	423	472	1,407	1,781
Investments in joint ventures	*16*	7,531	8,152	9,273	10,248
Investments in associates	*17*	1,671	1,319	2,014	1,181
Investments in subsidiaries	*1*	9,715	12,795	15,708	15,862
Equity investments designated at fair value through other comprehensive income	*18*	282	270	260	248
Prepayments, other receivables and other assets	*19*	433	7,160	653	339
Deferred tax assets	*33*	3,440	2,107	2,388	2,404
Restricted bank deposits	*26(b)*	5	–	–	–
Total non-current assets		32,612	45,906	49,140	50,481
CURRENT ASSETS					
Inventories	*21*	5,177	9,743	9,721	9,504
Trade receivables	*22*	9,585	16,785	45,005	51,283
Bills receivables	*23*	3,485	4,636	477	1,089
Prepayments, other receivables and other assets	*19*	20,047	21,832	10,075	14,241
Prepaid income tax		33	54	–	–
Financial assets at fair value through profit or loss	*20*	6,025	5,212	19,118	29,265
Financial assets at fair value through other comprehensive income	*25*	1,903	1,338	4,557	1,291
Time deposits	*26(c)*	503	1,657	5,914	13,721
Restricted bank deposits	*26(b)*	296	25	–	2,000
Cash and cash equivalents	*26(a)*	5,693	19,433	55,287	28,757
Total current assets		52,747	80,715	150,154	151,151
CURRENT LIABILITIES					
Trade and bills payables	*27*	26,788	44,759	79,780	80,718
Other payables and accruals	*28*	18,415	27,699	47,907	49,938
Interest-bearing bank loans	*30*	10,383	13,379	9,566	6,796
Bonds payables	*31*	71	–	–	–
Lease liabilities	*14(b)*	9	4	127	244
Tax payable		–	–	2,158	2,598
Contract liabilities	*32*	4,543	8,873	4,338	4,709
Provision	*35*	635	1,492	2,682	2,928
Deferred income	*34*	19	16	118	865
Total current liabilities		60,863	96,222	146,676	148,796
NET CURRENT (LIABILITIES)/ASSETS		(8,116)	(15,507)	3,478	2,355
TOTAL ASSETS LESS CURRENT LIABILITIES		24,496	30,399	52,618	52,836

	Notes	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 31 March 2025
		RMB million	*RMB million*	*RMB million*	*RMB million*
NON-CURRENT LIABILITIES					
Other payables and accruals	*28*	839	1,995	2,727	2,723
Interest-bearing bank loans	*30*	10,747	5,403	2,640	2,640
Bonds payables	*31*	625	–	–	–
Lease liabilities	*14(b)*	8	5	1,524	1,415
Deferred income	*34*	176	709	4,974	4,026
Provision	*35*	1,453	2,842	4,956	5,262
Total non-current liabilities		13,848	10,954	16,821	16,066
Net assets		10,648	19,445	35,797	36,770
EQUITY					
Equity attributable to owners of the parent					
Share capital	*36*	5,470	5,470	5,470	5,470
Reserves	*38*	5,178	13,975	30,327	31,300
Total equity		10,648	19,445	35,797	36,770

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Chery Automobile Co., Ltd. (formerly known as "Anhui Auto Parts Co., Ltd.", hereinafter "the Company") was incorporated and registered in the People's Republic of China (hereinafter referred to as "PRC") as a limited liability company in 1997. On March 24, 2008, the Company was converted into a joint stock limited company. The registered office of the Company is located at No.8, Changchun Road, Wuhu City, Anhui.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were principally engaged in the manufacturing and sales of passenger vehicles, automotive parts and components.

In the opinion of the directors, before the flattening of shareholding structure, the holding company and the ultimate holding company of the Company is Chery Holding Group Co., Ltd. (the "Chery Holding"), which is incorporated in PRC. In January 2025, a flattening of shareholding structure was carried out by Chery Holding. Under the flattening of shareholding structure, the shares of the Company directly held by Chery Holding were allocated to the shareholders of Chery Holding on a pro rata basis. The flattening of shareholding structure was completed on January 20, 2025. Upon completion of the flattening of shareholding structure, Chery Holding no longer holds any shares in the Company, and the Company has neither holding company nor ultimate holding company.

As at the date of this report and during the Relevant Periods, the particulars of the Company's principal subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Anhui Chery Automobile Sales Co., Ltd.* (安徽奇瑞汽車銷售有限公司) *(note (a))*	Mainland China 14 August 2000	RMB3,000 million	100	–	Sales of passenger vehicles
JSC Chery Automobile RUS *(note (b))*	Russia 5 December 2005	Russian Ruble ("RUB") 12 million	100	–	Sales of passenger vehicles
Chery New Energy Automobile Co., Ltd.* (奇瑞新能源汽車股份有限公司) *(note (c))*	Mainland China 22 April 2010	RMB1,034 million	48.20	–	Manufacturing and sales of passenger vehicles
Wuhu Acteco Powertrain Co., Ltd.* (蕪湖埃科泰克動力總成有限公司) *(note (a))*	Mainland China 29 September 2005	RMB2,000 million	100	–	Manufacturing and sales of automotive parts and components
Wuhu Chery Technology Co., Ltd.* (蕪湖奇瑞科技有限公司) *(note (a))*	Mainland China 21 November 2001	RMB1,893 million	100	–	Manufacturing and sales of automotive parts and components
Wuhu Jetour Automobile Sales Co., Ltd.* (蕪湖捷途汽車銷售有限公司) *(note (d))*	Mainland China 28 April 2017	RMB500 million	100	–	Sales of passenger vehicles
Soueast Motor Corporation Ltd.* (東南(福建)汽車工業股份有限公司) *(note (e))*	Mainland China 21 May 1992	RMB2,784 million	–	70	Manufacturing and sales of passenger vehicles
iCAR Ecological Technology Co.,Ltd.* (愛咖生態科技有限公司) *(note(f))*	Mainland China 18 November 2015	RMB1,000 million	–	48.20	Sales of passenger vehicles
Wuhu Chery Auto Parts Procurement Co., Ltd.* (蕪湖奇瑞汽車零部件採購有限公司) *(note (a))*	Mainland China 29 September 2005	RMB5 million	60	40	Supply Chain Management

Notes:

(a) The statutory financial statements of these entities for the year ended 31 December 2022 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by Zhongqin Wanxin Certified Public Accountants LLP (中勤萬信會計師事務所(特殊普通合夥)), certified public accountants registered in the Mainland China. The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by RSM Certified Public Accountants LLP (容誠會計師事務所(特殊普通合夥)), certified public accountants registered in the Mainland China.

(b) The statutory financial statements of this entity for the years ended 31 December 2022 and 2023 prepared in accordance with Russian Accounting Standards were audited by HelpAudit LLC (Общество с ограниченной ответственностью «ХЭЛП-АУДИТ»), certified public accountants registered in Russia. The statutory financial statements of this entity for the year ended 31 December 2024 prepared in accordance with Russian Accounting Standards were audited by Gruppa Financy LLC (ООО "ГРУППА ФИНАНСЫ"), certified public accountants registered in Russia.

(c) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by RSM Certified Public Accountants LLP (容誠會計師事務所(特殊普通合夥)), certified public accountants registered in the Mainland China.

(d) The statutory financial statements of this entity for the years ended 31 December 2022 and 2023 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by Anhui Xinzhongtian Certified Public Accountants Co., Ltd. (安徽新中天會計師事務所有限公司), certified public accountants registered in the Mainland China. The statutory financial statements of this entity for the year ended 31 December 2024 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by RSM Certified Public Accountants LLP (容誠會計師事務所(特殊普通合夥)), certified public accountants registered in the Mainland China.

(e) On 18 February 2024, the Group acquired Soueast Motor Corporation Ltd. Further details of this acquisition are included in notes 40 and 46 to the Historical Financial Information. The statutory financial statements of the entity for the year ended 31 December 2022 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by Grant Thornton Certified Public Accountants LLP Fuzhou Branch (致同會計師事務所(特殊普通合夥)福州分所), certified public accountants registered in the Mainland China. The statutory financial statements of the entity for the years ended 31 December 2023 and 2024 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by RSM Certified Public Accountants LLP (容誠會計師事務所(特殊普通合夥)), certified public accountants registered in the Mainland China.

(f) No audited financial statements have been prepared for the entity for the years ended 31 December 2022, 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. The entity is a wholly-owned subsidiary of Chery New Energy Automobile Co., Ltd.

* The English names of the PRC companies above represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The Company

The carrying amounts of the Company's investments in subsidiaries are as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Investment, at cost	10,252	13,332	16,245	16,399
Impairment	(537)	(537)	(537)	(537)
Total	9,715	12,795	15,708	15,862

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the HKICPA and accounting principles generally accepted in Hong Kong.

All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value.

The Group's net current liabilities amounted to RMB4,760 million, RMB17,388 million, RMB3,401 million and RMB2,788 million at 31 December 2022, 2023 and 2024 and 31 March 2025, respectively. Taking into account the available facilities from banks and cash flows from operations for the twelve months from 31 March 2025, the directors of the Company believe that the Group will have sufficient financial resources to settle the borrowings and payments that will be due within next twelve months and consequently, the Historical Financial Information has been prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application. HKFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures in a note and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss, statement of comprehensive income and disclosures of the Group's financial performance. Currently, the Group considers that these new and revised HKFRS Accounting Standards are unlikely to have a significant impact on the Group's financial performance and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combination under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated income statement includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

Business combinations other than under common control and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cashgenerating unit retained.

Fair value measurement

The Group measures its certain of bills, wealth management products, derivative financial instruments and equity investments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Principal annual rate
Buildings	2.71%-12.50%
Machinery and molds	6.33%-25.00%
Electronic equipments and others	9.50%-25.00%
Vehicles	9.50%-33.33%
Leasehold improvements	6.67%-33.33%
Freehold lands	0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software and others is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 10 years.

Patents

Patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 5 years.

Research and Development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products of 3-5 years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	2 to 20 years
Machinery	2 to 10 years
Vehicles and others	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and machinery (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of machinery, vehicles and others that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group assesses on a forward looking basis the expected credit losses and the impairment methodology applied depends on whether there has been a significant increase in credit risk.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, derivative financial instruments, interest-bearing bank loans and other borrowings and bonds payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and bills payables, other payables and accruals, interest-bearing bank loans and other borrowings and bonds payables)

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank loans and other borrowings and bonds payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition comprises direct materials, direct labour and an appropriate proportion of overheads and are accounted for as follows:

Raw materials	Purchase cost on the weighted average basis
Finished goods and work in progress . .	Cost of direct materials, labors and an appropriate proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs

Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

The Group provides for warranties in relation to the sales of passenger vehicles, automotive parts and components. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of goods

The Group manufactures and sells a range of passenger vehicles, automotive parts and components. Sales revenue are recognised when control of the goods has been transferred to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

The Group provides sales rebate and discounts to certain customers for sales of passenger vehicles, automotive parts and components, and the relevant revenue is recognized based on contract consideration net of the estimated sales rebate and discount amount.

Passenger vehicles are often sold with volume rebates. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) Rendering of services

The services rendered include automobile repair and maintenance services, extended warranty services, technology development services, etc. Should one of the following conditions is satisfied, service provided by the Group, is a performance obligation performed within a certain period of time. The Group recognizes revenue within a period of time in accordance with the progress of contract performance. The conditions are: (1) The customer obtains and consumes the economic benefits brought by the contract at the same time performing the contract; (2) The customer is able to control the products under construction during the Group's performance; (3) The products of the Group have irreplaceable uses, and the Group has the right to ask for payment for the cumulative part that has been completed so far during the entire contract period. Otherwise, the Group recognises revenue at the point the customer obtains control of the relevant services.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates several equity-settled, share-based compensation plans (the "Plan"). Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a black-scholes model, further details of which are given in note 37 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China and overseas are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statements of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB, mainly including RUB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Business model

The classification of financial assets at initial recognition depends on the business model the Group adopts to manage financial assets. In judging the business model, the Group considers, among others, the methods by which it assesses and the way by which it reports to the key managers about the results of financial assets, the risks confronted by the results of financial assets and relevant risks management methods, and the way determining the compensation of business operators. When determining whether the business model maintained for the purpose of receiving contractual cash flows, the Group needs to analyse the reasons for selling financial assets before expiry dates, the time, frequency and consideration of the selling.

Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls Chery New Energy Automobile Co., Ltd. and its subsidiaries including iCAR Ecological Technology Co., Ltd., even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Chery New Energy Automobile Co., Ltd. with a 48.2% equity interest. The remaining 51.8% of the equity shares in Chery New Energy Automobile Co., Ltd. are widely held by many other shareholders, and those other shareholders significantly overlap with shareholders of the Company. Besides, the Group is entitled to appoint more than 50% of directors of the board of Chery New Energy Automobile Co., Ltd. Having taken into account the significantly overlapped shareholders base of the Company and Chery New Energy Automobile Co., Ltd., the Group considers that it controls Chery New Energy Automobile Co., Ltd. and its subsidiaries.

Significant influence over associates in which the Group holds less than 20% of shareholding

The Group's equity shares of some associates are less than 20%. Considering the Group is entitled to appoint and has appointed directors to the board of directors of those associates, and has participated in policy-making processes of those associates, the Group concludes that it has a significant influence over those associates and considers them as associates.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The Group applies judgement in evaluating whether or not all attaching conditions will be complied with, taking into account of all relevant factors, and the information available.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses

The Group calculates expected credit losses through default risk exposure and expected credit loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience, etc. and adjusts historical data based on current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Group include the risk of economic downturn, external market environment, technological environment and changes in customer situations. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 33 to the Historical Financial Information.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Warranty provisions

Provisions for warranties granted by the Group for the passenger vehicles sold are recognized based on sales volumes and past experiences of costs for repairs and replacement, among others. The estimate of unit warranty cost may not be equal to the actual warrant costs in the future. The Group reassesses the unit warranty cost at least annually and the unit warranty cost is revised when appropriate.

Impairment of inventory

Inventories are stated at the lower of cost and net realizable value at the end of each reporting period. The net realisable value is the estimated selling price in the current course of business, less applicable costs, selling expenses and tax charges. Management of the Group make the best estimate on the net realizable value and the corresponding impairment of inventory, while the impairment assessment may still be significantly changed due to the change of market conditions.

Variable consideration for sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of passenger vehicles with rebates.

Management assesses the expected rebates based on factors primarily consist of the customer's historical rebate entitlement, accumulated purchases to date, accumulated retails to date, etc. Any significant changes in experience as compared to historical patterns and rebate entitlements of customers will impact the expected rebate estimated by the Group.

The Group updates its assessment of expected rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

4. OPERATING SEGMENT INFORMATION

During the Relevant Periods, the Group was principally engaged in the manufacturing and sales of passenger vehicles and automotive parts and components in the PRC and overseas. The executive directors of the Company review the operating results of the business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one segment which is used to make strategic decisions.

The following table shows the Group's total consolidated revenue by location of customers:

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
PRC (including Hong Kong, Macau and Taiwan)	62,231	86,145	169,000	34,534	41,934
Other countries/regions	30,387	77,060	100,897	20,376	26,289
Total revenue	92,618	163,205	269,897	54,910	68,223

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
PRC (including Hong Kong, Macau and Taiwan)	26,807	42,231	45,142	46,918
Other countries/regions	34	126	637	600
Total non-current assets	26,841	42,357	45,779	47,518

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

External customers from which the revenue amounted to over 10% of the total revenue of the Group for each of the Relevant Periods and the three months ended 31 March 2024 were as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Customer A	*	*	*	*	7,285

* Less than 10% of the Group's revenue

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Revenue from contracts with customers	92,618	163,205	269,897	54,910	68,223

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Types of goods or services					
Passenger vehicles	82,511	151,228	246,822	50,547	61,639
Automotive parts and components	8,675	8,904	15,864	2,936	5,743
Others	1,432	3,073	7,211	1,427	841
Total	92,618	163,205	269,897	54,910	68,223
Timing of revenue recognition					
Recognized at a point in time	92,518	163,081	269,676	54,862	68,152
Recognized over time	100	124	221	48	71
Total	92,618	163,205	269,897	54,910	68,223

The following table shows the amounts of revenue recognised in each reporting period that were included in the contract liabilities at the beginning of each reporting period:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Sales of goods or services	5,206	8,030	18,589	13,332	13,521

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of passenger vehicles, automotive parts and components

The Group mainly manufactures and sells a range of passenger vehicles, automotive parts and components to its customers. Sales revenue are recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Payment in advance is normally required, except for some long-standing customers with bulk purchases and good credit standing, where payment is generally due from 30 to 180 days from delivery.

For the performance obligations, they are generally satisfied within less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations.

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Other income					
Bank interest income	806	1,117	960	250	214
Additional deduction for value-added tax	2	205	762	20	148
Research and development subsidies	510	514	765	136	150
Other subsidies	364	704	1,092	473	155
Investment income	817	1,243	1,085	(6)	198
Others	431	815	1,407	236	253
Sub-total other income	2,930	4,598	6,071	1,109	1,118
Gains/(losses)					
Gain on disposal of items of property, plant and equipment	96	13	59	7	23
Fair value gains/(losses) on derivative financial instruments, net	230	(265)	52	16	–
Fair value gains on financial assets at fair value through profit or loss	62	27	69	42	72
Foreign exchange gain/(losses), net	504	(141)	–	–	2,439
Sub-total gains/(losses)	892	(366)	180	65	2,534
Total other income and gains	3,822	4,232	6,251	1,174	3,652

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging or crediting:

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Cost of inventories sold*		79,041	135,515	231,316	46,044	59,077
Depreciation of property, plant and equipment	*13*	1,601	1,929	2,864	320	654
Amortisation of other intangible assets	*15*	284	429	672	128	176
Depreciation of right-of-use assets	*14(a)*	119	123	313	72	78
Research and development costs*		3,646	6,664	9,243	2,224	2,272
Lease payments not included in the measurement of lease liabilities	*14(c)*	76	108	151	32	43
Auditor's remuneration		2	2	12	–	1
[**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (excluding directors' and supervisors' remuneration)						
Wages and salaries		4,488	7,900	9,665	2,418	3,016
Pension scheme contributions		266	469	652	163	230
Share-based compensation		–	–	1,988	1,627	124
Impairment of financial and contract assets, net:						
Impairment/(reversal of impairment provision) of trade receivables, net	*22*	173	85	15	(233)	10
Reversal of impairment provision of contract assets, net	*24*	(14)	(38)	(24)	(1)	–
Impairment/(reversal of impairment provision) of financial assets included in prepayments, other receivables and other assets, net	*19*	525	(270)	(249)	(190)	(23)
Written-down of inventories to net realisable value, net		61	431	982	275	434
Warranty provisions, net	*35*	2,858	5,213	7,477	1,882	2,046
Impairment of an investment in an associate**		–	–	336	161	–
Impairment of items of property, plant and equipment	*13*	24	139	133	1	3
Impairment of intangible assets	*15*	1	–	–	–	–
Foreign exchange gains/(losses), net		504	(141)	(851)	(159)	2,439
Dividend income from equity investments at fair value through other comprehensive income***		19	29	32	1	13
Gain on bargain purchase****		–	–	8	8	–

* Cost of inventories sold and research and development costs include expenses relating to staff cost, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** Impairment of an investment in an associate is included in "Other expenses" in the consolidated statement of profit or loss.

*** Dividend income from equity investments at fair value through other comprehensive income is included in "Other income and gains" in the consolidated statement of profit or loss.

**** Gain on bargain purchase is included in "Other income and gains" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Interest expenses on bank loans and other borrowings	1,243	1,375	1,919	643	787
Interest on long-term liabilities	153	221	290	27	60
Interest on lease liabilities	9	21	101	22	25
Total	1,405	1,617	2,310	692	872

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and Supervisors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand (unaudited)*	*RMB thousand*
Fees	952	924	1,374	231	411
Other emoluments:					
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)*	9,419	10,527	23,172	7,551	6,706
Share-based compensation expenses	–	–	28,142	4,950	7,311
Sub-total	9,419	10,527	51,314	12,501	14,017
Total	10,371	11,451	52,688	12,732	14,428

* Certain executive directors and supervisors of the Company are entitled to bonus payments which are related to the operating profit of the Group.

During the year ended 31 December 2024, certain directors were granted shares, in respect of their services to the Group, under the share-based compensation plan of the Company, further details of which are set out in note 37 to the Historical Financial Information. The fair value of the share-based compensation, which is recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the year ended 31 December 2024 is included in the above directors' and supervisors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand (unaudited)*	*RMB thousand*
Mr. Shang Wenjiang	–	–	90	–	45
Mr. Yang Mianzhi	–	–	90	–	45
Mr. Ye Shengji	–	–	90	–	45
Mr. Lu Feng	–	–	90	–	45
Mr. Yang Shanlin *(iii)*	–	–	90	–	–
Mr. Lai Ni Hium.Frank *(iv)*	–	–	–	–	30
Ms. Shi Qin *(ii)*	–	–	90	–	10
Total	–	–	540	–	220

(i) All of independent non-executive directors of the Company were appointed in March 2024.

(ii) Ms. Shi Qin resigned as an independent non-executive director of the Company in January 2025.

(iii) Mr. Yang Shanlin declared in June 2025 that he waived all allowances while serving as an independent non-executive director.

(iv) Mr. Lai Ni Hium.Frank was appointed as an independent non-executive director of the Company in February 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and supervisors

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expenses	Total remuneration
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*
Year ended 31 December 2022				
Executive director:				
Mr. Yin Tongyue	–	4,644	–	4,644
Non-executive directors:				
Mr. Xia Feng *(i)*	40	–	–	40
Mr. Yu Zhijun *(ii)*	40	–	–	40
Mr. Li Bin *(iv)*	80	–	–	80
Mr. Xing Hui *(v)*	120	–	–	120
Mr. Wang Jinhua *(xiv)*	80	–	–	80
Mr. Wang Laisheng *(vi)*	80	–	–	80

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expenses	Total remuneration
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*
Mr. Wang Zhaoyuan *(vii)*	120	–	–	120
Mr. Huang Linmu *(viii)*	80	–	–	80
Mr. Hu Jingyuan *(ix)*	40	–	–	40
Mr. Cui Mingshou *(iii)*	40	–	–	40
Mr. Huang Zuchao *(x)*	120	–	–	120
Mr. Bao Siyu *(xi)*	–	–	–	–
Sub-total	840	–	–	840
Supervisors:				
Mr. Wu Yunfei	84	–	–	84
Mr. Zhang Jinsong *(xii)*	–	1,732	–	1,732
Mr. Hong Gaoming *(xiii)*	–	3,043	–	3,043
Ms. Li Qingxiang *(xv)*	28	–	–	28
Sub-total	112	4,775	–	4,887
Total	952	9,419	–	10,371

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expenses	Total remuneration
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*
Year ended 31 December 2023				
Executive director:				
Mr. Yin Tongyue	–	5,852	–	5,852
Non-executive directors:				
Mr. Li Bin *(iv)*	45	–	–	45
Mr. Yi Lei *(xvi)*	75	–	–	75
Mr. Xing Hui *(v)*	120	–	–	120
Mr. Wang Jinhua *(xiv)*	120	–	–	120
Mr. Wang Laisheng *(vi)*	120	–	–	120
Mr. Wang Zhaoyuan *(vii)*	60	–	–	60
Mr. Wang Zhaohui *(xvii)*	60	–	–	60
Mr. Hu Jingyuan *(ix)*	120	–	–	120
Mr. Huang Zuchao *(x)*	60	–	–	60
Ms. Liu Ling *(xviii)*	60	–	–	60
Mr. Bao Siyu *(xi)*	–	–	–	–
Sub-total	840	–	–	840
Supervisors:				
Mr. Wu Yunfei	84	–	–	84
Mr. Zhang Jinsong *(xii)*	–	1,816	–	1,816
Mr. Hong Gaoming *(xiii)*	–	2,859	–	2,859
Sub-total	84	4,675	–	4,759
Total	924	10,527	–	11,451

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expenses	Total remuneration
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*
Year ended 31 December 2024				
Executive director:				
Mr. Yin Tongyue	–	7,000	–	7,000
Mr. Zhang Guozhong *(xix)*	–	8,590	26,470	35,060
Sub-total	–	15,590	26,470	42,060
Non-executive directors:				
Ms. Wang Laichun *(xx)*	90	–	–	90
Mr. Yi Lei *(xvi)*	30	–	–	30
Mr. Xing Hui *(v)*	120	–	–	120
Mr. Wang Jinhua *(xiv)*	120	–	–	120
Mr. Wang Laisheng *(vi)*	30	–	–	30
Mr. Wang Zhaohui *(xvii)*	120	–	–	120
Mr. Hu Jingyuan *(ix)*	120	–	–	120
Ms. Li Jing *(xx)*	90	–	–	90
Ms. Liu Ling *(xviii)*	30	–	–	30
Mr. Bao Siyu *(xi)*	–	–	–	–
Sub-total	750	–	–	750
Supervisors:				
Mr. Wu Yunfei	84	–	–	84
Mr. Xu Hui *(xxii)*	–	–	–	–
Mr. Cai Changfeng *(xxi)*	–	2,529	308	2,837
Mr. Zhang Jinsong *(xii)*	–	856	615	1,471
Mr. Hong Gaoming *(xiii)*	–	4,197	749	4,946
Sub-total	84	7,582	1,672	9,338
Total	834	23,172	28,142	52,148

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expenses	Total remuneration
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*
Three months ended 31 March 2024 (unaudited)				
Executive director:				
Mr. Yin Tongyue	–	1,750	–	1,750
Mr. Zhang Guozhong *(xix)*	–	3,699	4,813	8,512
Sub-total	–	5,449	4,813	10,262
Non-executive directors:				
Mr. Yi Lei *(xvi)*	30	–	–	30
Mr. Xing Hui *(v)*	30	–	–	30
Mr. Wang Jinhua *(xiv)*	30	–	–	30
Mr. Wang Laisheng *(vi)*	30	–	–	30
Mr. Wang Zhaohui *(xvii)*	30	–	–	30
Mr. Hu Jingyuan *(ix)*	30	–	–	30
Ms. Liu Ling *(xviii)*	30	–	–	30
Mr. Bao Siyu *(xi)*	–	–	–	–
Sub-total	210	–	–	210

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expenses	Total remuneration
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*
Supervisors:				
Mr. Wu Yunfei	21	–	–	21
Mr. Zhang Jinsong *(xii)*	–	214	62	276
Mr. Hong Gaoming *(xiii)*	–	1,888	75	1,963
Sub-total	21	2,102	137	2,260
Total	231	7,551	4,950	12,732

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expenses	Total remuneration
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*
Three months ended 31 March 2025				
Executive director:				
Mr. Yin Tongyue	–	1,295	–	1,295
Mr. Zhang Guozhong *(xix)*	–	4,936	7,219	12,155
Sub-total	–	6,231	7,219	13,450
Non-executive directors:				
Ms. Wang Laichun *(xx)*	30	–	–	30
Mr. Yin Xiangling *(xxiii)*	15	–	–	15
Ms. Li Jing *(xx)*	30	–	–	30
Mr. Xing Hui *(v)*	10	–	–	10
Mr. Wang Jinhua *(xiv)*	30	–	–	30
Mr. Wang Xiaowei *(xxiv)*	15	–	–	15
Mr. Wang Zhaohui *(xvii)*	10	–	–	10
Mr. Hu Jingyuan *(ix)*	30	–	–	30
Mr. Bao Siyu *(xi)*	–	–	–	–
Sub-total	170	–	–	170
Supervisors:				
Mr. Wu Yunfei	21	–	–	21
Mr. Xu Hui *(xxii)*	–	–	–	–
Mr. Cai Changfeng *(xxi)*	–	475	92	567
Sub-total	21	475	92	588
Total	191	6,706	7,311	14,208

(i) Mr. Xia Feng was appointed by Wuhu Investment Holding Co., Ltd* ("Wuhu Investment Holding", 蕪湖市投資控股集團有限公司), a shareholder with significant influence over the Group, as non-executive director of the Company in December 2019 and resigned in April 2022. The director's allowance that Mr. Xia was entitled to was paid to Wuhu Investment Holding.

(ii) Mr. Yu Zhijun was appointed by Qingdao Wudaokou New Energy Automobile Industry Fund Enterprise (Limited Partnership)* ("Qingdao Wudaokou", 青島五道口新能源汽車產業基金企業(有限合夥)) as non-executive director of the Company in June 2021 and resigned in April 2022. The director's allowance that Mr. Yu was entitled to was paid to Qingdao Wudaokou.

(iii) Mr. Cui Mingshou was appointed by Qingdao Wudaokou as non-executive director of the Company in June 2021 and resigned in April 2022. The director's allowance that Mr. Cui was entitled to was paid to Qingdao Wudaokou.

(iv) Mr. Li Bin was appointed as non-executive director of the Company by Luxshare Limited, a shareholder with significant influence over the Group, in April 2022 and resigned in May 2023.

(v) Mr. Xing Hui was appointed by Wuhu Investment Holding as non-executive director of the Company in November 2021 and resigned in January 2025. The director's allowance that Mr. Xing was entitled to is payable to Wuhu Investment Holding.

(vi) Mr. Wang Laisheng was appointed as non-executive director of the Company by Luxshare Limited in May 2022 and resigned in May 2024.

(vii) Mr. Wang Zhaoyuan was appointed as non-executive director of the Company by Anhui Credit Financing Guaranty Group Co., Ltd.* ("Anhui Credit Guaranty" 安徽省信用融資擔保集團有限公司) in June 2021 and resigned in June 2023. The director's allowance that Mr. Wang was entitled to was paid to the Anhui Guarantee.

(viii) Mr. Huang Linmu was appointed as non-executive director of the Company by Anhui Provincial Investment Group Holding Co., Ltd.* ("Anhui Investment Holding" 安徽省投資集團控股有限公司) in June 2021 and resigned in September 2022. The director's allowance that Mr. Huang was entitled to was paid to Anhui Investment Holding.

(ix) Mr. Hu Jingyuan was appointed by Anhui Investment Holding as non-executive director of the Company in September 2022. The director's allowance that Mr. Hu was entitled to is payable to Anhui Investment Holding.

(x) Mr. Huang Zuchao was appointed as non-executive director of the Company by Qingdao Wudaokou from December 2019 to April 2022, and appointed as non-executive director of the Company by Qingdao Xincheng Haishun New Energy Automobile Partnership (Limited Partnership)* ("Qingdao Xincheng" 青島鑫誠海順新能源汽車合夥企業(有限合夥)) from April 2022 to May 2023, and resigned in May 2023. The director's allowance that Mr. Huang was entitled to was paid to Shandong Xincheng Hengye Group Co., Ltd* (山東省鑫誠恒業集團有限公司).

(xi) Mr. Bao Siyu was appointed as non-executive director of the Company in June 2021. He is an employee of Chery Holding Group Co., Ltd, and he is not entitled to director's allowance during the Relevant Periods.

(xii) Mr. Zhang Jinsong was appointed as a supervisor of the Company in December 2021 and resigned in March 2024.

(xiii) Mr. Hong Gaoming was appointed as a supervisor of the Company in April 2022 and resigned in March 2024.

(xiv) Mr. Wang Jinhua was appointed as non-executive director of the Company by Wuhu Investment Holding in April 2022. The director's allowance that Mr. Wang was entitled to is payable to Wuhu Investment Holding.

(xv) Ms. Li Qingxiang was appointed as supervisor of the Company by Qingdao Wudaokou in June 2021, and resigned in April 2022. The director's allowance that Ms. Li was entitled to was paid to Qingdao Wudaokou.

(xvi) Mr. Yi Lei was appointed as non-executive director of the Company by Luxshare Limited in May 2023 and resigned in March 2024.

(xvii) Mr. Wang Zhaohui was appointed as non-executive director of the Company by Anhui Credit Guaranty in July 2023 and resigned in January 2025. The director's allowance that Mr. Wang was entitled to is payable to the Anhui Guarantee.

(xviii) Ms. Liu Ling was appointed as non-executive director of the Company by Wuhu Kingsman Enterprise Management Partnership (Limited Partnership)* ("Wuhu Kingsman" 蕪湖金斯曼企業管理合夥企業(有限合夥)) in May 2023 and resigned in March 2024. The director's allowance that Ms. Liu was entitled to was paid to Wuhu Kingsman.

(xix) Mr. Zhang Guozhong was appointed as executive director of the Company in March 2024.

(xx) Ms. Li Jing and Ms. Wang Laichun were appointed as non-executive directors of the Company by Luxshare Limited in March 2024.

(xxi) Mr. Cai Changfeng was appointed as supervisor of the Company in March 2024.

(xxii) Mr. Xu Hui was appointed as supervisor of the Company in March 2024. He is an employee of Chery Holding Group Co., Ltd and he is not entitled to director's allowance during the year ended 31 December 2024.

(xxiii) Mr. Yin Xiangling was appointed as non-executive director of the Company by Anhui Credit Guaranty in February 2025. The director's allowance that Mr. Yin was entitled to is payable to the Anhui Credit Guaranty.

(xxiv) Mr. Wang Xiaowei was appointed by Wuhu Investment Holding as non-executive director of the Company in February 2025. The director's allowance that Mr. Wang was entitled to is payable to Wuhu Investment Holding.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods except Mr. Yang Shanlin.

* The English name of these entities above represents the best effort made by the management of the Company to directly translate the Chinese name as it does not register any official English name.

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose remunerations were the highest in the Group for the years ended 31 December 2022, 2023, 2024, and the three months ended 31 March 2024 and 2025 include nil, nil, 1, nil and 1 director respectively, details of whose remuneration are set out in note 8(b) above. Details of the remunerations of the remaining 5, 5, 4, 5 and 4 individuals who are neither directors nor supervisors of the Company during the years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2024 and 2025, respectively, are as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand (unaudited)*	*RMB thousand*
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	56,188	49,406	12,325	2,554	20,813
Share-based compensation expenses	–	–	116,616	130,587	15,060
Total	56,188	49,406	128,941	133,141	35,873

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
				(unaudited)	
HK$3,950,001 to HK$4,000,000	–	–	–	–	1
HK$7,500,001 to HK$8,000,000	–	2	–	–	–
HK$8,500,001 to HK$9,000,000	1	–	–	–	1
HK$10,000,001 to HK$10,500,000	1	1	–	–	–
HK$11,500,001 to HK$12,000,000	–	1	–	–	1
HK$12,500,001 to HK$13,000,000	2	–	–	–	–
HK$14,500,001 to HK$15,000,000	–	–	–	–	1
HK$17,500,001 to HK$18,000,000	–	1	–	–	–
HK$21,000,001 to HK$21,500,000	1	–	–	–	–
HK$25,000,001 to HK$25,500,000	–	–	–	2	–
HK$27,500,001 to HK$28,000,000	–	–	–	1	–
HK$29,000,001 to HK$29,500,000	–	–	1	–	–
HK$30,000,001 to HK$30,500,000	–	–	–	1	–
HK$31,500,001 to HK$32,000,000	–	–	1	–	–
HK$37,500,001 to HK$38,000,000	–	–	–	1	–
HK$39,000,001 to HK$39,500,000	–	–	1	–	–
HK$41,000,001 to HK$41,500,000	–	–	1	–	–
Total	5	5	4	5	4

For the year ended 31 December 2024 and the three months ended 31 March 2024 and 2025, shares were granted to non-director and non-supervisor highest paid employee in respect of their services to the Group, under the share-based compensation plan of the Company, further details of which are included in the disclosures in note 37 to the Historical Financial Information. The fair value of the share-based compensation, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above non-director and non-supervisor executive highest paid employees' remuneration disclosures.

10. INCOME TAX

PRC corporate income tax

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company and its subsidiaries is calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof.

In 2020, Chery Automobile Co., Ltd. was recognized as a "High and New Technology Enterprise" ("HNTE"), therefore enjoyed a preferential income tax rate of 15% in 2020 to 2022. The Company renewed its HNTE recognition in 2023 and can enjoy the 15% preferential income tax rate in 2023 to 2025.

In 2021, Chery New Energy Automobile Co., Ltd was recognized as a HNTE, therefore enjoyed a preferential income tax rate of 15% in 2021 to 2023. Chery New Energy Automobile Co., Ltd renewed its HNTE recognition in 2024 and can enjoy the 15% preferential income tax rate in 2024 to 2026.

In 2023, Wuhu Acteco Powertrain Co., Ltd. was recognized as a HNTE, and therefore can enjoy a preferential income tax rate of 15% in 2023 to 2025. The tax rate for Wuhu Acteco Powertrain Co., Ltd. during 2022 is 25%.

Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions have been calculated on the estimated taxable profit for the Relevant Periods at the respective rates prevailing in the relevant jurisdictions, which are ranging from 20% – 30%.

The income tax expense of the Group is analyzed as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Current income tax	1,001	1,909	3,486	736	828
Deferred income tax *(note 33)*	(299)	952	(1,208)	(41)	213
Total	702	2,861	2,278	695	1,041

A reconciliation of the income tax expense applicable to profit before tax at the statutory tax rates in PRC in which the Company is domiciled to the income tax expense at the effective tax rates are as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Profit before income tax	6,508	13,305	16,612	3,171	5,767
Tax at PRC statutory tax rate of 25%	1,627	3,326	4,153	793	1,442
Effect of preferential or different tax rate	(623)	(1,425)	(1,660)	(228)	(506)
Effect on opening deferred tax of decrease in rates	–	105	–	–	–
Adjustments in respect of current tax of previous periods	–	–	15	15	(5)
Income not subject to tax	(230)	(253)	(331)	(44)	(27)
Expenses not deductible for tax	30	123	439	267	40
Effect of super deduction for research and development costs	(621)	(1,093)	(1,153)	(206)	(315)
Utilization/recognition of unrecognized tax losses and temporary differences from prior years	(27)	(2)	(659)	(174)	(27)
Unrecognized temporary differences and tax losses	406	1,979	1,629	320	435
Withholding tax on dividends of overseas subsidiaries	140	101	(155)	(48)	4
Tax charge at the Group's effective rate	702	2,861	2,278	695	1,041

The share of tax attributable to associates and to joint ventures amounting to RMB292 million, RMB309 million, RMB290 million, RMB43 million, respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss during the Relevant Periods.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the legislation is effective for the Group's financial year beginning 1 January 2024.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the fiscal year of 2024 and in the first quarter of 2025. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group does not expect a material exposure to Pillar Two income taxes.

11. DIVIDENDS

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Final	–	1,094	–	–	3,993

The final dividends of RMB0.2 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the year ended 31 December 2023 were approved by the Annual General Meeting of the Company.

The final dividends of RMB0.73 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of 30 November 2024 were declared and approved by the Annual General Meeting of the Company in 2025.

No dividend was paid or declared by the Company during the years ended 31 December 2022 and 2024.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares during the Relevant Periods and the three months ended 31 March 2024.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and the three months ended 31 March 2024.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:	6,266	11,953	14,135	2,712	4,650

	Number of shares				
	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	Million	*Million*	*Million*	*Million (unaudited)*	*Million*
Shares					
Weighted average number of ordinary shares in issue during the year/period used in the basic and diluted earnings per share calculation	5,436*	5,470	5,470	5,470	5,470

* The weighted average number of shares was after taking into account the effect of treasury shares held.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and molds	Electronic equipments and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 31 December 2022							
As at 1 January 2022:							
Cost	5,377	12,523	480	153	5	1,443	19,981
Accumulated depreciation and impairment	(1,887)	(8,224)	(403)	(101)	–	(82)	(10,697)
Net carrying amount	3,490	4,299	77	52	5	1,361	9,284
As at 1 January 2022, net of accumulated depreciation and impairment	3,490	4,299	77	52	5	1,361	9,284
Additions	5	179	30	33	2	3,871	4,120
Acquisition of subsidiaries	204	50	2	–	–	29	285
Disposal	(26)	(112)	(2)	(8)	–	(2)	(150)
Disposal of a subsidiary	–	(2)	–	–	–	(8)	(10)
Depreciation	(219)	(1,337)	(28)	(16)	(1)	–	(1,601)
Impairment	–	(18)	–	(1)	–	(5)	(24)
Transfers	51	1,957	14	10	–	(2,032)	–
Exchange realignment	–	1	–	–	–	–	1
As at 31 December 2022, net of accumulated depreciation and impairment	3,505	5,017	93	70	6	3,214	11,905
As at 31 December 2022:							
Cost	5,596	13,846	520	168	7	3,301	23,438
Accumulated depreciation and impairment	(2,091)	(8,829)	(427)	(98)	(1)	(87)	(11,533)
Net carrying amount	3,505	5,017	93	70	6	3,214	11,905

As at 31 December 2022, certain of the Group's buildings with an aggregate net carrying value of approximately RMB1,036 million did not have property ownership certificates registered under the names of the Company and the respective subsidiaries of the Group.

	Buildings	Machinery and molds	Electronic equipments and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 31 December 2023							
As at 1 January 2023:							
Cost	5,596	13,846	520	168	7	3,301	23,438
Accumulated depreciation and impairment	(2,091)	(8,829)	(427)	(98)	(1)	(87)	(11,533)
Net carrying amount	3,505	5,017	93	70	6	3,214	11,905
As at 1 January 2023, net of accumulated depreciation and impairment	3,505	5,017	93	70	6	3,214	11,905
Additions	1,229	305	212	72	1	7,463	9,282
Disposal	(4)	(95)	(18)	(10)	–	(22)	(149)
Disposal of subsidiaries	–	(1)	–	–	–	–	(1)
Depreciation	(280)	(1,580)	(44)	(24)	(1)	–	(1,929)
Impairment	–	(106)	(1)	(1)	–	(31)	(139)
Transfers	455	4,689	27	30	–	(5,201)	–
Exchange realignment	–	1	–	(2)	–	–	(1)
As at 31 December 2023, net of accumulated depreciation and impairment	4,905	8,230	269	135	6	5,423	18,968
As at 31 December 2023:							
Cost	7,273	18,282	722	246	8	5,532	32,063
Accumulated depreciation and impairment	(2,368)	(10,052)	(453)	(111)	(2)	(109)	(13,095)
Net carrying amount	4,905	8,230	269	135	6	5,423	18,968

As at 31 December 2023, certain of the Group's buildings with an aggregate net carrying value of approximately RMB1,514 million did not have property ownership certificates registered under the names of the Company and the respective subsidiaries of the Group.

As at 31 December 2023, certain of the Group's construction in progress with aggregate net carrying values of approximately RMB303 million was mortgaged to secure certain interest-bearing bank borrowings and bank facilities of the Group.

	Buildings	Freehold lands	Machinery and molds	Electronic equipments and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 31 December 2024								
As at 1 January 2024:								
Cost	7,273	–	18,282	722	246	8	5,532	32,063
Accumulated depreciation and impairment	(2,368)	–	(10,052)	(453)	(111)	(2)	(109)	(13,095)
Net carrying amount	4,905	–	8,230	269	135	6	5,423	18,968
As at 1 January 2024, net of accumulated depreciation and impairment	4,905	–	8,230	269	135	6	5,423	18,968
Additions	76	85	1,329	229	85	61	4,819	6,684
Acquisition of a subsidiary	641	–	180	7	1	–	490	1,319
Disposal	(9)	–	(121)	(13)	(17)	–	(68)	(228)
Disposal of subsidiaries	(15)	–	(227)	(24)	–	–	(39)	(305)
Depreciation	(338)	–	(2,323)	(143)	(46)	(14)	–	(2,864)
Impairment	–	–	(128)	–	(3)	–	(2)	(133)
Transfers	520	–	6,209	194	49	–	(6,972)	–
Exchange realignment	4	6	2	(4)	(6)	–	–	2
As at 31 December 2024, net of accumulated depreciation and impairment	5,784	91	13,151	515	198	53	3,651	23,443
As at 31 December 2024:								
Cost	8,456	91	24,910	1,049	330	67	3,724	38,627
Accumulated depreciation and impairment	(2,672)	–	(11,759)	(534)	(132)	(14)	(73)	(15,184)
Net carrying amount	5,784	91	13,151	515	198	53	3,651	23,443

As at 31 December 2024, certain of the Group's buildings with an aggregate net carrying value of approximately RMB2,718 million did not have property ownership certificates registered under the names of the Company and the respective subsidiaries of the Group.

As at 31 December 2024, certain of the Group's buildings, machineries and construction in progress with aggregate net carrying values of approximately RMB250 million, RMB183 million and RMB21 million respectively were mortgaged to secure certain interest-bearing bank borrowings and bank facilities of the Group.

	Buildings	Freehold lands	Machinery and molds	Electronic equipments and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 31 March 2025								
As at 1 January 2025:								
Cost	8,456	91	24,910	1,049	330	67	3,724	38,627
Accumulated depreciation and impairment	(2,672)	–	(11,759)	(534)	(132)	(14)	(73)	(15,184)
Net carrying amount	5,784	91	13,151	515	198	53	3,651	23,443
As at 1 January 2025, net of accumulated depreciation and impairment	5,784	91	13,151	515	198	53	3,651	23,443
Additions	973	–	36	13	37	3	943	2,005
Disposal	(2)	–	(3)	–	(5)	(2)	–	(12)
Disposal of subsidiaries	–	–	(39)	(5)	–	–	(4)	(48)
Depreciation	(79)	–	(516)	(22)	(16)	(21)	–	(654)
Impairment	–	–	(1)	–	–	–	(2)	(3)
Transfers	155	–	535	3	6	18	(717)	–
Exchange realignment	–	–	(1)	10	10	–	–	19
As at 31 March 2025, net of accumulated depreciation and impairment	6,831	91	13,162	514	230	51	3,871	24,750
As at 31 March 2025:								
Cost	9,577	91	25,304	1,062	376	86	3,946	40,442
Accumulated depreciation and impairment	(2,746)	–	(12,142)	(548)	(146)	(35)	(75)	(15,692)
Net carrying amount	6,831	91	13,162	514	230	51	3,871	24,750

As at 31 March 2025, certain of the Group's buildings with an aggregate net carrying value of approximately RMB2,221 million did not have property ownership certificates registered under the names of the Company and the respective subsidiaries of the Group.

As at 31 March 2025, certain of the Group's buildings and machineries with aggregate net carrying values of approximately RMB274 million and RMB179 million respectively were mortgaged to secure certain interest-bearing bank borrowings and bank facilities of the Group.

The Company

	Buildings	Machinery and molds	Electronic equipments and others	Vehicles	Construction in progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 31 December 2022						
As at 1 January 2022:						
Cost	4,965	8,129	349	94	1,075	14,612
Accumulated depreciation and impairment	(1,780)	(6,022)	(317)	(78)	(76)	(8,273)
Net carrying amount	3,185	2,107	32	16	999	6,339
As at 1 January 2022, net of accumulated depreciation and impairment	3,185	2,107	32	16	999	6,339
Additions	–	65	6	–	3,018	3,089
Disposal	(26)	(23)	–	(1)	–	(50)
Depreciation	(198)	(797)	(8)	(4)	–	(1,007)
Impairment	–	(2)	–	–	(5)	(7)
Transfers	13	1,499	–	3	(1,515)	–
As at 31 December 2022, net of accumulated depreciation and impairment	2,974	2,849	30	14	2,497	8,364
As at 31 December 2022:						
Cost	4,939	9,127	353	82	2,578	17,079
Accumulated depreciation and impairment	(1,965)	(6,278)	(323)	(68)	(81)	(8,715)
Net carrying amount	2,974	2,849	30	14	2,497	8,364

As at 31 December 2022, certain of the Company's buildings with an aggregate net carrying value of approximately RMB1,010 million did not have property ownership certificates registered under the Company's name.

	Buildings	Machinery and molds	Electronic equipments and others	Vehicles	Construction in progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 31 December 2023						
As at 1 January 2023:						
Cost	4,939	9,127	353	82	2,578	17,079
Accumulated depreciation and impairment	(1,965)	(6,278)	(323)	(68)	(81)	(8,715)
Net carrying amount	2,974	2,849	30	14	2,497	8,364
As at 1 January 2023, net of accumulated depreciation and impairment	2,974	2,849	30	14	2,497	8,364
Additions	1,173	195	85	–	4,527	5,980
Disposal	(4)	(60)	(14)	–	–	(78)
Depreciation	(240)	(994)	(11)	(4)	–	(1,249)
Impairment	–	(13)	(1)	(1)	(25)	(40)
Transfers	340	3,156	–	17	(3,513)	–
As at 31 December 2023, net of accumulated depreciation and impairment	4,243	5,133	89	26	3,486	12,977
As at 31 December 2023:						
Cost	6,447	12,084	411	95	3,585	22,622
Accumulated depreciation and impairment	(2,204)	(6,951)	(322)	(69)	(99)	(9,645)
Net carrying amount	4,243	5,133	89	26	3,486	12,977

As at 31 December 2023, certain of the Company's buildings with an aggregate net carrying value of approximately RMB1,490 million did not have property ownership certificates registered under the Company's name.

	Buildings	Machinery and molds	Electronic equipments and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 31 December 2024							
As at 1 January 2024:							
Cost	6,447	12,084	411	95	–	3,585	22,622
Accumulated depreciation and impairment	(2,204)	(6,951)	(322)	(69)	–	(99)	(9,645)
Net carrying amount	4,243	5,133	89	26	–	3,486	12,977
As at 1 January 2024, net of accumulated depreciation and impairment	4,243	5,133	89	26	–	3,486	12,977
Additions	10	447	45	7	21	3,096	3,626
Acquisition of Jetour business	39	547	38	–	–	129	753
Disposal	(1)	(25)	(5)	–	–	(4)	(35)
Depreciation	(268)	(1,711)	(54)	(10)	(2)	–	(2,045)
Impairment	–	(12)	–	(3)	–	(2)	(17)
Transfers	143	4,862	97	41	–	(5,143)	–
As at 31 December 2024, net of accumulated depreciation and impairment	4,166	9,241	210	61	19	1,562	15,259
As at 31 December 2024:							
Cost	6,639	17,483	560	136	21	1,634	26,473
Accumulated depreciation and impairment	(2,473)	(8,242)	(350)	(75)	(2)	(72)	(11,214)
Net carrying amount	4,166	9,241	210	61	19	1,562	15,259

As at 31 December 2024, certain of the Company's buildings with an aggregate net carrying value of approximately RMB2,085 million did not have property ownership certificates registered under the Company's name.

	Buildings	Machinery and molds	Electronic equipments and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 31 March 2025							
As at 1 January 2025:							
Cost	6,639	17,483	560	136	21	1,634	26,473
Accumulated depreciation and impairment	(2,473)	(8,242)	(350)	(75)	(2)	(72)	(11,214)
Net carrying amount	4,166	9,241	210	61	19	1,562	15,259
As at 1 January 2025, net of accumulated depreciation and impairment	4,166	9,241	210	61	19	1,562	15,259
Additions	967	5	2	–	–	446	1,420
Disposal	–	(1)	–	–	–	–	(1)
Depreciation	(58)	(325)	(16)	(3)	(2)	–	(404)
Impairment	–	–	–	–	–	(2)	(2)
Transfers	20	52	1	1	2	(76)	–
As at 31 March 2025, net of accumulated depreciation and impairment	5,095	8,972	197	59	19	1,930	16,272
As at 31 March 2025:							
Cost	7,626	17,467	563	134	23	2,004	27,817
Accumulated depreciation and impairment	(2,531)	(8,495)	(366)	(75)	(4)	(74)	(11,545)
Net carrying amount	5,095	8,972	197	59	19	1,930	16,272

As at 31 March 2025, certain of the Company's buildings with an aggregate net carrying value of approximately RMB1,939 million did not have property ownership certificates registered under the Company's name.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and machinery, vehicles and others used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 20 years, while machinery, vehicles and others generally have lease terms between 2 and 10 years.

(a) Right-of-use assets

The Group

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Buildings	Machinery	Vehicles and others	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2022	907	178	35	–	1,120
Additions	29	72	–	–	101
Acquisition of a subsidiary	44	–	–	–	44
Depreciation	(26)	(78)	(15)	–	(119)
Early cancellation of leases	–	(14)	–	–	(14)
Disposal	(26)	–	–	–	(26)
As at 31 December 2022 and 1 January 2023	928	158	20	–	1,106
Additions	40	383	–	4	427
Depreciation	(30)	(82)	(10)	(1)	(123)
Early cancellation of leases	–	(1)	–	–	(1)
Exchange realignment	–	(4)	–	(1)	(5)
As at 31 December 2023 and 1 January 2024	938	454	10	2	1,404
Additions	57	1,793	125	–	1,975
Acquisition of subsidiaries	337	22	–	–	359
Depreciation	(40)	(247)	(25)	(1)	(313)
Early cancellation of leases	–	(28)	–	–	(28)
Disposal of a subsidiary	(11)	(24)	–	–	(35)
Exchange realignment	–	(12)	–	–	(12)
As at 31 December 2024 and 1 January 2025	1,281	1,958	110	1	3,350
Additions	18	6	–	–	24
Depreciation	(12)	(62)	(4)	–	(78)
Early cancellation of leases	–	(3)	–	–	(3)
Disposal of a subsidiary	–	(15)	–	–	(15)
Exchange realignment	–	14	–	–	14
As at 31 March 2025	1,287	1,898	106	1	3,292

As at 31 December 2022, 31 December 2023, 31 December 2024 and 31 March 2025, certain of the Group's leasehold land with an aggregate net carrying value of approximately RMB49 million, RMB47 million and RMB324 million and RMB322 million respectively, did not have land use right certificates registered under the names of the respective subsidiaries of the Group.

As at 31 December 2023, 31 December 2024 and 31 March 2025, certain of the Group's leasehold land with aggregate net carrying values of approximately RMB89 million and RMB86 million and RMB86 million, respectively, were pledged as collateral for bank loans.

The Company

The carrying amounts of the Company's right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Buildings	Machinery	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2022	774	13	–	787
Additions	–	15	–	15
Depreciation	(21)	(10)	–	(31)
Disposal	(23)	–	–	(23)
As at 31 December 2022 and 1 January 2023	730	18	–	748
Depreciation	(22)	(9)	–	(31)
Disposal	(63)	–	–	(63)
As at 31 December 2023 and 1 January 2024	645	9	–	654
Additions	–	1,330	111	1,441
Acquisition of Jetour business	37	171	–	208
Depreciation	(21)	(93)	(11)	(125)
As at 31 December 2024 and 1 January 2025	661	1,417	100	2,178
Depreciation	(5)	(24)	(3)	(32)
As at 31 March 2025	656	1,393	97	2,146

As at 31 December 2022, 31 December 2023, 31 December 2024 and 31 March 2025, certain of the Company's leasehold land with an aggregate net carrying value of approximately RMB49 million, RMB47 million and RMB324 million and RMB322 million, respectively, did not have land use right certificates registered under the Company's name.

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Carrying amount at the beginning of the year/period	223	211	521	2,319
New leases	72	387	1,918	6
Additions as a result of acquisition of subsidiaries	–	–	22	–
Accretion of interest recognised during the year/period	9	21	101	25
Payments	(85)	(94)	(199)	(27)
Early cancellation of leases	(8)	(1)	(10)	(3)
Disposal of a subsidiary	–	–	(23)	(15)
Exchange realignment	–	(3)	(11)	(19)
Carrying amount at the end of the year/period	211	521	2,319	2,286
Analysed into:				
Current portion	46	138	366	428
Non-current portion	165	383	1,953	1,858

Included in the above balances are the following balances with related parties:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Chery Holding Group Co., Ltd.** and its subsidiaries, joint ventures and associates	50	172	161	162
Associates and its subsidiaries	44	46	48	48
Ruichuang* and its subsidiaries	8	5	2	2
Wuhu Investment Holding and its subsidiaries	–	1	–	–
Total	102	224	211	212

The balances of lease liabilities with related parties are all trade in nature.

* Wuhu Ruichuang Investment Co., Ltd. ("Ruichuang") is a shareholder of the Company. For further information, refer to note 37(a).

** Chery Holding Group Co., Ltd. is no longer a related party of the Group since the completion of the flattening of shareholding structure on January 20, 2025. The above balance with Chery Holding Group Co., Ltd. as of 31 March 2025 is disclosed to maintain consistency in disclosure during the Relevant Periods. The same practice is adopted in disclosure of other notes where balances or amounts with Chery Holding Group Co., Ltd. is disclosed.

The Company

	Year ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Carrying amount at the beginning of the year/period	12	17	9	1,651
New leases	15	–	1,441	–
Acquisition of Jetour business	–	–	157	–
Accretion of interest recognised during the year/period	1	1	64	14
Payments	(11)	(9)	(20)	(6)
Carrying amount at the end of the year/period	17	9	1,651	1,659
Analysed into:				
Current portion	9	4	127	244
Non-current portion	8	5	1,524	1,415

Included in the above balances are the following balances with related parties:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Chery Holding Group Co., Ltd. and its subsidiaries, joint ventures and associates	3	1	161	162
Ruichuang and its subsidiaries	8	5	2	2
Total	11	6	163	164

The balances of lease liabilities with related parties are all trade in nature.

The maturity analysis of lease liabilities is disclosed in note 49 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Interest on lease liabilities	9	21	101	22	25
Depreciation of right-of-use assets	119	123	313	72	78
Expense relating to short-term leases and leases of low-value assets	76	108	151	32	43
Total amount recognised in profit or loss	204	252	565	126	146

The Company

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Interest on lease liabilities	1	1	64	16	14
Depreciation of right-of-use assets	31	31	125	19	32
Expense relating to short-term leases and leases of low-value assets	30	31	51	13	9
Total amount recognised in profit or loss	62	63	240	48	55

(d) The total cash outflow for leases is disclosed in note 42(c) to the Historical Financial Information.

15. OTHER INTANGIBLE ASSETS

The Group

	Patents	Capitalised development expenditures	Software	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
31 December 2022				
As at 1 January 2022:				
Cost	1,724	285	616	2,625
Accumulated amortisation	(1,424)	–	(551)	(1,975)
Net carrying amount	300	285	65	650
At 1 January 2022, net of accumulated amortisation	300	285	65	650
Additions	–	482	85	567
Injection by non-controlling shareholder of a subsidiary	280	–	–	280
Transfers	380	(380)	–	–
Amortisation	(204)	–	(80)	(284)
Impairment	–	–	(1)	(1)
Acquisition of a subsidiary	–	–	3	3
Disposal of a subsidiary	–	–	(2)	(2)
Disposal	(17)	–	–	(17)
At 31 December 2022, net of accumulated amortisation and impairment	739	387	70	1,196
As at 31 December 2022 and at 1 January 2023:				
Cost	2,362	387	702	3,451
Accumulated amortisation and impairment	(1,623)	–	(632)	(2,255)
Net carrying amount	739	387	70	1,196
31 December 2023				
At 1 January 2023, net of accumulated amortisation	739	387	70	1,196
Additions	–	185	133	318
Transfers	476	(476)	–	–
Amortisation	(338)	–	(91)	(429)
Disposal of a subsidiary	–	–	(2)	(2)
Disposal	–	–	(1)	(1)
Exchange realignment	–	–	(1)	(1)
At 31 December 2023, net of accumulated amortisation and impairment	877	96	108	1,081
As at 31 December 2023 and at 1 January 2024:				
Cost	2,838	96	814	3,748
Accumulated amortisation and impairment	(1,961)	–	(706)	(2,667)
Net carrying amount	877	96	108	1,081

	Patents	Capitalised development expenditures	Software	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
31 December 2024				
At 1 January 2024, net of accumulated amortisation	877	96	108	1,081
Additions	–	1,301	319	1,620
Transfer	765	(765)	–	–
Amortisation	(512)	–	(160)	(672)
Acquisition of subsidiaries	–	–	38	38
Disposal of subsidiaries	–	–	(4)	(4)
Disposal	–	–	(2)	(2)
Exchange realignment	–	–	(4)	(4)
At 31 December 2024, net of accumulated amortisation and impairment	1,130	632	295	2,057
At 31 December 2024:				
Cost	3,603	632	1,157	5,392
Accumulated amortisation and impairment	(2,473)	–	(862)	(3,335)
Net carrying amount	1,130	632	295	2,057
31 March 2025				
At 1 January 2025, net of accumulated amortisation	1,130	632	295	2,057
Additions	–	488	42	530
Amortisation	(129)	–	(47)	(176)
Disposal of subsidiaries	–	–	(13)	(13)
Exchange realignment	–	–	2	2
At 31 March 2025, net of accumulated amortisation and impairment	1,001	1,120	279	2,400
At 31 March 2025:				
Cost	3,603	1,120	1,166	5,889
Accumulated amortisation and impairment	(2,602)	–	(887)	(3,489)
Net carrying amount	1,001	1,120	279	2,400

As at 31 December 2023, 31 December 2024 and 31 March 2025, certain of the Group's patents, with an aggregate net carrying value of approximately RMB236 million, RMB135 million and RMB121 million, respectively, were pledged as collateral for bank loans.

The Company

	Patents	Capitalised development expenditures	Software	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
31 December 2022				
As at 1 January 2022:				
Cost	1,349	153	443	1,945
Accumulated amortisation	(1,310)	–	(424)	(1,734)
Net carrying amount	39	153	19	211

	Patents	Capitalised development expenditures	Software	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
At 1 January 2022, net of accumulated amortisation	39	153	19	211
Additions	–	309	8	317
Transfers	269	(269)	–	–
Amortisation	(88)	–	(17)	(105)
At 31 December 2022, net of accumulated amortisation and impairment	220	193	10	423
As at 31 December 2022 and at 1 January 2023				
Cost	1,618	193	450	2,261
Accumulated amortisation and impairment	(1,398)	–	(440)	(1,838)
Net carrying amount	220	193	10	423
31 December 2023				
At 1 January 2023, net of accumulated amortisation	220	193	10	423
Additions	–	176	77	253
Transfers	272	(272)	–	–
Amortisation	(169)	–	(35)	(204)
At 31 December 2023, net of accumulated amortisation and impairment	323	97	52	472
As at 31 December 2023 and at 1 January 2024				
Cost	1,891	97	522	2,510
Accumulated amortisation and impairment	(1,568)	–	(470)	(2,038)
Net carrying amount	323	97	52	472
31 December 2024				
At 1 January 2024, net of accumulated amortisation	323	97	52	472
Additions	–	1,025	212	1,237
Transfer	471	(471)	–	–
Amortisation	(323)	–	(102)	(425)
Acquisition of Jetour business	105	–	19	124
Disposal	–	–	(1)	(1)
At 31 December 2024, net of accumulated amortisation and impairment	576	651	180	1,407
At 31 December 2024:				
Cost	2,497	651	790	3,938
Accumulated amortisation and impairment	(1,921)	–	(610)	(2,531)
Net carrying amount	576	651	180	1,407

	Patents	Capitalised development expenditures	Software	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
31 March 2025				
At 1 January 2025, net of accumulated amortisation	576	651	180	1,407
Additions	–	471	2	473
Amortisation	(69)	–	(30)	(99)
At 31 March 2025, net of accumulated amortisation and impairment	507	1,122	152	1,781
At 31 March 2025:				
Cost	2,497	1,122	792	4,411
Accumulated amortisation and impairment	(1,990)	–	(640)	(2,630)
Net carrying amount	507	1,122	152	1,781

16. INVESTMENTS IN JOINT VENTURES

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Share of net assets	7,626	8,265	9,793	10,817

The Group's trade and non-trade receivable and payable balances with the joint ventures are disclosed in notes 19, 22, 27, 28 and 32 to the Historical Financial Information.

Particulars of the Group's and the Company's material joint venture are as follows:

Name	Particulars of paid-in capital held	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Chery Jaguar Land Rover Automotive Co., Ltd. (奇瑞捷豹路虎汽車有限公司)	Registered paid-in capital of RMB1 each	Mainland China	50	50	50	Manufacture and sales of vehicles
Chery HuiYin Motor Finance Service Co., Ltd. (奇瑞徽銀汽車金融股份有限公司).	Ordinary shares	Mainland China	49	49	49	Auto financial services

The above investment is directly held by the Company. The English name of the particulars of the Group's material joint ventures above represents the best effort made by the management of the Company to directly translate the Chinese name as it does not register any official English name.

The following table illustrates the summarised financial information in respect of Chery Jaguar Land Rover Automotive Co., Ltd., adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Cash and cash equivalents	2,461	2,920	2,309	2,237
Other current assets	2,945	2,013	2,714	2,608
Current assets	5,406	4,933	5,023	4,845
Non-current assets	11,368	10,006	7,922	7,485
Financial liabilities, excluding trade and other payables and provisions	1,968	811	813	276
Other current liabilities	8,999	7,746	6,071	5,945
Current liabilities	10,967	8,557	6,884	6,221
Non-current financial liabilities, excluding trade and other payables and provisions	148	415	–	–
Other non-current liabilities	61	63	136	271
Non-current liabilities	209	478	136	271
Net assets	5,598	5,904	5,925	5,838
Reconciliation to the Group's interest in the joint venture:				
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets of the joint venture	2,799	2,952	2,963	2,919
Carrying amount of the investment	2,799	2,952	2,963	2,919
Revenue	14,319	14,077	11,637	1,747
Profit/(loss) and total comprehensive income for the year/period	192	306	21	(87)

The following table illustrates the summarised financial information in respect of Chery HuiYin Motor Finance Service Co., Ltd., adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Cash and balance with central banks	226	96	348	267
Due from banks and other financial institutions	2,863	4,776	6,199	7,151
Other assets	33,259	45,904	65,519	71,141
Total Assets	36,348	50,776	72,066	78,559
Financial liabilities, excluding trade and other payables and provisions	25,743	38,523	58,532	65,241
Other liabilities	1,957	2,335	2,025	1,465
Total liabilities	27,700	40,858	60,557	66,706
Net assets	8,648	9,918	11,509	11,853

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Reconciliation to the Group's interest in the joint venture:				
Proportion of the Group's ownership	49%	49%	49%	49%
Group's share of net assets of the joint venture	4,237	4,859	5,640	5,808
Carrying amount of the investment	4,237	4,859	5,640	5,808
Revenue	2,342	2,908	3,952	1,056
Profit and total comprehensive income for the year/period	1,044	1,364	1,708	342
Dividend received	37	46	56	–

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Share of the joint ventures' profit for the year/period	32	33	4	(12)
Share of the joint ventures' total comprehensive income for the year/period	30	26	(10)	(2)
Aggregate carrying amount of the Group's investments in the joint ventures	590	454	1,190	2,091

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Share of net assets	7,531	8,152	9,273	10,248

The Company's trade and non-trade receivable and payable balances with the joint ventures are disclosed in notes 19, 22, 28 and 32 to the Historical Financial Information, respectively.

The following table illustrates the aggregate financial information of the Company's joint ventures that are not individually material:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Share of the joint ventures' profit/(loss) for the year/period	41	16	(59)	6
Share of the joint ventures' total comprehensive income for the year/period	39	8	(73)	8
Aggregate carrying amount of the Company's investments in the joint ventures	495	341	670	1,521

17. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Investments in associates	5,235	6,181	7,591	6,968
Less: impairment for investment in associates	891	891	1,227	1,227
Share of net assets	4,344	5,290	6,364	5,741

The Group's and the Company's trade and non-trade receivable and payable balances with the associates are disclosed in notes 19, 22, 27, 28 and 32 to the Historical Financial Information, respectively.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Share of the associates' profit for the year/period	247	382	595	98
Share of the associates' total comprehensive income for the year/period	247	382	597	99
Aggregate carrying amount of the Group's investments in the associates	4,344	5,290	6,364	5,741

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Investments in associates	1,715	1,363	2,083	1,250
Less: impairment for investment in associates	44	44	69	69
Share of net assets	1,671	1,319	2,014	1,181

The following table illustrates the aggregate financial information of the Company's associates that are not individually material:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Share of the associates' (loss)/profit for the year/period	(16)	223	97	16
Share of the associates' total comprehensive income for the year/period	(16)	223	97	16
Aggregate carrying amount of the Company's investments in the associates	1,671	1,319	2,014	1,181

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income				
Listed equity investments, at fair value	89	61	–	–
Unlisted equity investments, at fair value	260	262	313	282
Total	349	323	313	282

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the Relevant Periods, the Group received dividends in the amounts of RMB19 million, RMB29 million, RMB32 million and RMB13 million, respectively.

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income				
Listed equity investments, at fair value	47	61	–	–
Unlisted equity investments, at fair value	235	209	260	248
Total	282	270	260	248

During the Relevant Periods, the Company received dividends in the amounts of RMB19 million, RMB29 million and RMB30 million and RMB13 million, respectively.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	Notes	As at 31 December			As at 31 March
		2022	2023	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million*
Non-Current portion					
Debt investments		512	380	–	–
Prepayments for acquisition of long-term assets		528	247	757	504
Prepayments for acquisition of Jetour business	*40(d)*	–	7,003	–	–
Others		136	99	84	79
Impairment allowance	*(b)*	(77)	(26)	(2)	(2)
Total non-current portion		1,099	7,703	839	581
Current portion					
Other receivables	*(a)*	25,316	19,412	3,847	4,045
Value-added-tax recoverable		1,222	2,765	5,126	5,069
Prepayments		733	2,149	3,531	3,037
Others		10	14	12	33
Impairment allowance	*(b)*	(2,937)	(2,976)	(2,011)	(1,987)
Total current portion		24,344	21,364	10,505	10,197

The Company

	Notes	As at 31 December			As at 31 March
		2022	2023	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million*
Non-Current portion					
Prepayments for acquisition of long-term assets		433	157	653	339
Prepayments for acquisition of Jetour business	*40(d)*	–	7,003	–	–
Total non-current portion		433	7,160	653	339
Current portion					
Other receivables	*(a)*	20,431	21,064	8,000	9,314
Value-added-tax recoverable		203	889	1,266	1,353
Prepayments		263	631	1,281	4,044
Others		3	3	6	9
Impairment allowance	*(b)*	(853)	(755)	(478)	(479)
Total current portion		20,047	21,832	10,075	14,241

Impairment of other receivables is measured as either 12-month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(a) The carrying amount with related parties included in the above balances are as follows:

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Chery Holding Group Co., Ltd. and its subsidiaries, joint ventures and associates	21,357	14,062	211	209
Associates and its subsidiaries	1,907	1,177	260	103
Joint ventures and its subsidiaries	242	234	243	311
Wuhu Investment Holding and its subsidiaries	253	335	6	9
Luxshare Limited and its subsidiaries	–	–	–	5
Impairment allowance	(570)	(483)	(306)	(305)
Total	23,189	15,325	414	332

As at 31 December 2022, 2023, 2024 and 31 March 2025, the non-trade balances of prepayments, other receivables and other assets of the Group amounted to RMB21,602 million, RMB13,832 million, RMB103 million and RMB28 million, respectively. The non-trade balances with the related parties are expected to be settled before the [**REDACTED**].

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Chery Holding Group Co., Ltd. and its subsidiaries, joint ventures and associates	10,241	276	55	48
Company's subsidiaries	7,285	18,015	6,404	7,682
Associates and its subsidiaries	1,223	536	32	29
Joint ventures and its subsidiaries	242	234	243	238
Wuhu Investment Holding and its subsidiaries	170	250	6	9
Impairment allowance	(452)	(446)	(303)	(314)
Total	18,709	18,865	6,437	7,692

As at 31 December 2022, 2023, 2024 and 31 March 2025, the non-trade balances of prepayments, other receivables and other assets of the Company amounted to RMB10,716 million, RMB256 million and RMB28 million and RMB28 million, respectively. The non-trade balances with the related parties are expected to be settled before the [**REDACTED**].

(b) Impairment allowance for other receivables

The Group

As at 31 December 2022

	12-month Stage 1	Lifetime Stage 2	Lifetime Stage 3	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2022	825	–	2,222	3,047
Transfers into stage 3	(48)	–	48	–
Impairment losses, net	(49)	–	574	525
Foreign exchange realignment	15	–	–	15
Written off	(13)	–	–	(13)
Debt-to-equity settlement	–	–	(560)	(560)
As at 31 December 2022	730	–	2,284	3,014

As at 31 December 2023

	12-month Stage 1	Lifetime Stage 2	Lifetime Stage 3	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2023	730	–	2,284	3,014
Transfers into stage 3	(5)	–	5	–
Impairment losses, net	(238)	–	226	(12)
Foreign exchange realignment	1	–	–	1
Written off	(1)	–	–	(1)
As at 31 December 2023	487	–	2,515	3,002

As at 31 December 2024

	12-month Stage 1	Lifetime Stage 2	Lifetime Stage 3	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2024	487	–	2,515	3,002
Transfers into stage 3	(6)	–	6	–
Impairment losses, net	(238)	–	(11)	(249)
Foreign exchange realignment	(1)	–	(1)	(2)
Written off	–	–	(738)	(738)
As at 31 December 2024	242	–	1,771	2,013

As at 31 March 2025

	12-month Stage 1	Lifetime Stage 2	Lifetime Stage 3	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2025	242	–	1,771	2,013
Impairment losses, net	(22)	–	(1)	(23)
Written off	(1)	–	–	(1)
As at 31 March 2025	219	–	1,770	1,989

The Company

As at 31 December 2022

	12-month Stage 1	Lifetime Stage 2	Lifetime Stage 3	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2022	420	–	459	879
Impairment losses, net	170	–	364	534
Debt-to-equity settlement	–	–	(560)	(560)
As at 31 December 2022	590	–	263	853

As at 31 December 2023

	12-month Stage 1	Lifetime Stage 2	Lifetime Stage 3	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2023	590	–	263	853
Impairment losses, net	(90)	–	(8)	(98)
As at 31 December 2023	500	–	255	755

As at 31 December 2024

	12-month Stage 1	Lifetime Stage 2	Lifetime Stage 3	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2024	500	–	255	755
Impairment losses, net	(260)	–	(17)	(277)
As at 31 December 2024	240	–	238	478

As at 31 March 2025

	12-month Stage 1	Lifetime Stage 2	Lifetime Stage 3	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2025	240	–	238	478
Impairment losses, net	1	–	–	1
As at 31 March 2025	241	–	238	479

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

		As at 31 December			As at 31 March
	Notes	2022	2023	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million*
Non-current portion					
Unlisted equity investments, at fair value	*(a)*	33	45	61	58
Current portion					
Listed convertible bonds	*(b)*	106	–	–	–
Wealth management products and structured deposits, at fair value	*(c)*	13,792	11,961	19,579	29,278
Total current portion		13,898	11,961	19,579	29,278

(a) The Group's unlisted equity investments represent the Group's equity interests in those companies. None of the shareholdings exceeded 20% of the issued capital of the respective investees and the Group did not have significant influence on these invested entities.

(b) Wuhu Chery Technology Co., Ltd. acquired convertible bonds issued by Rayhoo Motor Dies Co., Ltd.* (瑞鵲汽車模具股份有限公司) on 24 June 2022 and the convertible bonds are fully sold on 19 June 2023.

(c) The wealth management products and structured deposits were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. All the structured deposits are principal-guaranteed while wealth management products are not principal-guaranteed.

* The English name of these entities above represents the best effort made by the management of the Company to directly translate the Chinese name as it does not register any official English name.

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Current Portion				
Wealth management products and structured deposits, at fair value	6,025	5,212	19,118	29,265

21. INVENTORIES

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Raw materials	1,438	1,755	2,370	2,517
Work in progress	1,374	2,618	4,911	4,876
Finished goods	10,061	26,662	29,043	31,114
Total	12,873	31,035	36,324	38,507

As at 31 December 2022, 2023, 2024 and 31 March 2025, the Group's inventories with a carrying amount of nil, nil, RMB1,288 million and RMB1,246 million, respectively, were pledged as security for the Group's bank loans.

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Raw materials	737	1,020	1,506	1,409
Work in progress	655	1,093	1,865	1,889
Finished goods	3,785	7,630	6,350	6,206
Total	5,177	9,743	9,721	9,504

22. TRADE RECEIVABLES

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Chery Holding Group Co., Ltd. and its subsidiaries, joint ventures and associates	2,160	1,787	2,535	2,315
Associates and its subsidiaries	419	542	1,058	1,353
Joint ventures and its subsidiaries	419	484	719	862
Wuhu Investment Holding and its subsidiaries	66	11	39	58
Third parties	7,730	9,797	14,137	17,750
Trade receivables	10,794	12,621	18,488	22,338
Impairment	(1,273)	(1,353)	(1,065)	(1,068)
Net carrying amount	9,521	11,268	17,423	21,270

Advance payments is normally required for sales of passenger vehicles, except for some long-standing customers with bulk purchases and good credit standing, where payment is generally due from 30 to 180 days from delivery. Trade receivables are non-interest bearing.

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Company's subsidiaries	4,104	7,765	30,137	36,701
Chery holding Group Co., Ltd. and its subsidiaries, joint ventures and associates	225	246	1,030	556
Associates and its subsidiaries	264	335	708	985
Joint ventures and its subsidiaries	414	482	580	674
Wuhu Investment Holding and its subsidiaries	1	7	30	51
Third parties	5,398	8,917	13,553	13,180
Trade receivables	10,406	17,752	46,038	52,147
Impairment	(821)	(967)	(1,033)	(864)
Net carrying amount	9,585	16,785	45,005	51,283

An aging analysis of the trade receivables as at 31 December 2022, 2023, 2024 and 31 March 2025 based on the time of revenue recognition and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Within 1 year	9,059	9,473	17,336	21,233
1 to 2 years	281	1,737	74	29
2 to 3 years	181	58	13	8
Total	9,521	11,268	17,423	21,270

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Within 1 year	8,843	14,983	42,326	49,306
1 to 2 years	736	1,608	2,178	1,977
2 to 3 years	6	194	501	–
Total	9,585	16,785	45,005	51,283

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	Year ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
At beginning of year/period	1,093	1,273	1,353	1,065
Impairment losses, net *(note 6)*	173	85	15	10
Amount written-off as uncollectible	(1)	(7)	(297)	–
Exchange realignment	8	2	(6)	(7)
At end of year/period	1,273	1,353	1,065	1,068

The Company

	Year ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
At beginning of year/period	809	821	967	1,033
Impairment losses, net	12	146	198	(169)
Amount written-off as uncollectible	–	–	(132)	–
At end of year/period	821	967	1,033	864

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Group overall considers the characteristics of the shared credit risk and the aging of the trade receivables to measure the expected credit losses. The expected credit losses of trade receivables are assessed on an individual or portfolio basis. Considering the credit risk characteristics of different customers, the Group assesses the expected credit losses of trade receivables with shared risk characteristics based on their ageing portfolio, adjusted as appropriate to reflect current and forward-looking information. The aging profile is determined based on the revenue recognition date.

The information about the credit risk exposure on the Group's trade receivables are set out below:

The Group

As at 31 December 2022

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB million	*RMB million*	*RMB million*
Provision on a collective basis				
Aged within 1 year	1.27%	8,710	(111)	8,599
Aged 1 to 2 years	3.10%	290	(9)	281
Aged 2 to 3 years	24.90%	241	(60)	181
Aged over 3 years	100.00%	325	(325)	–
Provision on an individual basis-				
National NEV subsidies	4.96%	484	(24)	460
Provision on an individual basis-				
Others	100.00%	744	(744)	–
		10,794	(1,273)	9,521

As at 31 December 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB million	*RMB million*	*RMB million*
Provision on a collective basis				
Aged within 1 year	1.93%	9,392	(181)	9,211
Aged 1 to 2 years	4.93%	1,827	(90)	1,737
Aged 2 to 3 years	28.40%	81	(23)	58
Aged over 3 years	100.00%	295	(295)	–
Provision on an individual basis-				
National NEV subsidies	5.07%	276	(14)	262
Provision on an individual basis-				
Others	100.00%	750	(750)	–
		12,621	(1,353)	11,268

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB million	*RMB million*	*RMB million*
Provision on a collective basis				
Aged within 1 year	1.28%	17,070	(219)	16,851
Aged 1 to 2 years	5.13%	78	(4)	74
Aged 2 to 3 years	27.78%	18	(5)	13
Aged over 3 years	100.00%	81	(81)	–
Provision on an individual basis-				
National NEV subsidies	5.09%	511	(26)	485
Provision on an individual basis-				
Others	100.00%	730	(730)	–
		18,488	(1,065)	17,423

As at 31 March 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB million	*RMB million*	*RMB million*
Provision on a collective basis				
Aged within 1 year	1.28%	21,217	(272)	20,945
Aged 1 to 2 years	6.45%	31	(2)	29
Aged 2 to 3 years	38.46%	13	(5)	8
Aged over 3 years	100.00%	43	(43)	–
Provision on an individual basis-				
National NEV subsidies	4.95%	303	(15)	288
Provision on an individual basis-				
Others	100.00%	731	(731)	–
		22,338	(1,068)	21,270

The information about the credit risk exposure on the Company's trade receivables are set out below:

The Company

As at 31 December 2022

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB million	*RMB million*	*RMB million*
Provision on a collective basis				
Aged within 1 year	0.30%	8,870	(27)	8,843
Aged 1 to 2 years	2.26%	753	(17)	736
Aged 2 to 3 years	25.00%	8	(2)	6
Aged over 3 years	100.00%	177	(177)	–
Provision on an individual basis	100.00%	598	(598)	–
		10,406	(821)	9,585

As at 31 December 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB million	*RMB million*	*RMB million*
Provision on a collective basis				
Aged within 1 year	0.55%	15,066	(83)	14,983
Aged 1 to 2 years	4.57%	1,685	(77)	1,608
Aged 2 to 3 years	26.79%	265	(71)	194
Aged over 3 years	100.00%	159	(159)	–
Provision on an individual basis	100.00%	577	(577)	–
		17,752	(967)	16,785

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB million	*RMB million*	*RMB million*
Provision on a collective basis				
Aged within 1 year	0.33%	42,466	(140)	42,326
Aged 1 to 2 years	3.29%	2,252	(74)	2,178
Aged 2 to 3 years	25.00%	668	(167)	501
Aged over 3 years	100.00%	28	(28)	–
Provision on an individual basis	100.00%	624	(624)	–
		46,038	(1,033)	45,005

As at 31 March 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB million	*RMB million*	*RMB million*
Provision on a collective basis				
Aged within 1 year	0.33%	49,470	(164)	49,306
Aged 1 to 2 years	3.28%	2,044	(67)	1,977
Aged 2 to 3 years	N/A	–	–	–
Aged over 3 years	100.00%	9	(9)	–
Provision on an individual basis	100.00%	624	(624)	–
		52,147	(864)	51,283

23. BILLS RECEIVABLES

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Bank acceptance bills	6,167	10,805	774	330

As at 31 December 2022, 2023, 2024 and 31 March 2025, bank acceptance bills of the Group amounting to RMB305 million, RMB384 million, RMB349 million, and RMB10 million, respectively, were pledged as collaterals to issue bills payable. All bank acceptance bills are aged within 6 months. The Group considers that there is no material credit risk in the bank acceptance bills held by the Group.

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Bank acceptance bills	3,485	4,636	477	1,089

As at 31 December 2022, 2023, 2024 and 31 March 2025, bank acceptance bills of the Company amounting to RMB553 million, RMB584 million, RMB349 million, and RMB419 million, respectively, were pledged as collaterals to issue bills payable.

24. CONTRACT ASSETS

The Group

	As at 1 January	As at 31 December	As at 31 December	As at 31 December	As at 31 March
	2022	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Contract assets arising from:					
National NEV subsidies	1,520	1,249	479	–	–
Impairment	(76)	(62)	(24)	–	–
Net carrying amount	1,444	1,187	455	–	–

The movements in the loss allowance for impairment of contract assets are as follows:

	Year ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
At beginning of year/period	76	62	24	–
Impairment losses, net *(note 6)*	(14)	(38)	(24)	–
At end of year/period	62	24	–	–

National subsidies receivable is related to sales of qualified new energy passenger vehicles, which were settled after appropriate review and approval by government.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Bills receivables, at fair value	2,359	4,433	7,547	1,802

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Bills receivables, at fair value	1,903	1,338	4,557	1,291

The Group and the Company has classified bills receivables that are held both to collect cash flows and to sell as financial assets at fair value through other comprehensive income under HKFRS 9. All these receivables at fair value through other comprehensive income are aged within 6 months. The Group considers that there is no material credit risk in the bank acceptance bills held by the Group.

26. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS

The Group

(a) Cash and cash equivalents

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Cash and cash equivalents	12,686	35,048	62,693	37,498

Denominated in:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
RMB	10,243	32,222	56,809	28,397
United States Dollar	1,922	1,265	2,098	4,770
Euro	–	–	1,234	1,587
Russian Ruble	166	830	776	835
Mexican Peso	156	141	502	266
Turkish Lira	17	345	613	613
Others	182	245	661	1,030
Total	12,686	35,048	62,693	37,498

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(b) Restricted bank deposits

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Restricted cash balances	932	587	75	2,303

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Pledged cash balances for bank acceptance bills	797	581	45	73
Pledged cash balances for other purpose	135	6	27	230
Funds on hold for the structured deposit subscription	–	–	–	2,000
Pledged cash balances for bank loans	–	–	3	–
Total	932	587	75	2,303

As at 31 March 2025, the Group committed funds of RMB2,000 million for purchases of structured deposit with Industrial Bank Co., Ltd. Changshu Branch.

(c) Time deposits

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Short-term time deposits with original maturities of over three months and due within one year	3,373	2,188	7,319	16,204
Time deposits with original maturities over one year	1,987	2,810	244	35
Total	5,360	4,998	7,563	16,239

Denominated in:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
RMB	5,360	4,998	7,203	15,521
United States Dollar	–	–	360	718
Total	5,360	4,998	7,563	16,239

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Pledged time deposits for bank loans	–	200	200	–
Pledged time deposits for bank acceptance bills	5,076	2,383	788	352
Total	5,076	2,583	988	352

As at 31 December 2022, 2023, 2024 and 31 March 2025, the Group has time deposits at Chery HuiYin Motor Finance Service Co., Ltd amounted to nil, nil, RMB5,400 million and RMB3,400 million, respectively.

The Company

(a) Cash and cash equivalents

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Cash and cash equivalents	5,693	19,433	55,287	28,757

Denominated in:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
RMB	4,803	18,381	54,544	26,953
United States Dollar	879	1,052	442	1,502
Others	11	–	301	302
Total	5,693	19,433	55,287	28,757

(b) Restricted bank deposits

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Pledged cash balances for bank acceptance bills	166	20	–	–
Funds on hold for the structured deposit subscription	–	–	–	2,000
Pledged cash balances for other purpose	135	5	–	–
Total	301	25	–	2,000

As at 31 March 2025, the Company committed funds of RMB2,000 million for purchases of structured deposit with Industrial Bank Co., Ltd. Changshu Branch.

(c) Time deposits

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Short-term time deposits with original maturities of over three months and due within one year	503	1,657	5,914	13,721

Denominated in:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
RMB	503	1,657	5,554	13,577
United States Dollar	–	–	360	144
Total	503	1,657	5,914	13,721

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Pledged time deposits for bank acceptance bills	500	–	–	–

As at 31 December 2022, 2023, 2024 and 31 March 2025, the Company has time deposits at Chery HuiYin Motor Finance Service Co., Ltd amounted to nil, nil, RMB5,400 million and RMB3,400 million, respectively.

27. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Trade payables	42,421	71,547	99,771	95,477
Bills payable	9,287	2,861	1,725	6,926
Total	51,708	74,408	101,496	102,403

An aging analysis of the trade and bills payables of the Group as at 31 December 2022, 2023, 2024 and 31 March 2025 based on the time of purchase, is as follows:

Trade payables	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Within 1 year	41,253	70,130	99,286	94,794
1 to 2 years	633	1,094	367	563
2 to 3 years	170	201	39	42
Over 3 years	365	122	79	78
Total	42,421	71,547	99,771	95,477

Bills payable	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Within 1 year	9,287	2,861	1,725	6,926

Included in the balances of trade and bills payables are the following balances with related parties:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Chery Holding Group Co., Ltd. and its subsidiaries, joint ventures and associates	2,145	1,585	2,667	1,383
Luxshare Limited and its subsidiaries	8	105	1,181	844
Wuhu Investment Holding and its subsidiaries	795	1,261	1,761	1,849
Joint ventures and its subsidiaries	40	1	3	49
Associates and its subsidiaries	3,964	6,389	7,528	9,326
Total	6,952	9,341	13,140	13,451

The trade payables are non-interest-bearing and are normally settled on 30-day to 180-day terms after acceptance of invoices.

The balances of trade and bills payables with related parties are all trade in nature.

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Trade payables	24,490	44,439	78,972	75,128
Bills payable	2,298	320	808	5,590
Total	26,788	44,759	79,780	80,718

An aging analysis of the trade and bills payables of the Company as at 31 December 2022, 2023, 2024 and 31 March 2025, based on the time of purchase, is as follows:

Trade payables	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Within 1 year	23,619	43,449	78,798	74,852
1 to 2 years	358	592	94	190
2 to 3 years	151	244	12	20
Over 3 years	362	154	68	66
Total	24,490	44,439	78,972	75,128

Bills payable	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Within 1 year	2,298	320	808	5,590

Included in the balances of trade and bills payables are the following balances with related parties:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Company's subsidiaries	3,493	5,052	6,580	10,122
Chery Holding Group Co., Ltd. and its subsidiaries, joint ventures and associates	725	173	930	360
Luxshare Limited and its subsidiaries	8	65	334	248
Wuhu Investment Holding and its subsidiaries	191	499	1,322	1,465
Joint ventures and its subsidiaries	–	–	–	49
Associates and its subsidiaries	1,116	2,830	6,724	8,660
Total	5,533	8,619	15,890	20,904

The balances of trade and bills payables with related parties are all trade in nature.

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Non-current portion				
Other payables for additions of property, plant and equipment	1,019	2,077	2,806	2,806
Equity repurchases	282	804	836	843
Long-term payables	2,300	3,000	1,212	1,430
Total non-current portion	3,601	5,881	4,854	5,079
Current portion				
Accrued salaries, bonuses and benefits	1,934	4,016	4,978	3,494
Other payables for additions of property, plant and equipment	1,735	3,349	3,371	2,985
Other tax payables	1,250	1,573	1,917	2,601
Marketing and promotion expense payables	985	1,353	2,081	2,190
Deposit from suppliers and distributors	953	1,277	1,431	1,462
Transportation fee payables	297	990	1,478	1,688
Other payables	5,074	6,401	7,181	5,750
Total current portion	12,228	18,959	22,437	20,170

Other payables in current portion are non-interest-bearing and the terms of repayment is within 12 months.

Included in the balances of other payables and accruals are the following balances with related parties:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Chery Holding Group Co., Ltd. and its subsidiaries, joint ventures and associates	468	480	169	200
Associates and its subsidiaries	1,190	1,033	1,050	1,063
Wuhu Investment Holding and its subsidiaries	109	120	5	420
Ruichuang and its subsidiaries	–	5	430	1
Joint ventures and its subsidiaries	7	15	–	–
Total	1,774	1,653	1,654	1,684

The balances of the Group's other payables and accruals to the related parties are trade in nature.

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Non-current portion				
Other payables for additions of property, plant and equipment	839	1,995	2,727	2,723
Total non-current portion	839	1,995	2,727	2,723
Current portion				
Other payables for additions of property, plant and equipment	1,536	2,524	2,206	1,922
Accrued salaries, bonuses and benefits	1,229	2,789	3,750	2,826
Other tax payables	507	1,053	1,061	1,289
Transportation fees payables	140	176	377	608
Marketing and promotion expenses payables	28	69	165	179
Deposit from suppliers and distributors	15	116	29	43
Other payables	14,960	20,972	40,319	43,071
Total current portion	18,415	27,699	47,907	49,938

The amounts attributable to related parties included in above other payables and accruals are as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Chery Holding Group Co., Ltd. and its subsidiaries, joint ventures and associates	215	359	2	107
Company's subsidiaries	12,438	19,236	36,998	40,078
Associates and its subsidiaries	1,186	983	1,038	992
Wuhu Investment Holding and its subsidiaries	105	112	3	418
Ruichuang and its subsidiaries	–	5	430	1
Joint ventures and its subsidiaries	7	–	–	–
Total	13,951	20,695	38,471	41,596

The balances of the Company's other payables and accruals to the related parties are trade in nature.

29. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at 31 December 2022		As at 31 December 2023		As at 31 December 2024		As at 31 March 2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Forward exchange contracts	241	–	31	86	–	–	–	–
Interest rate swaps contracts	–	3	–	–	–	–	–	–
Total	241	3	31	86	–	–	–	–

The forward exchange contracts and interest rate swaps contracts are not designated for hedging and are measured at fair value through profit or loss. Changes in the fair value of forward exchange contracts and interest rate swaps contracts amounting to RMB238 million, RMB(55) million, nil and nil were charged to the statement of profit or loss for the Relevant Periods, respectively.

30. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

The Group

	As at 31 December 2022		
	Weighted average interest rate	Maturity	RMB million
	(%)		
Current			
Bank loans – unsecured	3.02	2023	13,208
Bank loans – secured	2.05	2023	1,857
Current portion of long term bank loans – unsecured	3.49	2023	1,989
Current portion of long term bank loans – secured	2.94	2023	1,752
Total – current			18,806
Non-current			
Bank loans – unsecured	3.49	2024-2027	8,064
Bank loans – secured	2.94	2024-2026	6,253
Total – non-current			14,317
Total			33,123

	As at 31 December 2023		
	Weighted average interest rate	Maturity	RMB million
	(%)		
Current			
Bank loans – unsecured	12.01	2024	21,277
Bank loans – secured	2.95	2024	1,275
Current portion of long term bank loans – unsecured	2.94	2024	3,855
Current portion of long term bank loans – secured	2.76	2024	5,317
Total – current			31,724
Non-current			
Bank loans – unsecured	2.94	2025-2026	5,284
Bank loans – secured	2.76	2025-2037	1,500
Total – non-current			6,784
Total			38,508

	As at 31 December 2024		
	Weighted average interest rate	Maturity	RMB million
	(%)		
Current			
Bank loans – unsecured	7.23	2025	9,243
Bank loans – secured	22.53	2025	1,545
Current portion of long term bank loans – unsecured	2.66	2025	9,149
Current portion of long term bank loans – secured	2.92	2025	131
Total – current			20,068
Non-current			
Bank loans – unsecured	2.56	2026-2027	2,750
Bank loans – secured	3.12	2026-2033	348
Total – non-current			3,098
Total			23,166

	As at 31 March 2025		
	Weighted average interest rate	Maturity	RMB million
	(%)		
Current			
Bank loans – unsecured	11.65	2025	8,720
Bank loans – secured	29.11	2025	1,249
Current portion of long term bank loans –unsecured	2.48	2025-2026	6,497
Current portion of long term bank loans – secured	3.50	2026	48
Total – current			16,514
Non-current			
Bank loans – unsecured	2.48	2026-2032	2,770
Bank loans – secured	3.50	2026-2033	338
Other loans – unsecured	2.05	2026-2029	2,008
Total – non-current			5,116
Total			21,630

The carrying amounts of borrowings are denominated in the following currencies.

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
RMB	31,317	25,870	14,262	12,245
Russian Ruble	849	12,502	8,856	8,940
United States Dollar	957	–	–	–
Turkish Lira	–	136	48	275
Mexican Peso	–	–	–	170
Total	33,123	38,508	23,166	21,630

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Analysed into:				
Bank loans and other borrowings:				
Within one year or on demand	18,806	31,724	20,068	16,514
In the second year	9,687	4,332	1,705	1,898
In the third to fifth years, inclusive	4,630	2,422	1,334	3,123
Beyond five years	–	30	59	95
Total	33,123	38,508	23,166	21,630

(a) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Group guaranteed by the Chery Holding Limited and its subsidiaries amounted to RMB4,799 million, RMB2,175 million, nil and nil, respectively.

(b) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Group guaranteed by Wuhu Investment Holding amounted to RMB2,500 million, RMB3,920 million, nil and nil, respectively.

(c) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Group guaranteed by certain third party companies amounted to RMB623 million, RMB1,016 million, nil and nil, respectively.

(d) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Group secured by mortgage of construction in progress, buildings and leasehold land amounted to nil, RMB30 million, RMB148 million and RMB156 million respectively.

(e) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Group secured by mortgage of patents, buildings, machineries, construction in progress and leasehold land amounting to nil, RMB240 million, RMB230 million and RMB230 million, respectively.

(f) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Group secured by pledge of certificates of deposit amounted to nil, RMB200 million, RMB195 million and nil, respectively.

(g) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings guaranteed by the Group's subsidiaries amounted to RMB1,323 million, RMB450 million, RMB110 million and nil, respectively.

(h) As at 31 December 2022, 2023, 2024 and 31 March 2025, the amounts from discounted unmatured bills receivables presented as borrowings were RMB617 million, RMB61 million, RMB43 million and nil, respectively.

(i) As at 31 December 2022, 2023, 2024, and 31 March 2025, the outstanding balances of borrowings guaranteed by inventory were nil, nil, RMB1,295 million and RMB1,246 million, respectively.

(j) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings guaranteed by term deposit were nil, nil, RMB3 million and RMB3 million, respectively.

The Company

	As at 31 December 2022		
	Weighted average interest rate	Maturity	RMB million
	(%)		
Current			
Bank loans – unsecured	3.40	2023	7,851
Bank loans – secured	3.67	2023	610
Current portion of long term bank loans – unsecured	3.63	2023	884
Current portion of long term bank loans – secured	2.73	2023	1,038
Total – current			10,383
Non-current			
Bank loans – unsecured	3.63	2024-2026	6,183
Bank loans – secured	2.73	2024	4,564
Total – non-current			10,747
Total			21,130

	As at 31 December 2023		
	Weighted average interest rate	Maturity	RMB million
	(%)		
Current			
Bank loans – unsecured	3.23	2024	5,860
Bank loans – secured	2.90	2024	300
Current portion of long term bank loans – unsecured	2.93	2024	3,298
Current portion of long term bank loans – secured	2.58	2024	3,921
Total – current			13,379
Non-current			
Bank loans – unsecured	2.93	2025-2026	4,373
Bank loans – secured	2.40	2026	1,030
Total – non-current			5,403
Total			18,782

	As at 31 December 2024		
	Weighted average interest rate	Maturity	RMB million
	(%)		
Current			
Bank loans – unsecured	2.96	2025	1,096
Bank loans – secured	0.17	2025	41
Current portion of long term bank loans – unsecured	2.50	2025	8,429
Total – current			9,566
Non-current			
Bank loans – unsecured	2.51	2026-2027	2,640
Total – non-current			2,640
Total			12,206

	As at 31 March 2025		
	Weighted average interest rate	Maturity	RMB million
	(%)		
Current			
Bank loans – unsecured	2.59	2025-2026	480
Current portion of long term bank loans – unsecured	2.48	2025-2026	6,316
Total – current			6,796
Non-current			
Bank loans – unsecured	2.44	2026-2027	2,640
Total – non-current			2,640
Total			9,436

The carrying amounts of borrowings are denominated in the following currencies:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
RMB	21,130	18,782	12,206	9,436

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Analysed into:				
Bank loans:				
Within one year or on demand	10,383	13,379	9,566	6,796
In the second year	7,822	4,817	1,530	1,530
In the third to fifth years, inclusive	2,925	586	1,110	1,110
Total	21,130	18,782	12,206	9,436

(a) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Company guaranteed by Chery Holding Company and its subsidiaries amounted to RMB3,098 million, RMB1,030, nil, and nil, respectively.

(b) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Company guaranteed by Wuhu Investment Holding amounted to RMB2,500 million, RMB3,920 million, nil, and nil, respectively.

(c) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Company guaranteed by certain third party companies amounted to nil, RMB300 million, nil, and nil, respectively.

(d) As at 31 December 2022, 2023, 2024 and 31 March 2025, the amounts of discounted unmatured bills receivables reclassified as borrowings were RMB610 million, nil, RMB41 million, and nil, respectively.

31. BONDS PAYABLE

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Non-current	625	–	–	–
Current	71	–	–	–
Total	696	–	–	–

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Non-current	625	–	–	–
Current	71	–	–	–
Total	696	–	–	–

The bonds were issued in an aggregate principal amount of RMB700 million in September 2022, with a term of three years, and bear an interest rate of 3.0% per annum. The bonds were fully prepaid in September 2023.

32. CONTRACT LIABILITIES

The Group

	As at 1 January	As at 31 December			As at 31 March
	2022	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Advance payments from customers	4,310	5,928	12,920	9,456	7,633
Sales rebate to customers	896	2,102	5,669	5,863	5,455
Total	5,206	8,030	18,589	15,319	13,088

The Company

	As at 1 January	As at 31 December			As at 31 March
	2022	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Advance payments from customers	2,772	4,493	8,690	4,134	4,315
Sales rebate to customers	43	50	183	204	394
Total	2,815	4,543	8,873	4,338	4,709

Included in the above balances are the following balances with related parties:

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Chery Holding Group Co., Ltd. and its subsidiaries	104	493	63	56
Joint ventures and its subsidiaries	516	611	294	362
Associates and its subsidiaries	3	4	1	5
Wuhu Investment Holding and its subsidiaries	–	3	2	3
Total	623	1,111	360	426

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Company's subsidiaries	2,891	6,148	522	812
Chery Holding Group Co., Ltd. and its subsidiaries	24	20	27	23
Joint ventures and its subsidiaries	516	611	288	358
Associates and its subsidiaries	3	–	1	3
Total	3,434	6,779	838	1,196

The balances of contract liabilities with related parties are all trade in nature.

Contract liabilities of the Group mainly consist of advance payments made by customers for goods and sales rebate payables to customers which will be normally settled for purchases of vehicles and components.

33. DEFERRED TAX

The Group

The movements in deferred tax assets of the Group during each of the Relevant Periods are as follows:

	Impairment of financial and contract assets and non-financial assets	Accruals and provisions	Tax losses	Unrealized gains or losses on internal transactions	Lease liabilities	Others	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2022	395	400	3,375	13	31	10	4,224
Acquisition of a subsidiary	142	–	23	–	–	–	165
Deferred tax credited/(charged) to the statement of profit or loss during the year *(note 10)*	65	497	(210)	76	(1)	8	435
As at 1 January 2023	602	897	3,188	89	30	18	4,824
Deferred tax credited/(charged) to the statement of profit or loss during the year *(note 10)*	(70)	888	(2,122)	405	10	9	(880)

	Impairment of financial and contract assets and non-financial assets	Accruals and provisions	Tax losses	Unrealized gains or losses on internal transactions	Lease liabilities	Others	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2024	532	1,785	1,066	494	40	27	3,944
Acquisition of a subsidiary	–	–	521	–	5	–	526
Transfer	(148)	(103)	(25)	(9)	(26)	–	(311)
Deferred tax credited/(charged) to the statement of profit or loss during the year *(note 10)*	378	1,429	(900)	43	298	1	1,249
As at 1 January 2025	762	3,111	662	528	317	28	5,408
Disposal of subsidiaries	–	–	(12)	–	(4)	–	(16)
Deferred tax credited/(charged) to the statement of profit or loss during the period *(note 10)*	(55)	53	(232)	69	(33)	1	(197)
As at 31 March 2025	707	3,164	418	597	280	29	5,195

The movements in deferred tax liabilities of the Group during the Relevant Periods are as follows:

	Changes in fair value	Withholding tax on dividends	Right-of-use assets	Others	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2022	68	1	31	48	148
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	14	140	(1)	(17)	136
As at 1 January 2023	82	141	30	31	284
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	(58)	101	25	4	72
As at 1 January 2024	24	242	55	35	356
Acquisition of a subsidiary	–	–	5	133	138
Transfer	–	–	(27)	–	(27)
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	(5)	(155)	216	(15)	41
As at 1 January 2025	19	87	249	153	508
Disposal of subsidiaries	–	–	(3)	–	(3)
Deferred tax charged/(credited) to the statement of profit or loss during the period *(note 10)*	(1)	4	6	7	16
As at 31 March 2025	18	91	252	160	521

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Net deferred tax assets recognised in the consolidated statement of financial position	4,691	3,829	5,131	4,915
Net deferred tax liabilities recognised in the consolidated statement of financial position	151	241	231	241

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Tax losses	2,841	6,414	12,655	16,974
Deductible temporary differences	7,094	13,311	14,575	12,436

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. In PRC, the tax loss can be carried forward to 5 years, where the entity is recognized as HNTE, the tax losses can be carried forward to 10 years. The majority of tax losses in overseas can be carried forward indefinitely.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Company

Deferred tax assets

The movements in deferred tax assets of the Company during the Relevant Periods are as follows:

	Impairment of financial and contract assets and non-financial assets	Accruals and provisions	Fair value adjustments	Tax losses	Lease liabilities	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2022	330	376	3	2,893	2	3,604
Deferred tax credited/ (charged) to the statement of profit or loss during the year	(23)	206	2	(338)	1	(152)
As at 1 January 2023	307	582	5	2,555	3	3,452
Deferred tax credited/ (charged) to the statement of profit or loss during the year	18	712	2	(2,069)	(2)	(1,339)
As at 1 January 2024	325	1,294	7	486	1	2,113

	Impairment of financial and contract assets and non-financial assets	Accruals and provisions	Fair value adjustments	Tax losses	Lease liabilities	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Deferred tax credited/(charged) to the statement of profit or loss during the year	(11)	769	(5)	(486)	247	514
As at 1 January 2025	314	2,063	2	–	248	2,627
Deferred tax credited/(charged) to the statement of profit or loss during the period	(36)	52	2	–	1	19
As at 31 March 2025	278	2,115	4	–	249	2,646

Deferred tax liabilities

The movements in deferred tax liabilities of the Company during each of the Relevant Periods are as follows:

	Changes in fair value	Depreciation of fixed assets	Right-of-use assets	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 1 January 2022	1	–	2	3
Deferred tax charged to the statement of profit or loss during the year	5	3	1	9
As at 1 January 2023	6	3	3	12
Deferred tax credited to the statement of profit or loss during the year	(4)	–	(2)	(6)
As at 1 January 2024	2	3	1	6
Deferred tax charged to the statement of profit or loss during the year	9	(2)	226	233
As at 1 January 2025	11	1	227	239
Deferred tax charged to the statement of profit or loss during the period	6	–	(3)	3
As at 31 March 2025	17	1	224	242

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Net deferred tax assets recognised in the statement of financial position	3,440	2,107	2,388	2,404
Net deferred tax liabilities recognised in the statement of financial position	–	–	–	–

34. DEFERRED INCOME

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Government grant	569	1,279	5,463	5,065
Less: Current portion	54	102	180	886
Non-current portion	515	1,177	5,283	4,179

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Government grant	195	725	5,092	4,891
Less: Current portion	19	16	118	865
Non-current portion	176	709	4,974	4,026

35. PROVISION

The Group

	Note	As at 31 December			As at 31 March
		2022	2023	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million*
Warranties	*(a)*	2,643	5,623	9,498	10,850
Litigations		5	55	169	263
		2,648	5,678	9,667	11,113
Less: Current Portion		856	2,395	2,816	3,298
		1,792	3,283	6,851	7,815

(a) Warranties

	Year ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
At beginning of the year/period	891	2,643	5,623	9,498
Additional provision	2,858	5,213	7,477	2,046
Amounts utilized during the year/period	(1,101)	(2,222)	(3,504)	(861)
Exchange realignment	(5)	(11)	(98)	167
At the end of the year/period	2,643	5,623	9,498	10,850
Less: current portion	856	2,395	2,816	3,298
Non-current portion	1,787	3,228	6,682	7,552

The Group provides for warranties in relation to the sales of passenger vehicles, automotive parts and components. Provisions for warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

The Company

	Note	As at 31 December			As at 31 March
		2022	2023	2024	2025
		RMB million	*RMB million*	*RMB million*	*RMB million*
Warranties	*(a)*	2,088	4,334	7,638	8,190
Less: Current Portion		635	1,492	2,682	2,928
Non-current portion		1,453	2,842	4,956	5,262

(a) Warranties

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
At beginning of the year/period	680	2,088	4,334	7,638
Additional provision	2,398	3,569	5,164	1,068
Amounts utilized during the year/period	(990)	(1,323)	(1,860)	(516)
At the end of the year/period	2,088	4,334	7,638	8,190
Less: current portion	635	1,492	2,682	2,928
Non-current portion	1,453	2,842	4,956	5,262

36. SHARE CAPITAL

Shares

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Issued and fully paid:	5,470	5,470	5,470	5,470

37. SHARE-BASED PAYMENT

The Company implemented share incentive plans for the Group's management and employees in order to recognize and reward their contribution for the growth and development of the Group, and retain eligible employees for the continuous operation and development of the Group.

(a) Wuhu Ruichuang Platform

Wuhu Ruichuang Investment Co., Ltd.* (蕪湖瑞創投資股份有限公司, "Ruichuang"), was established in PRC in December 2004, as the Company's incentive platform for management and key technical personnel, which holds equity interests in the Company. Under the incentive plan ("legacy incentive plan"), shares of Ruichuang were granted to certain employees of the Group, which is non-transferrable and is required to sell back to Ruichuang when the participants leave the Group, retire, etc, at a price which is not linked to the fair value of the Company, and the participants are not entitled to the changes in value of the Company's shares, the Group considered the legacy incentive plan is an employee profit-sharing plan.

Under the legacy incentive plan, the relevant employee benefit expenses were recognized in the consolidated statements of profit or loss of the Group for the year end 31 December 2022 and 2023, respectively, which is credited to other reserves in the consolidated statement of changes in equity of the Group.

According to resolution of the Shareholders' Meeting of Ruichuang on 27 January, 2024 ("grant date"), the restriction of non-transferrable of the shares and the requirements of sales back to Ruichuang is removed, to provide additional incentives to the participants. And to ensure the stability of Group's top management, certain top management of the Company need to meet a three-years' service period requirement since grant date. As such, the share-based compensation expenses are amortized during the vesting period for the top managements with service period requirement, and for others, the share-based compensation expenses are recognized at grant date, as no service condition requirements attached.

The fair value of share-based compensations is measured by reference to the fair value of the shares less the costs borne by the participants. The fair value of the shares on grant date is determined by an external valuer using an adjusted form of the Black Scholes Model which takes into account the terms and conditions upon which the shares were granted.

Share-based payment expenses of RMB1,663 million and RMB22 million under Ruichang platform scheme were recognized in the consolidated statements of profit or loss of the Group for the year ended 31 December 2024 and the three months ended 31 March 2025.

(b) Zhenrui and Hengrui platforms

Wuhu Hengrui Equity Investment Partnership (Limited Partnership)* (蕪湖衡瑞股權投資合夥企業(有限合夥), "Hengrui"), and Wuhu Zhenrui Equity Investment Partnership (Limited Partnership)* ((蕪湖振瑞股權投資合夥企業(有限合夥), "Zhenrui") were established in PRC on February 26, 2024, as the Company's incentive platform.

In March, 2024, for the purpose of employee incentives, the Company repurchased all of the Company's shares directly held by Ruichuang, representing a total of 6.74% equity interest of the Company, at nil consideration. The Company further transferred all such repurchased shares to Hengrui and Zhenrui. Each of Hengrui and Zhenrui subscribed for 3.37% equity interest of the Company at a consideration of RMB626,595,500.

In March 2024, via the above two incentive platforms, 351,104,500 of share awards were granted to the eligible participants with subscription price of RMB3.40 per share. In February 2025, the Company further granted 25,264,900 shares to the eligible participants with subscription price of RMB4.39 per share. Each grant of share awards needs to meet a service requirement from the date of grant to the later of (1) six years since the grant date (the "Service Period") and (2) the successful [**REDACTED**] of the Company. After taking into consideration of the best estimation of the [**REDACTED**], the management determined the vesting period of the relevant restricted shares based on the above service requirement. As such, the share-based payment expenses are amortized during the vesting period.

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the subscription price. The fair value of the share award granted is measured as the market value at the grant date, determined by an external valuer using the discounted cash flows method which takes into account the terms and conditions upon which the restricted shares were granted.

Set out below are details of the movements of the outstanding restricted shares granted via Hengrui and Zhenrui for the year ended 31 December 2024 and the three months ended 31 March 2025.

	As at 31 December	As at 31 March
	2024	2025
Number of shares		
At the beginning of the year/period	–	343,712,700
Granted during the year/period	351,104,500	25,264,900
Forfeited during the year/period	(7,391,800)	(2,463,600)
Exercised during the year/period	–	–
Expired during the year/period	–	–
At the end of the year/period	343,712,700	366,514,000

During the year ended 31 December 2024 and the three months ended 31 March 2025, share-based compensation expenses of RMB353 million and RMB109 million under Zhenrui and Hengrui platform scheme were recognized in the consolidated statements of profit or loss.

* The English names of the PRC companies above represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

38. RESERVES

The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity in the Historical Financial Information.

(a) Other reserves

The other reserve comprises (i) the difference between [**REDACTED**] from issuance of the company's shares and nominal value of the shares; (ii) the difference between cost of acquisition of minority interest of the Group's subsidiaries and the book value of net assets acquired; (iii) the difference between cost of acquisition of subsidiaries under common control and the book value of the net assets acquired; and (iv) deemed contribution from shareholders. In 2024, Wuhu Ruichuang Investment Co., Ltd., a shareholder of the Company, transferred its equity interests in 4 entities, including its 6.74% equity interest in the Company, to the Company at nil consideration. The impacts of the transfers were credited to other reserves accordingly. For details on transfer of 6.74% equity interest of the Company, refer to note 37.

(b) Surplus reserves

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the surplus reserves until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the surplus reserves may be used to offset any accumulated losses or increase the registered capital of the companies. The surplus reserves is not available for dividend distribution to equity holders of the PRC companies.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended 31 December 2022

	Share capital	Other comprehensive income	Other reserves	Surplus reserves	Accumulated loss	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2022	5,470	(3)	16,123	519	(14,033)	8,076
Profit for the year	–	–	–	–	3,780	3,780
Other comprehensive income for the year:						
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	26	–	–	–	26
Share of other comprehensive income of joint ventures and associates	–	(2)	–	–	–	(2)
Total comprehensive income for the year	–	24	–	–	3,780	3,804
Transfer of other reserves upon the disposal of equity investments at fair value through other comprehensive income	–	(36)	–	–	36	–
Business combination under common control	–	–	(2,128)	–	–	(2,128)
Deemed contribution from one shareholder	–	–	136	–	–	136
Others	–	–	760	–	–	760
At 31 December 2022	5,470	(15)	14,891	519	(10,217)	10,648

Year ended 31 December 2023

	Share capital	Other comprehensive income	Other reserves	Surplus reserves	(Accumulated loss)/retained earnings	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2023	5,470	(15)	14,891	519	(10,217)	10,648
Profit for the year	–	–	–	–	12,382	12,382
Other comprehensive income for the year:						
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	(10)	–	–	–	(10)
Share of other comprehensive income of joint ventures and associates	–	(8)	–	–	–	(8)
Total comprehensive income for the year	–	(18)	–	–	12,382	12,364
Business combination under common control	–	–	(2,609)	–	–	(2,609)
Deemed contribution from one shareholder	–	–	118	–	–	118
Share of other reserves of joint ventures and associates	–	–	18	–	–	18
Dividend declared	–	–	–	–	(1,094)	(1,094)
At 31 December 2023	5,470	(33)	12,418	519	1,071	19,445

Year ended 31 December 2024

	Share capital	Other comprehensive income	Share-based compensation	Other reserves	Surplus reserves	Retained earnings	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2024	5,470	(33)	–	12,418	519	1,071	19,445
Profit for the year	–	–	–	–	–	18,568	18,568
Other comprehensive income for the year:							
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	52	–	–	–	–	52
Share of other comprehensive income of joint ventures and associates	–	(14)	–	–	–	–	(14)

	Share capital	Other comprehensive income	Share-based compensation	Other reserves	Surplus reserves	Retained earnings	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Total comprehensive income for the year	–	38	–	–	–	18,568	18,606
Transfer of other reserves upon the disposal of equity investments at fair value through other comprehensive income	–	(30)	–	–	–	30	–
Business combination under common control	–	–	–	(5,949)	–	–	(5,949)
Share-based compensation	–	–	1,756	–	–	–	1,756
Deemed contribution from one shareholder	–	–	–	1,809	–	–	1,809
Share of other reserves of joint ventures and associates	–	–	–	46	–	–	46
Transfer from retained profits	–	–	–	–	2,073	(2,073)	–
Deemed contribution from a subsidiary	–	–	–	84	–	–	84
At 31 December 2024	5,470	(25)	1,756	8,408	2,592	17,596	35,797

Three months ended 31 March 2025

	Share capital	Other comprehensive income	Share-based compensation	Other reserves	Surplus reserves	Retained earnings	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2025	5,470	(25)	1,756	8,408	2,592	17,596	35,797
Profit for the period	–	–	–	–	–	4,876	4,876
Other comprehensive income for the period:							
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	(11)	–	–	–	–	(11)
Share of other comprehensive income of joint ventures and associates	–	2	–	–	–	–	2
Total comprehensive income for the period	–	(9)	–	–	–	4,876	4,867
Share-based compensation	–	–	99	–	–	–	99
Transfer to safety production reserve	–	–	–	12	–	(12)	–
Dividend declared	–	–	–	–	–	(3,993)	(3,993)
At 31 March 2025	5,470	(34)	1,855	8,420	2,592	18,467	36,770

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
Percentage of equity interest held by non-controlling interests:				
Chery New Energy Automobile Co., Ltd.	59%	52%	52%	52%
Fuzhou Qingkou Holdings Co., Ltd. 福州青口控股有限公司	–	–	30%	30%
Profit/(loss) for the year/period allocated to non-controlling interests:				
Chery New Energy Automobile Co., Ltd.	(335)	(1,238)	(312)	(219)
Fuzhou Qingkou Holdings Co., Ltd.	–	–	521	260
Accumulated (deficits)/balances of non-controlling interests:				
Chery New Energy Automobile Co., Ltd.	(359)	(889)	(1,162)	(1,381)
Fuzhou Qingkou Holdings Co., Ltd.	–	–	895	1,173

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Chery New Energy Automobile Co., Ltd.
	RMB million
31 December 2022	
Revenue	12,831
Total cost & expense	(13,397)
Loss for the year	(566)
Total comprehensive income for the year	(566)
Current assets	11,065
Non-current assets	1,422
Current liabilities	(10,735)
Non-current liabilities	(2,408)
Net cash flows used in operating activities	(1,250)
Net cash flows used in investing activities	(3,252)
Net cash flows generated from financing activities	2,626
Net decrease in cash and cash equivalents	(1,876)

	Chery New Energy Automobile Co., Ltd.
	RMB million
31 December 2023	
Revenue	5,883
Total cost & expense	(8,020)
Loss for the year	(2,137)
Total comprehensive income for the year	(2,126)
Current assets	6,169
Non-current assets	2,332
Current liabilities	(8,826)
Non-current liabilities	(2,408)
Net cash flows used in operating activities	(2,570)
Net cash flows generated from investing activities	3,578
Net cash flows used in financing activities	(508)
Net increase in cash and cash equivalents	500

	Chery New Energy Automobile Co., Ltd.	Fuzhou Qingkou Holdings Co., Ltd.
	RMB million	*RMB million*
31 December 2024		
Revenue	11,097	26,079
Total cost & expense	(11,699)	(24,342)
(Loss)/profit for the year	(602)	1,737
Total comprehensive income for the year	(602)	1,737
Current assets	4,766	14,079
Non-current assets	2,347	2,888
Current liabilities	(9,268)	(12,498)
Non-current liabilities	(1,085)	(1,487)
Net cash flows generated from operating activities	2,449	891
Net cash flows used in investing activities	(54)	(657)
Net cash flows used in financing activities	(2,127)	(342)
Net increase/(decrease) in cash and cash equivalents	268	(108)
31 March 2025		
Revenue	2,940	6,826
Total cost & expense	(3,363)	(5,960)
(Loss)/profit for the period	(423)	866
Total comprehensive income for the period	(423)	866
Current assets	3,621	15,526
Non-current assets	2,212	2,912
Current liabilities	(8,465)	(12,766)
Non-current liabilities	(1,031)	(1,762)
Net cash flows (used in)/generated from operating activities	(265)	289
Net cash flows used in investing activities	(46)	(349)
Net cash flows used in financing activities	(684)	–
Net decrease in cash and cash equivalents	(995)	(60)

40. BUSINESS COMBINATION

(a) Wuhu Chery Technology Co., Ltd.

On 15 June 2022, the Group acquired a 51% interest in Wuhu Chery Technology Co., Ltd. from Chery Holding, which is a business combination under common control. Wuhu Chery Technology Co., Ltd. is engaged in manufacturing and sales of automotive parts and components. The acquisition was made as part of the Group's development strategy. The purchase consideration of RMB3,862 million was settled against the outstanding receivables due from Chery Holding.

The book values of the assets and liabilities of Wuhu Chery Technology Co., Ltd. in the consolidated financial statements of Chery Holding as at the date of acquisition were as follows:

	Book value on acquisition
	RMB million
Property, plant and equipment	356
Other intangible assets	382
Investments in associates	1,911
Financial assets at fair value through other comprehensive income	175
Financial assets at fair value through profit or loss	288
Deferred tax assets	47
Inventories	214
Trade receivables	1,151
Bills receivables	101
Prepayments and other receivables	1,330
Cash and bank balances	1,028
Trade and bills payables	(2,103)
Other payables and accruals	(79)
Interest-bearing bank loans	(464)
Tax payable	(35)
Contract liabilities	(97)
Deferred tax liabilities	(107)
Provision	(23)
Total net assets at book value	4,075
Non-controlling interests	(352)
Recognised in other reserves	139
Considerations	3,862

(b) Wuhu Acteco Powertrain Co., Ltd.

On 31 December 2023, the Group acquired a 51% interest in Wuhu Acteco Powertrain Co., Ltd. from Chery Holding, which is a business combination under common control. Wuhu Acteco Powertrain Co., Ltd. is engaged in manufacturing and sales of automotive parts and components. The acquisition was made as part of the Group's development strategy. The purchase consideration for the acquisition was in the form of cash, with RMB3,344 million paid in 2023.

The book values of the assets and liabilities of Wuhu Acteco Powertrain Co., Ltd. in the consolidated financial statements of Chery Holding as at the date of acquisition were as follows:

	Book value on acquisition
	RMB million
Property, plant and equipment	1,242
Right-of-use assets	50
Other intangible assets	167
Deferred tax assets	243
Inventories	385
Trade receivables	4,398
Bills receivables	430
Prepayments and other receivables	1,492
Financial assets at fair value through other comprehensive income	1
Cash and bank balances	31
Trade and bills payables	(5,438)
Other payables and accruals	(383)
Tax payable	(6)
Contract liabilities	(4)
Interest-bearing bank loans	(80)
Lease liabilities	(161)
Deferred income	(10)
Total net assets at book value	2,357
Non-controlling interests	(149)
Recognised in other reserves	1,136
Considerations	3,344

(c) Rejoin (Anhui) Supply Chain Technology Co., Ltd

On 31 December 2023, the Group acquired a 100% interest in Rejoin (Anhui) Supply Chain Technology Co., Ltd. from Chery Holding, which is a business combination under common control. Rejoin (Anhui) Supply Chain Technology Co., Ltd. is engaged in the supply chain management. The acquisition was made as part of the Group's development strategy. The purchase consideration for the acquisition was in the form of cash, with RMB550 million paid in 2023.

The book values of the assets and liabilities of Rejoin (Anhui) Supply Chain Technology Co., Ltd. in the consolidated financial statements of Chery Holding as at the date of acquisition were as follows:

	Book value on acquisition
	RMB million
Property, plant and equipment	1
Right-of-use assets	2
Deferred tax assets	13
Inventories	28
Trade receivables	786
Bills receivables	99
Prepayments and other receivables	200
Financial assets at fair value through other comprehensive income	4
Cash and bank balances	732
Trade and bills payables	(1,093)
Other payables and accruals	(446)
Tax payable	(37)
Contract liabilities	(173)
Lease liabilities	(1)
Total net assets at book value	115
Recognised in other reserves	435
Consideration	550

(d) Jetour business

On 1 January 2024, the Group acquired Jetour business from Chery Commercial Vehicle (Anhui) Co., Ltd., a subsidiary of Chery Holding, which is a business combination under common control, including acquisition of a 100% interest in Wuhu Jetour Automobile Sales Co., Ltd., acquisition of a 85% interest in Wuhu Ruiqing Enterprise Management Co., Ltd., acquisition of certain assets and assumed certain liabilities related to Jetour business. The acquisition was made as part of the Group's development strategy. The purchase consideration of RMB7,320 million for the acquisition was in the form of cash, with RMB7,003 million paid in 2023, and the remaining RMB317 million paid in January 2025.

The book values of the acquired the assets and liabilities of Jetour business in the consolidated financial statements of Chery Holding as at the date of acquisition were as follows:

	Book value on acquisition
	RMB million
Property, plant and equipment	816
Right-of-use assets	217
Other intangible assets	124
Deferred tax assets	579
Inventories	4,624
Trade receivables	1,125
Bills receivables	4,521
Contract assets	12
Prepayments and other receivables	14,162
Financial assets at fair value through other comprehensive income	3,192
Cash and bank balances	122
Trade and bills payables	(18,689)
Contract liabilities	(6,996)
Other payables and accruals	(1,458)
Tax payable	(465)
Provision	(486)
Interest-bearing bank loans	(319)
Lease liabilities	(157)
Deferred tax liabilities	(1)
Deferred income	(16)
Total net assets at book value	907
Recognised in other reserves	6,413
Consideration satisfied by cash	7,320

(e) Fuzhou Qingkou Holdings Co., Ltd.

On 18 February 2024, the Group acquired a 100% interest in Fuzhou Qingkou Holdings Co., Ltd from Fuzhou Zuohai Holding Group Ltd., Co., a third party. Fuzhou Qingkou Holdings Co., Ltd holds 70% interest is Soueast Motor Corporation Ltd., which is engaged in the production and sales of passenger vehicles. The acquisition was made as part of the Group's development strategy. The purchase consideration for the acquisition was in the form of cash, with RMB927 million paid in 2024.

The fair values of the acquired identifiable assets and liabilities of Fuzhou Qingkou Holdings Co., Ltd. as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB million
Property, plant and equipment	1,319
Right-of-use assets	359
Other intangible assets	26
Deferred tax assets	526
Inventories	492
Trade receivables	4,917
Bills receivables	47
Prepayments and other receivables	1,027
Financial assets at fair value through other comprehensive income	5
Cash and bank balances	127
Interest-bearing bank loans	(379)
Contract liabilities	(27)
Trade and bills payables	(5,596)
Other payables and accruals	(1,303)
Tax payable	(6)
Lease liabilities	(22)
Deferred tax liabilities	(138)
Provision	(39)
Total identifiable net assets at fair value	1,335
Non-controlling interests	(400)
Recognised in other income and gains	(8)
Consideration satisfied by cash	927

An analysis of the cash flows in respect of the acquisition of Fuzhou Qingkou Holdings Co., Ltd is as follows:

	RMB million
Cash consideration paid	(927)
Cash and bank balances acquired	127
Total net cash outflow	(800)

Since the acquisition, Fuzhou Qingkou Holdings Co., Ltd contributed RMB26,079 million to the Group's revenue and RMB1,737 million to the consolidated profit for the year ended 31 December 2024.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 December 2024 would have been RMB272,261 million and RMB14,509 million, respectively.

41. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2022, 2023, 2024 and 31 March 2025, the Group endorsed certain bills receivables accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB4,401 million, RMB5,488 million, RMB292 million and RMB1,684 million to certain of its suppliers, respectively, in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the

sale, transfer or pledge of the Endorsed Billsto any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills to which the suppliers have recourse was RMB4,401 million, RMB5,488 million, RMB292 million and RMB1,684 million, as at 31 December 2022, 2023, 2024 and 31 March 2025, respectively.

As at 31 December 2022, 2023, 2024 and 31 March 2025, the Group discounted certain bills receivables accepted by banks in Mainland China (the "Discounted Bills") with carrying amounts of RMB617 million, RMB61 million, RMB43 million and nil, respectively (the "Discounting"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognize the full carrying amounts of the Discounted Bills and the associated bank borrowings. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate amounts of the Discounted Bills to which the banks have recourse were RMB617 million, RMB61 million and RMB43 million and nil as at 31 December 2022, 2023, 2024 and 31 March 2025, respectively.

Transferred financial assets that are derecognised in their entirety

As at 31 December 2022, 2023, 2024 and 31 March 2025, the Group endorsed certain bills receivables accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB13,110 million, RMB23,081 million, RMB83,721 million and RMB30,554 million, respectively, and discounted certain bills receivables accepted by banks in Mainland China (the "Derecognised Bills") with a carrying amount in aggregate of RMB3,640 million, RMB559 million, RMB6,971 million and RMB471 million, respectively. The Derecognised Bills had a maturity of one to six months at the end of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2022, 2023, 2024 and the three months ended 31 March 2025, the Group has recognized losses of RMB111 million, RMB57 million, RMB68 million and nil, respectively, on the date of transfer of the Derecognized Bills.

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(1) For the year ended 31 December 2022, 2023, 2024, and for the three months ended 31 March 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB72 million and RMB72 million, RMB387 million and RMB387 million, RMB1,918 million and RMB1,918 million, RMB1,589 million (unaudited) and RMB1,589 million (unaudited), and RMB6 million and RMB6 million respectively, in respect of lease arrangements for buildings, machinery and vehicles.

(2) As disclosed in note 40(a) to the Historical Financial Information, for the year ended 31 December 2022, the considerations for certain acquisition of a subsidiary was not settled in cash.

(3) For the year ended 31 December 2023, the Group had non-cash additions to property, plant and equipment and other payables and accruals of RMB1,158 million and RMB1,158 million in respect of installment payment for buildings.

(b) Changes in liabilities arising from financing activities

As at 31 December 2022

	Bank loans and other borrowings	Lease liabilities	Bonds payables	Other payables and accruals
	RMB million	*RMB million*	*RMB million*	*RMB million*
At 1 January 2022	34,499	223	698	1,677
Changes from financing cash flows	(2,662)	(85)	(2)	1,806
New leases	–	72	–	–
Interest expense	1,243	9	–	153
Early cancellation of leases	–	(8)	–	–
Effect of foreign exchange changes	43	–	–	–
At 31 December 2022	33,123	211	696	3,636

As at 31 December 2023

	Bank loans and other borrowings	Lease liabilities	Bonds payables	Other payables and accruals
	RMB million	*RMB million*	*RMB million*	*RMB million*
At 1 January 2023	33,123	211	696	3,636
Changes from financing cash flows	4,666	(94)	(696)	965
New leases	–	387	–	–
Addition of property, plant and equipment through installment payment	–	–	–	1,158
Interest expense	1,375	21	–	221
Early cancellation of leases	–	(1)	–	–
Disposal of subsidiaries	(1)	–	–	–
Effect of foreign exchange changes	(655)	(3)	–	–
At 31 December 2023	38,508	521	–	5,980

As at 31 December 2024

	Bank loans and other borrowings	Lease liabilities	Other payables and accruals
	RMB million	*RMB million*	*RMB million*
At 1 January 2024	38,508	521	5,980
Changes from financing cash flows	(15,866)	(199)	1,071
Acquisition of subsidiaries	379	22	835
New leases	–	1,918	–
Discounted amounts arising from other payables and accruals	–	–	(290)
Interest expense	1,919	101	290
Transfer to deferred income	–	–	(3,727)
Early cancellation of leases	–	(10)	–
Disposal of subsidiaries	(20)	(23)	–
Effect of foreign exchange changes	(1,754)	(11)	–
At 31 December 2024	23,166	2,319	4,159

As at 31 March 2025

	Bank loans and other borrowings	Lease liabilities	Other payables and accruals
	RMB million	*RMB million*	*RMB million*
At 1 January 2025	23,166	2,319	4,159
Changes from financing cash flows	(4,072)	(27)	202
New leases	–	6	–
Discounted amounts arising from other payables and accruals	–	–	(43)
Interest expense	787	25	60
Disposal of subsidiaries	(276)	(15)	–
Early cancellation of leases	–	(3)	–
Effect of foreign exchange changes	2,025	(19)	–
At 31 March 2025	21,630	2,286	4,378

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Within operating activities	76	108	151	43
Within financing activities	85	94	199	27
Total	161	202	350	70

43. CONTINGENT LIABILITIES

As of the end of each of the Relevant Periods, the Group did not have any material contingent liabilities.

44. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank borrowings are included in notes 13, 14, 15, 21, 23 and 26, respectively, to the Historical Financial Information.

45. COMMITMENTS

(a) The Group had the following contractual commitments as at 31 December 2022, 2023, 2024 and 31 March 2025:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Contracted, but not provided for:				
Property, plant and equipment	1,896	3,435	2,519	2,462
Investment	–	317	–	–

46. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the Relevant Periods and the three months ended 31 March 2024:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Associates and its subsidiaries:					
Sales of products	345	751	438	93	179
Sales of property, plant and equipment	2	–	–	–	–
Purchases of products	8,106	12,621	16,729	3,192	4,529
Purchases of property, plant and equipment	93	325	379	120	145
Rendering of services	10	14	34	–	13
Receipt of service	7	3	3	3	2
Lease expense	10	10	10	3	–
Joint ventures and its subsidiaries:					
Sales of products	2,738	2,520	3,314	637	1,404
Purchases of products	35	–	12	–	71
Placement of time deposits	–	–	5,400	2,000	–
Maturity of time deposits	–	–	–	–	(2,000)
Interest income	–	–	81	4	22
Chery Holding Group Co., Ltd. and its subsidiaries, joint ventures and associates:					
Sales of products	1,302	1,907	2,883	1,242	109
Sales of property, plant and equipment	12	62	8	–	1
Purchases of products	3,560	3,965	3,949	1,012	741
Purchases of property, plant and equipment	61	168	32	21	5
Lease expense	25	20	18	9	4
Rendering of service	18	19	63	3	58
Receipt of service	17	3	17	–	162
Acquisition of subsidiaries	3,862	4,050	7,320	7,320	–
Disposal of subsidiaries	11	7	–	–	–
Luxshare Limited and its subsidiaries:					
Purchases of products	32	161	2,134	187	513
Purchases of property, plant and equipment	–	–	3	–	–
Sales of products	–	–	–	–	2
Wuhu Investment Holding and its subsidiaries:					
Purchases of products	1,740	2,530	3,799	694	952
Purchases of property, plant and equipment	19	35	32	5	12
Sales of products	5	109	157	11	62
Ruichuang and its subsidiaries:					
Lease expense	5	6	4	1	–

Note:

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

(b) Other transactions with related parties:

(i) As at 31 December 2022, 2023, 2024 and 31 March 2025, the outstanding balances of borrowings of the Group guaranteed by the Chery Holding Limited and its subsidiaries amounted to RMB4,799 million, RMB2,175 million, nil and nil, respectively.

(ii) As at 31 December 2022, 2023, 2024 and 31 March 2025, the Group provided guarantee to an associate of the Group for its bank borrowing amounting to RMB67 million, RMB227 million, RMB197 million and RMB194 million, respectively.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand (unaudited)*	*RMB thousand*
Fee	952	924	834	231	191
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	53,654	54,139	59,627	20,430	27,519
Share-based compensation expenses	–	–	83,361	14,989	22,371
Total compensation paid to key management personnel	54,606	55,063	143,822	35,650	50,081

Further details of directors' and the supervisors' emoluments are included in note 8 to the Historical Financial Information.

The outstanding balances with related parties are included in notes 14(b), 19, 22, 26, 27, 28, 32 to the Historical Financial Information.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2022, 2023, 2024 and 31 March 2025 are as follows:

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income	–	–	349	–	349
Trade receivables	–	–	–	9,521	9,521
Bills receivables	–	–	–	6,167	6,167
Financial assets included in prepayments, other receivables and other assets	–	–	–	22,960	22,960
Financial assets at fair value through profit or loss	13,931	–	–	–	13,931

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial assets at fair value through other comprehensive income	–	2,359	–	–	2,359
Derivative financial instruments	241	–	–	–	241
Time deposits	–	–	–	5,360	5,360
Restricted bank deposits	–	–	–	932	932
Cash and cash equivalents	–	–	–	12,686	12,686
Total	14,172	2,359	349	57,626	74,506

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	RMB million	*RMB million*	*RMB million*
Trade and bills payables	–	51,708	51,708
Financial liabilities included in other payables and accruals	–	12,645	12,645
Derivative financial instruments	3	–	3
Interest-bearing bank loans and other borrowings	–	33,123	33,123
Bonds payables	–	696	696
Total	3	98,172	98,175

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income	–	–	323	–	323
Trade receivables	–	–	–	11,268	11,268
Bills receivables	–	–	–	10,805	10,805
Financial assets included in prepayments, other receivables and other assets	–	–	–	16,903	16,903
Financial assets at fair value through profit or loss	12,006	–	–	–	12,006

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial assets at fair value through other comprehensive income	–	4,433	–	–	4,433
Derivative financial instruments	31	–	–	–	31
Time deposits	–	–	–	4,998	4,998
Restricted bank deposits	–	–	–	587	587
Cash and cash equivalents	–	–	–	35,048	35,048
Total	12,037	4,433	323	79,609	96,402

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	RMB million	*RMB million*	*RMB million*
Trade and bills payables	–	74,408	74,408
Financial liabilities included in other payables and accruals	–	19,251	19,251
Derivative financial instruments	86	–	86
Interest-bearing bank loans and other borrowings	–	38,508	38,508
Total	86	132,167	132,253

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income	–	–	313	–	313
Trade receivables	–	–	–	17,423	17,423
Bills receivables	–	–	–	774	774
Financial assets included in prepayments, other receivables and other assets	–	–	–	1,915	1,915
Financial assets at fair value through profit or loss	19,640	–	–	–	19,640
Financial assets at fair value through other comprehensive income	–	7,547	–	–	7,547

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Time deposits	–	–	–	7,563	7,563
Restricted bank deposits	–	–	–	75	75
Cash and cash equivalents	–	–	–	62,693	62,693
Total	19,640	7,547	313	90,443	117,943

Financial liabilities

	Financial liabilities at amortised cost
	RMB million
Trade and bills payables	101,496
Financial liabilities included in other payables and accruals	20,396
Interest-bearing bank loans and other borrowings	23,166
Total	145,058

As at 31 March 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income	–	–	282	–	282
Trade receivables	–	–	–	21,270	21,270
Bills receivables	–	–	–	330	330
Financial assets included in prepayments, other receivables and other assets	–	–	–	2,154	2,154
Financial assets at fair value through profit or loss	29,336	–	–	–	29,336
Financial assets at fair value through other comprehensive income	–	1,802	–	–	1,802
Time deposits	–	–	–	16,239	16,239
Restricted bank deposits	–	–	–	2,303	2,303
Cash and cash equivalents	–	–	–	37,498	37,498
Total	29,336	1,802	282	79,794	111,214

Financial liabilities

	Financial liabilities at amortised cost
	RMB million
Trade and bills payables	102,403
Financial liabilities included in other payables and accruals	19,152
Interest-bearing bank loans and other borrowings	21,630
Total	143,185

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits, the current portion of time deposit, trade and bill receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, the current portion of financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value management of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At the end of each of the Relevant Periods, the corporate finance team analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the bills receivable classified as financial assets at fair value through other comprehensive income have been calculated by discounting the expected future cash flows. In addition, the bills receivable will mature within one year, and thus their fair values approximate to their carrying values.

The Group invests in unlisted investments, which represent structured deposit, wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of structured deposit by using a discounted cash flow valuation approach, and estimated the fair value of wealth management products based on the valuation report released by the wealth management product manager where available and consider liquidity discount where applicable.

Derivative financial instruments, including forward currency contracts, interest rate swaps are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management applies valuation techniques mainly comprise discounted cash flow approach and market comparable company approach to determine fair value. The sensitivity of fair values has been assessed that changes in unobservable inputs which reflect reasonable alternative assumptions would not result in significant changes in fair values.

The fair values of the non-current portion of time deposits, interest-bearing bank borrowings, long-term receivable, debt investment and long-term payables included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income	89	–	260	349
Bills receivables included in financial assets at fair value through other comprehensive income	–	2,359	–	2,359
Financial assets at fair value through profit or loss	106	13,792	33	13,931
Derivative financial instruments	–	241	–	241
Total	195	16,392	293	16,880

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income	61	–	262	323
Bills receivables included in financial assets at fair value through other comprehensive income	–	4,433	–	4,433
Financial assets at fair value through profit or loss	–	11,961	45	12,006
Derivative financial instruments	–	31	–	31
Total	61	16,425	307	16,793

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income	–	–	313	313
Bills receivables included in financial assets at fair value through other comprehensive income	–	7,547	–	7,547
Financial assets at fair value through profit or loss	–	19,579	61	19,640
Total	–	27,126	374	27,500

As at 31 March 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
Equity investments designated at fair value through other comprehensive income	–	–	282	282
Bills receivables included in financial assets at fair value through other comprehensive income	–	1,802	–	1,802
Financial assets at fair value through profit or loss	–	29,278	58	29,336
Total	–	31,080	340	31,420

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Equity investments at fair value through other comprehensive income					
At the beginning of the year/period	243	260	262	262	313
Total gains recognised in other comprehensive income	2	107	51	(3)	(31)
Purchases	15	25	–	–	–
Disposals	–	(130)	–	–	–
At the end of the year/period	260	262	313	259	282

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million (unaudited)*	*RMB million*
Financial assets at fair value through profit or loss					
At the beginning of the year/period	33	33	45	45	61
Total gains recognised in profit or loss	–	2	1	2	(3)
Purchases	–	10	15	–	–
At the end of the year/period	33	45	61	47	58

Liabilities measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
Derivative financial instruments	–	3	–	3

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
Derivative financial instruments	–	86	–	86

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans, other interest-bearing loans and cash and deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. The directors review and agree policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term interest-bearing bank borrowings with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As of 31 December 2022, 2023, 2024 and 31 March 2025, approximately 86%, 73%, 59% and 92% of the Group's interest-bearing borrowings bore interest at fixed rates.

If the interest rate of bank borrowings had increased/decreased in 10 basis points and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB5 million, RMB10 million, RMB9 million and nil for the years ended 31 December 2022, 2023, 2024 and the three months ended 31 March 2025, respectively.

(b) Foreign currency risk

The Group is exposed to transactional exchange rate risk. Such risks arise from transactions conducted by an operating entity in a currency other than its functional currency. To ensure the currency risk exposure of the Group is kept to an acceptable level and seeks to minimise the gap between assets and liabilities in the same currency. The Group has used the foreign currency forward contracts to manage foreign currency risk associated with foreign currency-denominated assets and liabilities.

The following table shows the sensitivity analysis of exchange rate risk, reflecting the impact of reasonable and possible changes in foreign currency exchange rate on profit before tax under the assumption that other variables remain unchanged:

	Increase/(decrease) in exchange rates	Increase/(decrease) in profit before tax
	%	*RMB million*
As at 31 December 2022		
If the USD strengthens against the RMB	5	215
If the USD weakens against the RMB	5	(215)
As at 31 December 2024		
If the USD strengthens against the RMB	5	100
If the USD weakens against the RMB	5	(100)
If the RUB strengthens against the RMB	5	463
If the RUB weakens against the RMB	5	(463)
As at 31 March 2025		
If the USD strengthens against the RMB	5	584
If the USD weakens against the RMB	5	(584)
If the RUB strengthens against the RMB	5	490
If the RUB weakens against the RMB	5	(490)
If the EUR strengthens against the RMB	5	181
If the EUR weakens against the RMB	5	(181)

Due to the utilization of foreign currency forward contracts, as at 31 December 2023, the Group is not exposed to material foreign currency risks.

(c) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

As at 31 December 2022, 2023, 2024 and 31 March 2025, the Group had certain concentrations of credit risk as 18%, 24%, 30% and nil of the Group's trade receivables were due from the Group's largest customer, and 22%, 38%, 51% and 34% of the Group's trade receivables were due from the Group's five largest customers, respectively. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the reporting period. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial assets at fair value through other comprehensive income	–	–	–	2,359	2,359
Contract assets	–	–	–	1,187	1,187
Trade receivables*	–	–	–	10,794	10,794
Bill receivables	–	–	–	6,167	6,167
Financial assets included in prepayments, other receivables and other assets					
– Normal**	15,203	–	10,771	–	25,974
Time deposits	5,360	–	–	–	5,360
Pledged deposits					
– Not yet past due	932	–	–	–	932
Cash and cash equivalents					
– Not yet past due	12,686	–	–	–	12,686
Total	34,181	–	10,771	20,507	65,459

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial assets at fair value through other comprehensive income	–	–	–	4,433	4,433
Contract assets	–	–	–	455	455
Trade receivables*	–	–	–	12,621	12,621
Bill receivables	–	–	–	10,805	10,805
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,403	–	15,412	–	19,815
Time deposits	4,998	–	–	–	4,998
Pledged deposits					
– Not yet past due	587	–	–	–	587
Cash and cash equivalents					
– Not yet past due	35,048	–	–	–	35,048
Total	45,036	–	15,412	28,314	88,762

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial assets at fair value through other comprehensive income	–	–	–	7,547	7,547
Trade receivables*	–	–	–	18,488	18,488
Bill receivables	–	–	–	774	774
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,157	–	1,771	–	3,928
Time deposits	7,563	–	–	–	7,563
Pledged deposits					
– Not yet past due	75	–	–	–	75
Cash and cash equivalents					
– Not yet past due	62,693	–	–	–	62,693
Total	72,488	–	1,771	26,809	101,068

As at 31 March 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial assets at fair value through other comprehensive income	–	–	–	1,802	1,802
Trade receivables*	–	–	–	22,338	22,338
Bill receivables	–	–	–	330	330
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,373	–	1,770	–	4,143
Time deposits	16,239	–	–	–	16,239
Pledged deposits					
– Not yet past due	2,303	–	–	–	2,303
Cash and cash equivalents					
– Not yet past due	37,498	–	–	–	37,498
Total	58,413	–	1,770	24,470	84,653

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the Historical Financial Information.

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans, and other available sources of financing.

The maturity profile of the Group's financial liabilities as at the end of the each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

Group

	As at 31 December 2022				
	Within one year or on demand	In the second year	In the third to fifth year	Beyond five years	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Lease liabilities	46	46	142	–	234
Interest-bearing bank loans and other borrowings (excluding lease liabilities)	19,327	12,536	2,094	–	33,957
Trade and bills payables	51,708	–	–	–	51,708
Bonds payables	91	655	–	–	746
Other payables and accruals	9,326	110	220	5,163	14,819
Total	80,498	13,347	2,456	5,163	101,464

	As at 31 December 2023				
	Within one year or on demand	In the second year	In the third to fifth year	Beyond five years	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Lease liabilities	154	154	185	92	585
Interest-bearing bank loans and other borrowings (excluding lease liabilities)	34,832	3,755	3,216	31	41,834
Trade and bills payables	74,408	–	–	–	74,408
Other payables and accruals	14,174	110	220	5,753	20,257
Total	123,568	4,019	3,621	5,876	137,084

	As at 31 December 2024				
	Within one year or on demand	In the second year	In the third to fifth year	Beyond five years	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Lease liabilities	517	355	620	1,514	3,006
Interest-bearing bank loans and other borrowings (excluding lease liabilities)	21,062	1,760	2,548	63	25,433
Trade and bills payables	101,496	–	–	–	101,496
Other payables and accruals	16,778	400	1,091	3,484	21,753
Total	139,853	2,515	4,259	5,061	151,688

	As at 31 March 2025				
	Within one year or on demand	In the second year	In the third to fifth year	Beyond five years	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Lease liabilities	593	272	572	1,483	2,920
Interest-bearing bank loans and other borrowings (excluding lease liabilities)	16,835	2,909	3,833	193	23,770
Trade and bills payables	102,403	–	–	–	102,403
Other payables and accruals	14,249	1,268	1,275	3,936	20,728
Total	134,080	4,449	5,680	5,612	149,821

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022, 2023, 2024 and the three months ended 31 March 2025.

The Group monitors capital using an asset-liability ratio, which is total liabilities divided by total assets. The asset-liability ratio as at the end of the reporting period was as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB million	*RMB million*	*RMB million*	*RMB million*
Total assets	121,960	179,434	213,996	210,478
Total liabilities	113,545	164,853	188,072	184,683
Asset-liability ratio	93%	92%	88%	88%

50. EVENTS AFTER THE RELEVANT PERIODS

On 28 April 2025, JSC Chery Automobile RUS ("Chery RUS"), a wholly-owned subsidiary of the Group which primarily engaged in the sales of passenger vehicles in Russia, entered into agreements with three companies in Russia. Pursuant to the agreements, Chery RUS agreed to transfer its inventories, related warranty obligations, and the local distribution network. Upon completion of the transaction, the Group was to recognize a disposal gain, primarily attributable to the disposal of its distributor network in Russia.

51. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 March 2025.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

TAXES FOR SECURITIES HOLDERS

The income tax and the tax on capital gains for holders of H Shares shall be subject to the laws and practices of PRC and the jurisdictions in which the holders of H Shares are residents or subject to taxes for other reasons. The following summary of certain relevant tax provisions is based on current laws and practices, subject to change and not intended to be legal or tax advice. The discussion is not intended to cover all the possible tax consequences of the [**REDACTED**] in H Shares, nor does it take into account the particular circumstances of any individual investor, some of which may be subject to special rules. Therefore, you should consult a tax advisor for advice on the tax consequences of the [**REDACTED**] in H Shares. The discussion is based on the laws and related interpretations in force as of the date of this document, which are subject to change and may have retroactive effect.

The discussion does not address any PRC tax issues other than income tax, capital tax, value-added tax, stamp duty and estate duty. Prospective investors are advised to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of H Shares.

Taxation Regarding Dividends

Individual investor

Pursuant to the latest amended Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) (the "**IIT Law**") on August 31, 2018 and the latest Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) amended on December 18, 2018, dividend distributions by Chinese enterprises are subject to a PRC withholding tax at a flat rate of 20%. For foreign individuals who are not Chinese residents, dividends received from Chinese enterprises are generally subject to a tax rate of 20%, unless specifically exempted by the tax authorities of the State Council or exempted or reduced under an applicable tax treaty.

According to the Circular of State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) issued by the SAT on June 28, 2011, domestic non-foreign invested enterprises with shares issued in Hong Kong are allowed to withhold individual income tax at a rate of 10% on dividend distributions. For individual holders of H shares who receive dividends and are residents of countries with which the PRC has entered into tax treaties with a tax rate of less than 10%, a non-foreign invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for the right to enjoy the preferential treatment of lower tax rate, and once approved by the tax authorities, any over-payment of the withholding tax will be refunded. For individual holders of H shares who receive dividends and are residents of countries with which China has entered into a tax treaty with a tax rate higher than 10% but lower than 20%, the non-foreign invested enterprises are required to withhold tax according to

the agreed tax rate of the treaty without the need to file an application. For individual holders of H shares who receive dividends and are residents of countries with which China has not entered into a tax treaty, the non-foreign invested enterprises are required to withhold tax at a rate of 20%.

Corporate investor

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) promulgated by the National People's Congress on March 16, 2007 and last amended on December 29, 2018 and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council on December 6, 2007, which became effective on January 1, 2008 and was last amended on January 20, 2025, the enterprise income tax rate will be 25%. A non-resident enterprise that does not have an establishment or premise in China, or that has an establishment or premise in China but its income from sources in China is not physically connected with its establishment or premise, is generally subject to an enterprise income tax rate of 10% on its income from sources in China (including dividends received from a PRC resident enterprise). The foregoing income tax payable by non-resident enterprises is subject to withholding at source, in which the payer of the income is required to withhold it from payments due to the non-resident enterprise.

As further clarified in the Circular of the State Administration of Taxation on Issues Relating to the Withholding and Payment of the Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued and implemented by the SAT on November 6, 2008, Chinese resident enterprises shall withhold and pay the enterprise income tax at a uniform rate of 10% on behalf of the overseas non-resident enterprise holders of H shares when distributing dividends for 2008 and subsequent years.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Arrangement**"), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by such PRC-resident enterprise. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after

taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》).

Tax treaty

Non-resident investors living in jurisdictions that have entered into treaties with China on the avoidance of double taxation or made relevant adjustments shall be entitled to the relief from the enterprise income tax on dividends received from Chinese resident companies. China has entered into treaties or arrangements on the avoidance of double taxation with a number of countries and regions, including Hong Kong, the Macao Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. Non-Chinese resident enterprises entitled to preferential tax rates under the relevant tax treaties or arrangements shall apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed rate, and the refund application shall be approved by the Chinese tax authorities.

Taxation Regarding Share Transfer

Value added tax and local surtax

Pursuant to the Circular on Comprehensive Launch of Pilot Replacement of Business Tax with Value-added Tax (《關於全面推開營業税改徵增值税試點的通知》) (the "**Circular 36**"), which was implemented on May 1, 2016, entities and individuals engaging in the sale of services within the PRC are subject to VAT, and "engaging in the sale of services within the PRC" means that the seller or buyer of taxable services is located in China. Circular 36 also provides that, for general or foreign VAT payers, transfers of financial products (including transfers of ownership of marketable securities) are subject to 6% VAT on the taxable income (i.e., the balance of the sale price less the purchase price). However, the transfer of financial products by individuals is exempted from VAT, as stipulated in the Circular of the Ministry of Finance and the State Administration of Taxation on Certain Exemptions from Business Tax on the Sale and Purchase of Financial Commodities by Individuals (《財政部、國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》), which came into effect on January 1, 2009, and the Provisions on Transitional Policies of the Pilot Program for the Change from Business Tax to Value-added Tax (《營業税改徵增值税試點過渡政策的規定》), which was promulgated by the Ministry of Finance and the State Administration of Taxation and came into effect on May 1, 2016 and partly invalid on July 1, 2017 and January 1, 2018. Pursuant to these provisions, the sale or disposal of H Shares is exempt from PRC value-added tax if the holder is a non-resident individual.

In addition, VAT payers are also subject to urban maintenance and construction tax, education surtax and local education surtax (collectively the "**local surtax**"), which is usually 12% of the actual VAT, business tax and consumption tax (if any) payable in urban areas in China.

Income Tax

Individual investor

Under the Individual Income Tax Law, gains from the transfer of equity interests in Chinese resident enterprises shall be subject to a 20% individual income tax. According to the Circular on Continued Temporary Exemption of Individual Income Tax on Income from Transfer of Stocks (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) promulgated by the MOF and the SAT on March 30, 1998, individuals shall continue to be temporarily exempted from the individual income tax on the income from the transfer of shares in listed companies from January 1, 1997.

According to the Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) jointly promulgated by the MOF, the SAT and the CSRC on December 31, 2009, which came into effect on the same date, individuals shall continue to be exempted from the individual income tax on the income from the transfer of listed shares acquired from the public offering of listed companies and the transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, with the exception of the relevant restricted shares as defined in the above Circular and the Supplementary Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》), which was jointly promulgated and enforced by the MOF, the SAT and the CSRC on November 10, 2010. As of the Latest Practicable Date, the above provisions did not expressly provide for imposition of the individual income tax on the transfer of shares of Chinese resident enterprises listed on overseas stock exchanges by non-Chinese resident individuals.

Corporate investor

According to the Enterprise Income Tax Law, if a non-resident enterprise does not have an institution or premise in China, or has an institution or premise in China but its income derived from China is not actually related to the above-mentioned Chinese institution or premise, it is generally required to pay a 10% enterprise income tax on its income derived from China (including proceeds from sales of equity interest of a Chinese resident enterprise). The enterprise income tax payable by a non-resident enterprise shall be withheld at source, and the payer of the income shall withhold the income tax from the amount to be paid to the non-resident enterprise. The tax may be reduced or exempted under tax treaties or arrangements for the avoidance of double taxation.

Stamp duty

According to the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花税法》), which was promulgated on June 10, 2021 and became effective on July 1, 2022, all the entities and individuals that enter into taxable documents and engage in securities transactions within China shall be taxpayers of stamp duty and shall pay stamp duty in accordance with the provisions of the Stamp Duty Law of the People's Republic of China. Therefore, the provisions on the stamp duty levied on the transfer of shares of listed companies in China do not apply to the purchase and disposal of H shares by non-Chinese investors outside China.

Estate duty

As of the date of this document, no estate duty has been imposed on the Company in the PRC under PRC law.

Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect Taxation Policy

On October 31, 2014 and November 5, 2016, the Ministry of Finance, the SAT and the CSRC jointly issued the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (《關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》) and the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by PRC enterprise investors. The tax payable shall be declared and paid by the enterprises themselves.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the "**CSDC**"), which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

Hong Kong Taxation

Dividend Taxation

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares effected on the Stock Exchange.

Capital gains from the sale of H Shares that are derived from outside Hong Kong but received in Hong Kong by a member of a MNE Group (as defined under the Inland Revenue Ordinance (Cap. 112) ("**IRO**") carrying on a trade, profession or business in Hong Kong, may be chargeable to Hong Kong profits tax if the member does not carry on specified economic activities (as defined under the IRO) in Hong Kong. Tax exemption and relief for foreign tax imposed on the gain may apply where specific conditions are met.

Trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. A concessionary tax rate at half of the applicable tax rate may apply to the first $2 million of assessable profits of corporations or unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Hong Kong has also introduced the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024 to implement a domestic minimum top-up tax. For all fiscal years commencing on or after 1 January 2025, income of a constituent entity of an in-scope MNE group that is located in Hong Kong may also be subject to top-up tax.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of the Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

Pursuant to the Revenue (Abolition of Estate Duty) Ordinance 2005, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after February 11, 2006.

MAIN TAXES OF THE COMPANY IN CHINA

Please refer to the chapter titled "Regulatory Overview" of this document.

FOREIGN EXCHANGE

Renminbi (the "**RMB**"), the legal tender of China, is subject to foreign exchange control and cannot be freely convertible into foreign currencies. The State Administration of Foreign Exchange (the "**SAFE**") under the People's Bank of China (the "**PBOC**") is responsible for all matters related to foreign exchange, including the implementation of foreign exchange control regulations.

According to the Regulations on Foreign Exchange Control of the People's Republic of China (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, implemented on April 1, 1996, and last revised on August 5, 2008 (the "**Regulations on Foreign Exchange Control**"), all international payments and transfers shall be classified into the current account and capital account. The current account shall be subject to the reasonable examination of the authenticity of transaction documents and their consistency with foreign exchange receipts and payments by the financial institutions engaging in the business of foreign exchange settlement and sales, and shall be subject to the supervision and inspection by the foreign exchange administrative authorities. With regard to the capital account, foreign organizations and individuals making direct investments in China shall, upon approval by the competent authorities concerned, register with the foreign exchange administrative authorities. The foreign exchange income obtained from abroad may be repatriated or deposited abroad. Foreign exchange funds and foreign exchange settlement funds under the capital account shall be used for the purposes approved by the relevant competent authorities and the foreign exchange administrative authorities. When there is or may be a serious imbalance in the balance of payments, or when there is or may be a serious crisis in the national economy, the State may take measures necessary to guarantee and control the balance of payments.

The Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, have abrogated other restrictions on foreign exchange under the current account, but imposed existing restrictions on foreign exchange transactions under the capital account.

According to the Announcement on Improving the Reform of the RMB Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》) promulgated and implemented by the PBOC on July 21, 2005, China began to implement a managed floating exchange rate system, with the exchange rate adjusted according to market supply and demand and with reference to a basket of currencies on July 21, 2005. Therefore, the RMB exchange rate is no longer linked to the US dollar. The PBOC shall announce, after the market closes on each working day, the closing price of the exchange rate of the US dollar and other currencies traded in the interbank foreign exchange market against RMB on that day, which serves as the median price for transactions of that currency against RMB on the following working day.

According to China's relevant laws and regulations, when Chinese enterprises (including foreign-invested enterprises) require foreign exchange for current account transactions, they may make payments through foreign exchange accounts opened in designated foreign exchange banks without the approval of foreign exchange control agencies, but valid transaction receipts and vouchers shall be provided. If a foreign-invested enterprise needs to distribute profits to its shareholders through foreign exchange, and a Chinese enterprise (such as the Company) needs to pay dividends to its shareholders through foreign exchange according to relevant regulations, it may make payments from the foreign exchange account of a designated foreign exchange bank or make exchanges and payments at a designated foreign exchange bank according to the resolution of the Board or the general meeting on profit distribution.

According to the Decision of the State Council on the Cancellation and Adjustment of a Batch of Items Requiring Government Review and Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on October 23, 2014, it decided to cancel the examination and approval requirements of the SAFE and its branches for the remittance and settlement of proceeds raised from the overseas listing of overseas shares into domestic accounts in RMB.

According to the Circular of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued and implemented by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from the date of closing of overseas listing, apply for the registration of overseas listing with the local branch of the SAFE at the place of its incorporation. Proceeds from the overseas listing of the domestic company may be repatriated to a domestic account or deposited in an overseas account, provided that the use of the proceeds is consistent with the contents set out in this document and other disclosure documents.

Pursuant to the Provisions on Foreign Exchange Administration for Direct Investment by Foreign Investors in China (《外國投資者境內直接投資外匯管理規定》), which were promulgated on May 10, 2013, became effective on May 13, 2013, were amended on October 10, 2018 and were partially repealed on December 30, 2019, the administration of direct investment by foreign investors in the PRC by the SAFE or its local branches is required to be carried out by means of registration, and banks are required to process foreign exchange transactions relating to direct investment in the PRC on the basis of the registration information provided by the SAFE and its branches.

In accordance with the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policy on Foreign Exchange Management of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was promulgated by the SAFE on February 13, 2015, came into effect on June 1, 2015 and was partially repealed on December 30, 2019, foreign exchange registration for domestic direct investment and overseas direct investment will be directly reviewed and processed by banks, while the SAFE and its branches shall indirectly supervise the foreign exchange registration through banks.

A foreign-funded enterprise may, based on its operating needs, voluntarily settle the foreign exchange capital, pursuant to the Circular of the State Administration of Foreign Exchange Concerning Reform of the Administrative Approaches to Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which was promulgated on March 30, 2015, validated on June 1, 2015, abolished in part on December 30, 2019 and amended in part on March 23, 2023. Foreign-invested enterprises shall not use foreign exchange capital funds settled in RMB for (a) any expenditure outside the scope of business of the foreign-invested enterprise or prohibited by laws and regulations; (b) direct or indirect investment in securities; (c) issuance of entrusted loans (except for those permitted by the scope of business), repayment of inter-enterprise loans (including advances by third parties) or repayment of RMB bank loans that have been transferred to third parties; and (d) purchase of real estate that is not for its own use (except for real estate enterprises).

According to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Policy on Settlement Management of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated and implemented by the SAFE on June 9, 2016, which was amended in part on December 4, 2023, relevant policies have made it clear that domestic institutions may settle their foreign exchange incomes under the capital account (including funds raised from the overseas listing), which are subject to discretional settlement, with banks as actually needed for business operation. The proportion of foreign exchange income under capital account that domestic institutions intend to settle is tentatively set at 100%, provided that the SAFE may adjust the relevant proportion according to the international payment balance status in good time.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential [**REDACTED**]. For discussion of laws and regulations specifically governing the business of the Company, please see section entitled "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 Amendment) (《中華人民共和國立法法(2023年修訂)》) (the "**Legislation Law**"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, environmental protection, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels and special people's courts.

The people's courts apply a two-tier appellate system. A party may appeal against a judgment or order of a local people's court to the people's court at the next higher level. Second judgments or orders given at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgment or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (2023 revision) (《中華人民共和國民事訴訟法(2023修正)》) (the "**Civil Procedure Law**"), which was adopted in 1991 and amended in 2007, 2012, 2017 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought,

provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

Where a party applies for enforcement of judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE COMPANY LAW AND ADMINISTRATIVE MEASURES

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law (2023 Amendment) (《中華人民共和國公司法(2023修正)》) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively and the latest amendment of which was implemented on July 1, 2024;

- Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") which were promulgated by the China Securities Regulatory Commission (the "**CSRC**") on February 17, 2023, came into effect on March 31, 2023, applicable to the overseas share subscription and listing of joint stock limited companies;

- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidance for Articles of Association**") which was latest amended and came into effect on March 28, 2025 by the CSRC.

Set out below is a summary of the major provisions of the Company Law and the Trial Measures applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Where any laws stipulate that a joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies, such requirements shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters shall pay the subscription monies in full for the shares they have subscribed for before the company is incorporated.

The convening and voting procedures of the establishment meeting of a joint-stock company established by way of promotion shall be stipulated in the company's articles of association or the agreement between the promoters. The sponsors who raise funds to establish a joint-stock company shall preside over and convene the establishment meeting of the company within thirty days from the date of full payment of the shares that should be issued when the company is established, and notify all subscribers or announce the date of the meeting 15 days prior to the date of the establishment meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in

the company. At the inaugural meeting, matters including the report on organization of the company, the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must authorize a representative to apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company shall issue registered share.

Under the Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any subscriber.

To issue shares overseas, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Pursuant to the PRC Company Law, a company may, according to its articles of association, issue the following classified shares, which have different rights from those of the common shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the common shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classified shares provided by the State Council. A company making a public offering of shares shall not issue any of the classified shares as prescribed on items (ii) and (iii), except those issued prior to the public offering.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law.

Under the Company Law, a joint-stock company shall maintain a register of members which shall be kept at the company and set forth the following matters:

- the name and domicile of each shareholder;
- the class and number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder if the shares are issued in paper form; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. Where a company raises shares from the public, it shall register with the security regulatory organization under the State Council and announce the prospectus. After the new share issuance has been paid up, an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed;

- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;

- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by the company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders of a joint-stock company may be transferred to other shareholders or to persons other than shareholders; if the company's articles of association impose restrictions on the transfer of shares, such transfer shall be effected in accordance with the provisions of the company's articles of association. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. Transfer of shares may be carried out by

endorsement of shareholders or in other manner specified by laws and administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its register of members. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions relevant laws, administrative regulations, or the requirements of the securities regulatory authority on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Where laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on the transfer of shares held by shareholders or de facto controllers of listed companies, such provisions shall prevail. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the Company Law, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect and copy the company's articles of association, share register, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' general meeting exercises the following principal powers:

- to elect or remove the directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

- to examine and approve reports of the board of directors;

- to examine and approve reports of the board of supervisors;

- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;

- to decide on any increase or reduction of the company's registered capital;

- to decide on the issue of bonds by the company;

- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;

- to amend the company's articles of association; and

- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for more than 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, except for class shareholders. Shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; (iv) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

Under the Company Law, a joint stock limited company shall have a board of directors. If the board of directors has more than three members, it may include an employees' representative of the company. Where a company has 300 or more employees, the board of directors shall include the employees' representatives of the company unless the board of supervisors has been established and includes employees' representatives of the company according to law. The employees' representatives in the board of directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of a director during his term of office results in the number of directors being less than the quorum. If a director resigns, he shall notify the company in writing and the resignation shall take effect on the date of receipt of the notification by the company; however, if the circumstances stipulated in the preceding paragraph exist, the director shall continue to perform his duties.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' meetings and report on its work to the shareholders' meetings;

- to implement the resolutions passed in shareholders' meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association or authorized by the shareholders' meeting.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman of the board of directors shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint the vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;

- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, and in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;

- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order for closure; or

- a person who is liable for a relatively large amount of debts that are overdue and being listed as a dishonest person subject to enforcement by the people's court.

Board of Supervisors

A joint stock limited company has a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of a supervisor during his term of office results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;

- to propose the convening of extraordinary shareholders' meetings and to convene and preside over shareholders' meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;

- to initiate proposals for resolutions to shareholders' general meeting;

- to initiate proceedings against directors and senior management;

- other powers specified in the articles of association; and

- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

A joint stock limited company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors as provided for in this Law. It may not have a board of supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by this Law.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or dismissed by the board of directors.

The manager shall be responsible to the board of directors and shall exercise his duties and powers in accordance with the provisions of the company's articles of association or the authorization of the board of directors. The manager shall attend board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management shall take measures to avoid conflicts between their own interests and the interests of the company, and shall not make use of their positions to gain undue advantage. They shall also owe a duty of diligence to the company and shall perform their duties with the reasonable care normally expected of a person in management position in the best interests of the company. Directors and senior management are prohibited from:

- embezzlement of company properties and misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- utilising power to accept bribe or accept other illegal income;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Where a director, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. When utilizing reserve funds to make up for a company's losses, the discretionary reserve fund and statutory reserve fund should be used first; if the losses still cannot be made up, the capital reserve fund may be used in accordance with regulations. Upon the conversion of statutory common reserve fund into increasing the registered capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting, board of directors or board of supervisors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, board of directors or board of supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidance for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be revoked; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management and the ongoing existence of the company would bring significant losses for shareholders that cannot be resolved through other means.

In the event of (i) or (ii) above and in case that no assets have been distributed to shareholders, it may carry on its existence by amending its articles of association or by a resolution of shareholders' meeting. The amendment of the articles of association or by a resolution of shareholders' meeting in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in items (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The liquidation committee shall be composed of directors, unless the company's articles of association provide otherwise or the shareholders' meeting resolves to elect someone else. If the liquidation obligator fails to fulfill its liquidation obligations in a timely manner and causes losses to the company or creditors, it shall be liable for compensation. If a liquidation committee is not established within the stipulated period or if the liquidation is not carried out after the establishment of the liquidation committee, the interested parties may apply with the people's court for setting up a liquidation committee with designated relevant personnel to conduct the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to distribute the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public

notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy liquidation.

Following the acceptance of application for bankruptcy by the People's Court, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification and the report shall be submitted to the registration authority of the company in order to cancel the company's registration. When performing the duties in relation to the liquidation, members of the liquidation committee shall bear the duties of loyalty and diligence.

If members of the liquidation committee are reluctant in performing their liquidation duties and cause losses to the company, they shall be liable for compensation. A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Trial Measures, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法》(2019年修訂)) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》), promulgated and implemented by the State Council on April 22,1993, deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council for listing its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution and one party filed a lawsuit with the people's court, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award made by the PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral

Awards (《承認及執行外國仲裁裁決公約》) (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000 and was amended by the Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (2020) (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排(2020)》). In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Old Arrangement**") promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, which was expired, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, the PRC Supreme Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), which replaces the Old Arrangement and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement came into effect on January 29, 2024.

This appendix contains a summary of the principal provisions of the Company's Articles of Association, which will take effect on the date when the Company's H shares are [**REDACTED**] on the Hong Kong Stock Exchange. This appendix is primarily intended to provide potential [**REDACTED**] with an overview of the Company's Articles of Association. Therefore, it may not contain all the information that is important to potential [**REDACTED**].

SHARES AND REGISTERED CAPITAL

The Shares shall be presented by share certificates. The Shares issued by the Company shall be denominated in RMB. The par value per Share is RMB1.

The Shares shall be issued in a transparent, fair and just manner, and shall rank pari passu in all respects with the Shares of the same class. The terms and price of each of the Share of the same class in the same issuance shall be the same, and every Share subscribed by subscribers in the same issuance shall have the same price.

The shares of the Company [**REDACTED**] on the Hong Kong Stock Exchange are known as "H shares", which are authorized to be [**REDACTED**] on the Hong Kong Stock Exchange, with nominal value denominated in Renminbi and subscribed and traded in Hong Kong dollars.

Subject to the approval and filing by the security regulatory authority under the State Council and the consent of the Stock Exchange of Hong Kong, all or part of the Company's domestic unlisted shares may be converted into overseas listed shares, and the converted overseas listed shares may be listed and traded on overseas stock exchanges.

INCREASE, DECREASE AND REPURCHASE OF SHARES

(1) Increase of Shares

In accordance with laws and regulations, the Company may, based on its operating and development needs and the resolution of a Shareholders' general meeting, increase its capital in the following manners:

(1) issuance of Shares to Non-Specific Target investors;

(2) issuance of Shares to Specific Target investors;

(3) bonus issue of Shares to existing Shareholders;

(4) transfer of reserve fund into capital;

(5) adopting any other means stipulated in the laws and administrative regulations and approved by China Securities Regulatory Commission and Hong Kong Stock Exchange.

(2) Decrease of Shares

The Company may reduce its registered capital. The Company's reduction of registered capital shall be conducted in accordance with the procedures stipulated in the Company Law and other relevant regulations, regulatory rules of the places where the shares of Company are listed, other securities regulatory rules and the Articles of Association.

(3) Repurchase of Shares

Except under the following circumstances, the Company may not repurchase its Shares:

(1) to reduce the registered capital of the Company;

(2) to merger with other companies that hold shares of the Company;

(3) to grant the shares for employee shareholding scheme or as equity incentive;

(4) where shareholders require the Company to purchase their shares due to their disagreement on the merger or division resolution passed by a shareholders' general meeting;

(5) to use the shares in the conversion of the convertible corporate bonds issued by the listed Company;

(6) to preserve the Company's value and Shareholders' interests as necessary;

(7) in other circumstances as stipulated by laws, administrative regulations and regulatory rules of the stock exchange(s) of the places where the Company's shares are listed.

The Company may acquire its own Shares through open and centralized trading, or in any other manner permitted by laws, administrative regulations, the CSRC and the Stock Exchange. Where the Company acquires its own Shares under the circumstances set forth in sub-paragraphs (3), (5) and (6) above, it shall do so through open and centralized trading.

Any acquisition by the Company of its shares under any of the circumstances set forth in sub-paragraphs (1) and (2) shall be subject to a resolution of a Shareholders' general meeting; while any acquisition by the Company of its shares under the circumstances set forth in sub-paragraphs (3), (5) and (6) shall, pursuant to the Articles of Association or the authorization of a Shareholders' general meeting, be subject to a resolution of a meeting of the Board of Directors at which two-thirds or more of the Directors are present.

The Shares acquired by the Company shall, under the circumstance set forth in sub-paragraph (1), be cancelled within 10 days from the date of acquisition; while under the circumstances set forth in sub-paragraph (2) or (4) shall be disposed of or cancelled within six months; and while under the circumstances set forth in sub-paragraph (3), (5) or (6), aggregately not exceed 10% of its total issued shares and shall be disposed of or cancelled within three years.

(4) Transfer of Shares

The Company's shares may be transferred in accordance with the law.

The Company shall not accept its shares as the subject of a pledge.

The shares of the Company issued prior to the Company's [**REDACTED**] of shares shall not be transferred within 1 year from the date the shares of the Company being [**REDACTED**] and [**REDACTED**] on the stock exchange(s).

The Directors, Supervisors and senior management of the Company shall report to the Company the shares held by them and the changes thereof. During the term of their office as determined when they assume the posts, the shares transferred by any of them each year shall not exceed 25% of the total number of shares of the same class of the Company that he holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date when the shares of the Company are [**REDACTED**] and [**REDACTED**] in a stock exchange. If any of the aforesaid persons leaves from his post, he shall not transfer the shares of the Company that he holds within six months from such departure.

If the shares are pledged within the term of limited transfer prescribed by relevant laws and administrative regulations, the pledgee may not exercise the pledge right within the term of limited transfer.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

(1) Register of Shareholders

The Company shall establish a register of Shareholders based on the certificates provided by the securities registrar, and the register of shareholders shall be sufficient evidence of the Shareholders' shareholdings in the Company.

When the Company convenes a general meeting, distributes dividends, commences liquidation or engages in other acts that require the identification of Shareholders, the Board or the convener of the general meeting shall determine the record date of the Shareholders' registration. The Shareholders whose names appear on the register of Shareholders after the close of market trading on the record date shall be the Shareholder entitled to the relevant rights and interests.

(2) Rights and Obligations of Shareholders

The Shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other distributions in proportion to their shareholdings;

(2) to request, convene preside over, attend or appoint a Shareholder's proxy to attend the general meeting of Shareholders and to exercise voting rights;

(3) to supervise the Company's operations, to present proposals and to raise enquiries;

(4) to transfer, grant or pledge shares held by them in accordance with the laws, administrative regulations as well as the Articles of Association;

(5) to access and copy Articles of Association, register of shareholders, meeting minutes of the shareholders' general meeting, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors, and financial and accounting reports, Shareholders who meet the requirements may inspect the company's accounting books and vouchers;

(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;

(7) with respect to Shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to buy back their Shares;

(8) any other rights conferred by laws, administrative regulations, departmental rules, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

The Shareholders of the Company shall assume the following obligations:

(1) to abide by laws, administrative regulations, the departmental regulation, other securities regulatory rules of the places where the Company's shares are [**REDACTED**] and the Articles of Association;

(2) to pay subscription money according to the number of shares subscribed and the method of subscription;

(3) not to withdraw their shares except as otherwise provided by laws and regulations;

(4) not to abuse their shareholder rights to jeopardize the interests of the Company or other shareholders; and not to abuse the independent status of the Company as a legal entity and the limited liabilities of shareholders to jeopardize the interests of the Company's creditors;

(5) any other obligations imposed by laws, administrative regulations, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

The Shareholders of the Company who abuse their shareholder rights to cause losses to the Company or other shareholders shall be liable for compensation in accordance with the laws.

The Shareholders of the Company who abuse the independent status of the Company as a legal entity and the limited liabilities of shareholders to evade debts and seriously jeopardize the interests of the Company's creditors shall be jointly and severally liable for the debts of the Company.

The Shareholders holding 5% or more of the Company's Shares with voting rights shall, in the event of a pledge of the Shares held by them, report to the Company in writing from the date of occurrence of such fact.

(3) General Rules for the Shareholders' General Meeting

The Shareholders' general meeting is the organ of authority of the Company, which may exercise the following functions and powers in accordance with the law:

(1) to elect or change the Directors and Supervisors and to decide on the matters relating to the remuneration of the Directors and Supervisors;

(2) to consider and approve the reports of the Board of the Directors;

(3) to consider and approve the reports of the Board of the Supervisors;

(4) to consider and approve the Company's profit distribution proposals and loss recovery proposals;

(5) to decide on any increase or reduction of the Company's registered capital;

(6) to decide on the issue of corporate bonds;

(7) to decide on merger, division, dissolution or liquidation of the Company, or change of the corporate form of the Company;

(8) to amend the Articles of Association;

(9) to decide the appointment and dismissal of the accounting firms;

(10) to consider and approve the transaction matters as stipulated in Article 44, the financial assistance matters as stipulated in Article 45, the guarantee matters as stipulated in Article 46;

(11) to consider matters that the Company purchased or sold or guaranteed major assets within one year exceeding 30% of the Company's latest audited total assets;

(12) to consider related (connected) transactions that should be considered by the shareholders' meeting as stipulated in the Company's system of related (connected) transactions;

(13) to consider and approve the change in the use of proceeds from raising;

(14) to consider the share incentive schemes and employee shareholding scheme;

(15) to consider and approve other matters which are required to be determined at the shareholders' meeting as required by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

General meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every financial year within six months after the end of the previous financial year.

Extraordinary meetings shall be held from time to time, and the Company shall convene an extraordinary general meeting within two months from the occurrence of any of the following events:

(1) when the number of Directors is less than the quorum specified in the PRC Company Law or two-thirds of the total number specified in the Articles of Association;

(2) the unrecovered losses of the Company amount to one third of the total amount of its paid-up share capital;

(3) when Shareholder(s) severally or jointly holding 10% or more of the Company's shares request(s) to convene such meeting in writing;

(4) when deemed necessary by the Board of Directors;

(5) when proposed by the Board of Supervisors;

(6) other circumstances stipulated in the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed or the Articles of Association.

(4) Convening of General Meeting

General meetings shall be convened by the Board of Directors in accordance with the laws.

A majority of independent directors have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. In response to a proposal from independent directors that request to convene an extraordinary shareholders' meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within 5 days after the Board of Directors' resolution is made; if the Board of Directors disagrees to convene an extraordinary shareholders' meeting, it will state the reasons and make an announcement.

The Board of Supervisors have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall submit such request to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within 5 days after the Board of Directors' resolution is made, and any changes to the original proposal contained in the notice shall be approved by the Board of Supervisors.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable to perform or fails to perform its duty to convene the shareholders' meeting, and the Board of Supervisors shall convene and preside over the extraordinary shareholders' meeting of its own accord.

Shareholders individually or jointly holding 10% or more of the Company's shares have the right to request the Board of Directors to convene an extraordinary shareholders' meeting, and shall submit such request to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are [**REDACTED**] and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the request.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within five days after the Board of Directors' resolution is made, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting or fails to provide feedback within 10 days upon receipt of the request, shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' meeting and shall submit such request to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene an extraordinary shareholders' meeting, the Board of Auditors will issue a notice of convening the extraordinary shareholders' meeting within five days upon receipt of the request, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

If the Board of Supervisors fails to send a notice of general meeting before deadline, the Board of Supervisors shall be deemed to be unable to convene and preside over the meeting, the Shareholder(s) holding 10% or more of the voting Shares of the Company separately or in aggregate for 90 or more consecutive days may convene and preside over a meeting on its/their own.

(5) Proposals and Notices of General Meeting

At the general meeting, the Board of Directors, the Board of Supervisors and the Shareholder(s) individually or jointly holding at least 1% Shares of the Company may propose a proposal to the Company.

Shareholders who individually or collectively hold at least 1% of the Company's Shares may put forward a provisional proposal and submit it in writing to the convenor ten days prior to the convening of the Shareholders' meeting. Provisional proposals should have a clear topic and a specific resolution. The convenor shall issue a supplementary notice of the general meeting with the contents of the provisional proposal within two days after receiving the proposal and submit the provisional proposal to the general meeting for consideration. However, that the provisional proposal shall be in compliance with the provisions of the laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed and the Articles of Association or shall fall within the scope of functions and powers of the shareholders' meeting.

Subject to the above provisions, the convener after sending a notice of meeting shall not modify the motion listed in the notice of meeting or add a new motion.

The convener shall notify all shareholders at least 21 days prior to the convening of the annual general meetings by publishing an announcement, at least 15 days prior to the convening of the extraordinary general meetings by publishing an announcement.

(6) Convention of General Meeting

All shareholders whose names appear on the register of shareholders on the registration date or their proxies shall be entitled to attend the general meeting, and exercise their voting rights pursuant to the relevant laws, regulations, regulatory rules of the stock exchange where the shares of the Company are listed and the Articles of Association. Shareholders may attend in person or appoint proxies to attend and vote at general meetings on their behalf.

Where a shareholder is a legal person or other institution, its legal representative/managing partner or a proxy authorized by the legal representative/managing partner shall be entitled to attend the shareholders' meeting of the Company. The legal representative/managing partner attending the meeting shall present his/her own identity card and valid proof that can indicate his/her qualification as the legal representative/managing partner. If the legal representative/managing partner authorizes a proxy to attend the meeting, the proxy attending the meeting shall present his/her own identity card and the power of attorney issued by the legal representative/managing partner of the shareholder as a legal person or other institution in accordance with the law and exercise the voting right within the scope of authorization.

The proxy form issued by a Shareholder for a general meeting shall specify:

(1) the name of the principal, class and number of shares of the Company held by the principal;

(2) the name of the proxy;

(3) the specific instructions for voting for, against or abstaining from voting on each matter to be considered on the agenda of the general meeting;

(4) the date and validity of the proxy form;

(5) the signature (or seal) of the appointing Shareholder; if the appointing Shareholder is a legal person/other organization, the seal of the legal person/other organization shall be affixed.

The proxy form shall contain a statement that in the absence of instructions from the Shareholder, his/her proxy may vote at his/her discretion.

If the power of attorney authorizing voting rights is authorized by the principal to be signed by others, the power of attorney signed under authorization or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents, and the voting proxy form shall be kept at the Company's domicile or at other places as may be specified in the notice of convening the meeting.

If the appointing Shareholder is a legal person or other institution, then its proxy to attend the general meeting shall be the legal representative (person in charge)/managing partner, or any other person authorized by the Board of Directors or other decision-making body.

A shareholders' meeting shall be presided by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, a director jointly elected by a majority of the directors shall preside over the meeting.

A shareholders' meeting convened by the Board of Supervisors of its own accord shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, a supervisor jointly elected by a majority of the supervisor shall preside over the meeting.

The shareholders' meeting convened by shareholders of their own accord shall be presided over by the convener or a representative elected by the convener.

When a shareholders' meeting is held and the chairman violates the rules of procedure in a way that makes it difficult for the shareholders' meeting to continue, a person may be elected at the shareholders' meeting to act as the chairman so as to carry on with the meeting, subject to the approval of a majority of the attending shareholders holding voting rights.

The shareholders' meeting has meeting minutes, which shall be taken by the secretary to the Board of Directors, and include the following contents:

(1) Date, location, agenda, and name of the convener of the meeting;

(2) The name of the meeting chairman, the directors, the supervisors and other senior management officers attending or attending the meeting as non-voting participants;

(3) Number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by such shareholders, and the proportion over total shares of the Company;

(4) Consideration and approval process, key points of discussion, and voting results for each proposal;

(5) Shareholders' inquiries or suggestions and corresponding responses or explanations;

(6) Names of lawyers and tellers and scrutineers;

(7) Other contents that shall be recorded in the meeting minutes in accordance with the Articles of Association.

(7) Voting and Resolutions of General Meeting

Resolutions of Shareholders at the general meeting shall take the forms of ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by an attending Shareholders (including their proxies) holding a majority vote of the voting rights.

Special resolution at a general meeting shall be adopted by attending Shareholders (including their proxies) holding at least two-thirds of the voting rights.

The following matters shall be passed by an ordinary resolution at a general meeting of Shareholders:

(1) reports on the work of the Board of Directors and the Board of Supervisors;

(2) profit distribution plans and loss recovery plans drawn up by the Board of Directors;

(3) the appointment and removal of members of the Board of Directors and the Board of Supervisors and the method of their remuneration and payment;

(4) any other matters not otherwise required by the laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are [**REDACTED**] or the Articles of Association to be passed by special resolution.

The following matters shall be passed by a special resolution at a general meeting:

(1) the increase or reduction of the Company's registered capital;

(2) the separation, division, merger, division, dissolution and liquidation of the Company;

(3) amendments to the Articles of Association of the Company;

(4) the purchase or sale of material asset(s) or the provision of guarantee(s) by the Company within one year with amount(s) exceeding 30% of the Company's latest audited total assets;

(5) equity incentive plans;

(6) Any other matters prescribed by the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and those matters approved by ordinary resolution at a shareholders' meeting as having a material impact on the Company and are required to be approved by a special resolution.

No voting rights shall be attached to the shares held by the Company, and such shares shall not be counted among the total number of voting shares held by the Shareholders present at a general meeting.

BOARD OF DIRECTORS

(1) Directors

Directors of the Company shall be natural persons. A natural person who falls into any of the following circumstances shall not serve as director of the Company:

(1) a person who suffers from any incapacity or restricted capacity from undertaking civil liabilities;

(2) a person who has been convicted of and sentenced for offences relating to corruption, bribery, trespass to assets, misappropriation of assets or causing socialist market economy disorder and a period of 5 years has not elapsed since the completion of the term of the sentence or deprivation or who has been deprived of his political rights and imposed a suspended sentence as a result of he/she having committed an offence and a period of 2 years has not elapsed since the completion of the term of the suspended sentence;

(3) a person who is a director or factory manager or manager of a company or enterprise which has become insolvent and liquidated and who incurs personal liability for the insolvency of that company or enterprise, and a period of 3 years has not elapsed since the date of completion of insolvent liquidation of that company or enterprise;

(4) a person who is a legal representative of a company or enterprise, the business license of which is revoked and ordered to close down on the grounds of contravention of law, and who incur personal liability therefor, and a period of 3 years has not elapsed since the date of revocation of the business license of that company or enterprise or that company or enterprise being ordered to close down;

(5) a person who has been as a dishonest party by the People's Court due to with comparatively large debts that have fallen due but have not been settled;

(6) a person who is currently being prohibited from participating in securities market by the CSRC and who has been publicly determined by a stock exchange to be not suitable to act as a director of the Company, where the term has not yet expired;

(7) other matters stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or regulatory rules of the stock exchange(s) where the shares of the Company are listed.

For any election and appointment of a Director in contravention of the provisions prescribed by this Article, such election, appointment or employment shall be void and null. Where a Director falls into any of the aforesaid circumstances in his term of office, the Director shall be removed from office.

Directors shall be elected and removed by a general meeting and may be dismissed by general meeting before the expiry of their term. Directors shall have a term of three years, which can be renewable upon expiry if re-elected.

The tenure of office of a director shall be calculated from the date of appointment until the expiry of the current term of the Board of Directors. If the tenure of office of a director expires but re-election is not made in a timely manner, the said director shall continue to perform the duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association until the re-elected director assumes office. The directors shall comply with the provisions of laws, administrative regulations, departmental rules, regulatory rules of the stock exchange(s) where the shares of the Company are listed and the Articles of Association.

A director may concurrently hold the position of the senior management officer. However, the total number of directors who also hold positions as senior management officer and who are employee representatives shall not exceed half of the total number of directors of the Company.

If any director fails to attend in person or appoint other directors as his/her representative to attend meetings of the Board of Directors for two consecutive times, such director shall be deemed to have failed to perform his duties, and the Board of Directors shall propose to replace such director at the shareholders' meeting.

The directors may, prior to expiration of their terms of office, resign and submit their resignation report in writing to the Board of Directors and resignation is effective on the date of receipt of the resignation report by the Company.

If any directors resign such that the membership of the Board of Directors of the Company falls short of the number of directors required, such director shall continue to fulfil his/her duties as director pursuant to laws, administrative regulations, departmental rules, regulatory rules of the stock exchange(s) where the shares of the Company are listed and the Articles of Association until a new director is elected.

The Articles of Association do not specifically provide for the manner in which directors may own or exercise borrowing rights, but in connection with the issuance of corporate bonds, the Articles of Association contain an understanding that (1) the Board of Directors will formulate a plan for the issuance of corporate bonds, and (2) the issuance of corporate bonds will be authorised by a resolution of the general meeting.

(2) Board of Directors

The Board of Directors shall exercise the following functions and powers:

(1) to convene general meetings and to report on its work at the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the business plans and investment proposals of the Company;

(4) to prepare proposals for profit distribution and for making up accrued losses of the Company;

(5) to prepare proposals for the increase or reduction of share capital and the issue of bonds of the Company or other securities and listing plans;

(6) to formulate proposals for major acquisitions, purchase of the Company's shares or the merger, demerger, dissolution or change in the form of the Company, subject to compliance with the provisions of the regulatory rules of the stock exchange(s) where the shares of the Company are listed;

(7) to decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, donations, etc. of the Company within the scope authorized by the general meetings;

(8) to decide on the establishment of internal management organization of the Company;

(9) to appoint or dismiss the president, secretary to the Board of Directors and other senior management members of the Company and at the recommendation of the president, to appoint or dismiss the standing vice president, executive vice president, chief financial officer and other senior management members of the Company, and to determine matters relating to their remuneration, rewards and punishments;

(10) to formulate the basic management system of the Company;

(11) to prepare proposals for the amendment of the Company's Articles of Association;

(12) to manage disclosure of information concerning the Company;

(13) to propose to general meeting for the engagement or change of the accounting firm that provides audit for the Company;

(14) to receive reports and examine the work of the president of the Company;

(15) such other functions and power as authorized by the laws, administrative regulations and departmental rules, the Hong Kong Listing Rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Board of Directors shall have a chairman. The chairman of the Board of Directors shall be elected by a majority of all directors of the Board of Directors.

The chairman of the Board of Directors shall exercise the following functions and powers:

(1) to preside over the shareholders' meeting and to convene and preside over the meetings of the Board of Directors;

(2) to supervise and inspect the implementation of resolutions of the Board of Directors;

(3) to sign material documents of the Board of Directors;

(4) in the event of force majeure emergencies, such as a major natural disaster, to exercise special disposition powers in relation to the Company's affairs in compliance with legal requirements and the interests of the Company. and subsequently report such activities to the Board of Directors and the shareholders' meeting of the Company;

(5) to exercise any other functions and powers conferred by the Board of Directors.

The board meetings include regular meetings and extraordinary meetings. No less than four (4) regular board meetings shall be held each year. Such regular meetings shall be convened by the chairman of the board or a authorized person, with the notice thereof being given in writing to all directors fourteen (14) days prior to the meeting date.

A meeting of the Board of Directors shall be held with the attendance of a majority of the Directors. Resolutions made by the Board of Directors shall be passed by a majority of all Directors.

When voting on the resolutions of the Board of Directors, each director shall have one vote.

(3) Special Committees under the Board of Directors

The Company's Board of Directors has established a Risk Control and Audit Committee ("Audit Committee") and performs its duties in accordance with the Company's Articles of Association, the working rules of the Audit Committee and the authorization of the Board of Directors.

The Audit Committee meets at least once a quarter. An interim meeting may be convened upon the proposal of two or more members, or when the convenor deems it necessary. A meeting of the Audit Committee shall be held with the attendance of more than two-thirds of the members.

Resolutions made by the Audit Committee shall be passed by a majority of the members of the Audit Committee.

Voting on the resolutions of the Audit Committee shall be by one person, one vote.

Meeting minutes shall be prepared for resolutions of the Audit Committee in accordance with the relevant regulations, and the members of the Audit Committee present at the meeting shall sign the minutes of the meeting.

The Board of Directors is responsible for establishing the Audit Committee's working procedures.

The Company's Board of Directors has established a Strategic and Sustainable Development Committee and a Nomination and Remuneration Appraisal Committee, which shall perform duties pursuant to Articles of Association and as authorized by the Board of Directors. Proposals of specialized committees shall be submitted to the Board of Directors for deliberation and decision. The Board of Directors is responsible for formulation of working procedures for specialized committees.

SENIOR MANAGEMENT OFFICERS

The Company shall have a president, a standing vice president and several executive vice presidents, who are appointed or dismissed by the Board of Directors.

The term of office of the president shall be three years and may be reappointed upon re-election.

The president is accountable to the Board of Directors and exercises the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, to organize and implement the resolutions of the Board of Directors, and to report to the Board of Directors;

(2) to organize the implementation of the Company's annual business plans and investment plans;

(3) to formulate plans for the establishment of the Company's internal management institutions;

(4) to formulate plans for the establishment of the Company's basic management system;

(5) to formulate the rules and regulations of the Company;

(6) to propose to the Board of Directors the appointment and dismissal of the standing vice president, executive vice president and chief financial officer;

(7) to decide on the appointment and dismissal of the management officers other than those required to be employed or dismissed by the Board of Directors;

(8) within the scope of authorization by the Board of Directors, to decide on matters such as foreign investment, acquisition and sale of assets, financing, pledge of assets, external guarantee matters, and connected transactions, etc. of the Company, except for normal sales and purchases of the Company;

(9) to exercise other functions and powers conferred by the Articles of Association and the Board of Directors.

The president may attend meetings of the Board of Directors as a non-voting participant.

The standing vice president and executive vice president are responsible for assisting the president to carry out the production and operation management of the Company.

The Company shall appoint a secretary to the Board of Directors, who is responsible for the preparation of the Company's shareholders' meeting and meetings of the Board of Directors, the custody of documents as well as the management of the information of the Company's shareholders, and the disclosure of information.

The secretary to the Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

BOARD OF SUPERVISORS

(1) Supervisors

The circumstances in which a person shall not be appointed as a director provided by the Articles of Association shall be applicable to the supervisory.

Directors and senior management shall not act concurrently as supervisors.

The supervisors shall abide by the laws, administrative rules, the listing rules of the stock exchange(s) where the Shares are [**REDACTED**] and the Articles of Association and perform the obligations faithfully and diligently. They shall not abuse their authority of office to obtain bribes or other illegal income and not to misappropriate the property of the Company.

The provisions relating to the director's duty of loyalty and diligence as stipulated in the Articles of Association shall also apply to the supervisors.

Each supervisor shall serve for a term of three years. The term is renewable upon re-election and re-appointment.

If re-election of a supervisor has not taken place prior to the end of the appointment term, or a supervisor has resigned during his appointment term resulting in the board of supervisors members to be less than quorum, before the re-elected supervisor takes office, the outgoing supervisor shall nevertheless perform his duties as a supervisor in accordance with the law, administrative rules and the Articles of Association.

The supervisors may attend Board meetings as non-voting participants, and deliver enquiry or suggestion regarding resolutions at Board meetings.

The supervisors shall not use their connected relationship to prejudice the Company's interests and shall be liable for compensation to any loss caused to the Company.

Any supervisor who violates any laws, administrative regulations, departmental rules, the listing rules of the place where the Shares are [**REDACTED**] or the Articles of Association during the course of performing his/her duties and causes losses to the Company shall be liable for compensation to any loss caused to the Company.

(2) Board of Supervisors

The Company shall have the Board of Supervisors, which consists of three members. The Board of Supervisors has a chairman who shall be elected by a majority of all supervisors. The chairman of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors; if the chairman of the Board of Supervisors is unable to perform his duties or fails to perform his duties, a supervisor selected by more than one-half of the supervisors shall convene and preside over the meetings of the Board of Supervisors.

The Board of Supervisors shall include representatives of Shareholders and an appropriate proportion of the employee representatives, of which not less than one-third shall be employee representatives of the Company. The Board of Supervisors includes an employee representative, who is elected by the employees of the Company through a democratic election such as an employee representative meeting.

The board of supervisors shall perform the following duties:

(1) to review and provide written comments on the Company's periodic reports prepared by the Board of Directors;

(2) to inspect the Company's financial position;

(3) to supervise the behaviours of the Directors and senior management members in performing their duties, and to advise on dismissal of any Directors and senior management members who are in breach of laws, administrative regulations and the Articles of Association;

(4) to demand the Directors and senior management members to rectify their errors if they have acted in a harmful manner to the Company's interest;

(5) to propose to convene an extraordinary general meeting, and where the Board fails to perform the duties in relation to convening or presiding over a general meeting as required by the Company Law, to convene and preside over the general meeting;

(6) to propose motions in a general meeting;

(7) to take legal actions against Directors and senior management members in accordance with Article 189 of the Company Law;

(8) to conduct investigations whenever unusual conditions of operation of the Company arise and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations. Any costs arising therefore shall be borne by the Company;

(9) to require directors and senior management to submit reports on the execution of their duties;

(10) other powers and functions stipulated in the articles of association or granted by the shareholders' meeting.

The Board of Supervisors shall meet at least once every six months. Supervisors may propose the convening of an interim the Board of Supervisors meeting, which shall be convened by the Chairman of the Board of Supervisors within five days of receipt of the proposal.

When the Board of Supervisors convenes a meeting, it shall notify all Supervisors five days before the meeting. If the situation is urgent and it is necessary to convene an interim meeting of the Board of Supervisors as soon as possible, notice of the meeting may be given verbally or by telephone at any time, but the convenor shall make an explanation at the meeting.

A meeting of the Board of Supervisors shall be held with the presence of a majority of the Supervisors. Resolutions of the Board of Supervisors shall be adopted by a majority of all Supervisors.

Voting on resolutions of the Board of Supervisors shall be on a one-person-one-vote basis.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

(1) Financial and Accounting Systems

The Company shall establish its financial and accounting system in accordance with the law, administrative regulations and the provisions stipulated by the relevant authorities of the People's Republic of China. If the financial and accounting system is otherwise provided in the Hong Kong Listing Rules or relevant regulatory rules of the places where the Company's shares are [**REDACTED**], such regulatory rules shall prevail.

The accounting year of the Company shall be consistent with the Gregorian calendar year, i.e. from 1 January to 31 December on the Gregorian calendar.

The Company shall not maintain books of accounts other than those provided for by law. No assets of the Company shall be deposited into any account opened in the name of any individual.

In distributing the after-tax profits in the current year, the Company shall allocate 10% of such profits into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is 50% or more of its registered capital, further allocations are not required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After allocation of its after-tax profits to its statutory reserve fund, the Company may, subject to the approval by resolutions of the shareholders' meeting, allocate its after-tax profits to its discretionary reserve fund.

After making up for the losses and making allocations to the reserve fund, any remaining after-tax profits shall be distributed by the Company to its shareholders in proportion to their respective shareholdings unless it is stipulated that such distribution shall not be made in proportion to the shareholdings pursuant to the Articles of Association.

If the shareholders' meeting has, in violation of the provision of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provision. If the Company incurs losses due to such distribution, the shareholders and the directors, supervisors, and senior management officers who are held accountable shall be liable for compensation.

The Company's shares held by the Company are not entitled to any profit distribution.

The reserve funds of the Company may be applied for making up for losses of the Company, expansion of the Company's production and operation or increase the capital of the Company. When applying the reserve funds to make up for the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if such funds are still insufficient to make up for losses, the capital reserve fund may be applied in accordance with relevant provisions.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

The Company may distribute dividends in the form of cash or shares.

The Company implements a continuous and stable dividend distribution policy every year, taking into full consideration the interests of shareholders in accordance with the operating conditions and market environment.

When the Company realizes profits in the year and meets the conditions for profit distribution, the Board of Directors of the Company shall formulate a profit distribution plan based on the Company's specific operating conditions and submit it to the shareholders' meeting for approval before implementation.

(2) Internal Auditing

The Company shall adopt an internal audit system, clarifying the leadership system, responsibilities, authority, staffing, financial security, use of audit results and accountability for internal audit work.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors and disclosed to the public.

The internal audit institution of the company shall supervise and inspect the business activities, risk management, internal control and financial information of the company.

The internal audit institution of the Company shall be responsible to the Board of Directors.

(3) Appointment of Accountant Firm

The Company shall appoint an accounting firm that complies with the provisions of the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are [**REDACTED**] to conduct audits of accounting statements, verification of net assets, and other related consulting services, etc., with a term of one year, which is renewable.

The engagement and dismissal of the accounting firm by the Company shall be approved by more than half of the members of the Audit Committee, submitted to the Board for consideration and approval and shall be decided at the Shareholders' meeting. The Board of Directors shall not appoint an accounting firm prior to the decision made by the shareholders' meeting.

The Company shall ensure the provision of true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the appointed accounting firm without any refusal, concealment or misrepresentation.

The audit fees of the accounting firm shall be determined by the shareholders' meeting.

When the Company removes or does not renew the appointment of the accounting firm, it shall notify the accounting firm 5 days in advance, and the accounting firm shall be allowed to state its opinions when the Company's shareholders' meeting votes on the removal of the accounting firm.

If the accounting firm resigns, it shall make clear to the shareholders' meeting whether there is any impropriety on the part of the Company.

NOTICE AND ANNOUNCEMENT

Notices of the Company may be delivered through the following means:

(1) by hand;

(2) by mail;

(3) by email;

(4) by way of announcement;

(5) by other forms recognized by the regulator of the place where the Company's shares are [**REDACTED**] or as provided for in the Articles of Association.

Notices given by the Company by way of announcements shall be deemed to be received by all parties concerned once published.

For a notice of the Company delivered by hand, the notice shall be deemed to have been received upon signing (or affixing the seal) by the recipient on the note of receipt and the receipt date shall be the date of delivery. If the notice is delivered by post, it shall be deemed to have been received on the third working day from the date upon which the post office receives the notice. If the notice is delivered by email, it shall be deemed to have been received on the date the e-mail arrives at the information system of the person to be served. If the notice is delivered by way of announcement, it shall be deemed to have been received by all relevant persons on the date on which the announcement is published.

The accidental omission to give a meeting notice to, or the failure of receipt of the meeting notice by, a person entitled to receive notice shall not invalidate any meeting and any resolution passed thereat.

Announcements of the Company are published on the Hong Kong Stock Exchange and/or the Company's website in accordance with the relevant provisions of the Hong Kong Listing Rules. The Board of Directors has the right to decide and adjust the determined media for disclosure of the Company's information, but shall ensure that the relevant media for disclosure of information complies with the relevant laws and regulations and the regulatory rules of the places where the shares of Company are [**REDACTED**].

MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION

(1) Merger, Demerger, Capital Increase and Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

Merger by absorption refers to the merger realized by a company through the absorption of other companies, in which case the absorbed companies are dissolved. Merger by the establishment of a new entity refers to the merger of two or more companies to create a new company, in which case the merging parties are dissolved.

In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, the Company shall prepare balance sheets and inventories of properties. The Company shall notify its creditors within 10 days from the date on which a resolution is adopted in favor of the division and shall publish an announcement in a newspaper or in the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the division, the surviving companies after the division shall be jointly and severally liable for the debts of the Company which have been incurred before such division.

The Company shall prepare balance sheets and inventories of properties when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date on which a resolution to reduce the registered capital is adopted and shall publish an announcement in a newspaper or in the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within 30 days from the date it receives the relevant notice or, in the case of a creditor who did not receive such notice, within 45 days from the date of the relevant announcement.

(2) Dissolution and Liquidation

The Company shall be dissolved in any of the following circumstances:

(1) The business period specified in the Articles of Association is expired or other causes of dissolution specified therein take place;

(2) The shareholders' meeting resolves to dissolve the Company;

(3) Dissolution is necessary due to a merger or demerger of the Company;

(4) The business license is revoked, or the company is ordered to close or be shut down according to law;

(5) Where the Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters, shareholders holding 10% or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company.

When causes for the dissolution as stipulated in the preceding paragraph occur, it shall disclose the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company is in the situation described in items (1) and (2) above and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association or a resolution passed by the general meeting.

The amendments to the Articles of Association in accordance with the provisions in the preceding article shall require the approval of at least two-thirds of the voting rights held by Shareholders attending the general meeting.

The liquidation committee shall notify all creditors within 10 days after its establishment and shall publish at least three announcements in newspapers within 60 days in a regional or national newspaper designated by the liquidation committee or recognized by the company registration authority or the National Enterprise Credit Information Publicity System. The creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the notice or within 45 days from the date of the announcement if they have not received the notice.

A creditor declaring a claim shall state the matters to which the claim relates and provide supporting documents. The liquidation committee shall register the claim.

During the period of declaration of claims, the liquidation group shall not make any settlement to the creditors.

The liquidation committee shall formulate a liquidation plan after dealing with the Company's assets and compiling a balance sheet and a list of assets, and report it to a general meeting or the people's court for confirmation.

The remaining assets of the Company after paying the liquidation expenses, employees' wages, social insurance costs and statutory compensation, paying the outstanding taxes and settling the Company's debts respectively, shall be distributed to the shareholders of the Company in proportion to their shareholding.

During the liquidation period, the Company shall exist, but cannot engage in operating activities that are not related to the liquidation. The assets of the Company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

If the liquidation committee, after examining the assets of the Company and preparing the balance sheet and a list of assets, finds that the assets of the Company is insufficient to satisfy its debts, it shall, in accordance with the law, apply to the People's Court to declare the Company's bankruptcy.

Following a ruling by the people's court that the Company is declared bankrupt, the liquidation committee shall hand over all matters relating to the liquidation to the bankruptcy administrator appointed by the people's court.

Following the completion of the liquidation of the Company, the liquidation committee shall make a liquidation report, report to the general meeting of or the People's Court for confirmation, and submit it to the company registration authority, apply for cancellation of the company registration.

Liquidation of a company declared bankrupt in accordance with the laws shall be processed in accordance with the laws of corporate bankruptcy.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend its articles of association in one of the following circumstances:

(1) Subsequent to the amendment of the Company Law or relevant laws and administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are [**REDACTED**], the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations and the Hong Kong Listing Rules;

(2) The Company has experienced changes, resulting in matters inconsistent with those recorded in the Articles of Association;

(3) The shareholders' meeting decides to amend the Articles of Association.

Matters of amendment of the Articles of Association adopted by resolution of the general meeting shall be submitted to the competent authorities for approval; if they involve matters of the Company's registration, the registration of the changes shall be made in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the general meeting to amend the Articles of Association and the approval of the relevant competent authorities.

Matters of amendment of the Articles of Association are information required to be disclosed by laws and regulations and shall be announced in accordance with the regulations.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the PRC under the PRC Company Law as a limited liability company on January 8, 1997 and then converted into a joint stock limited liability company on March 24, 2008. Our registered office is at No. 8 Changchun Road, Economic and Technological Development Zone, Wuhu, Anhui Province, the PRC. We have established a place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Our Company was registered with the Companies Registry in Hong Kong as a non-Hong Kong company under Part 16 of Companies Ordinance of Hong Kong on March 25, 2025. Ms. Yu Wing Sze has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong set out above.

As our Company was incorporated in the PRC, our operation, corporate structure and the Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of certain aspects of the relevant laws and regulations of the PRC, and a summary of certain aspect of our Articles of Association are set out, respectively, in Appendix IV and Appendix V to this document.

2. Change in share capital of our Company

Our registered capital as at the date of our incorporation was RMB1,680,000,000, which has been fully paid up. On March 24, 2008, our Company was converted into a joint stock limited company, and the registered capital of our Company was RMB3,200,000,000 divided into 3,200,000,000 Shares with a nominal value of RMB1.00 each. As at the Latest Practicable Date, our share capital was RMB5,469,831,633.

Immediately following the completion of the [**REDACTED**] and the conversion of Domestic Unlisted Shares into H Shares, assuming the [**REDACTED**] is not exercised, the share capital of our Company will be [**REDACTED**] divided into [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares.

Save as disclosed above in this appendix, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3. The extraordinary general meeting of our Company held on February 15, 2025

Pursuant to the extraordinary general meeting of our Company held on February 15, 2025, the following resolutions, among other resolutions, were duly passed:

(a) the issue by our Company of the H Shares with a nominal value of RMB1.00 each, representing up to [**REDACTED**]% of the total share capital of our Company upon completion of the [**REDACTED**] (before the exercise of the [**REDACTED**]) and such H Shares being [**REDACTED**] on the Stock Exchange;

(b) the granting of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares issued as mentioned above;

(c) subject to the completion of the filing with the CSRC, upon completion of the [**REDACTED**], [**REDACTED**] Domestic Unlisted Shares held by certain existing Shareholders will be converted into H Shares on a one-for-one basis;

(d) subject to the completion of the [**REDACTED**], the Articles of Association have been approved and adopted which will become effective from the [**REDACTED**], and the Board and person(s) authorized by the Board have been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(e) approving the Board and person(s) authorized by the Board to handle all matters relating to, among other things, the issue and the [**REDACTED**] of H Shares on the Stock Exchange.

4. Changes in share capital of our subsidiaries

The following sets out the changes of the share capital of our subsidiaries as at the end of the Track Record Period within the two years immediately preceding the date of this document:

On June 21, 2023, the registered capital of Chery Auto Malaysia Sdn. Bhd. increased from RM1 to RM1,000,001.

On August 30, 2023, the registered capital of Hefei Ruituo Microelectronics Co., Ltd.* (合肥瑞拓微電子有限公司) decreased from RMB50,000,000 to RMB25,000,000.

On November 7, 2023, the registered capital of Chery New Energy increased from RMB900,000,000 to RMB1,033,689,839.

On June 14, 2024, the registered capital of Yingfeng Investment Co., Ltd.* (盈豐投資有限公司) increased from RMB60,000,000 to RMB120,000,000.

On June 21, 2024, the registered capital of Wuhu Aiman Equipment Engineering Co., Ltd.* (蕪湖艾蔓設備工程有限公司) increased from RMB2,353,000 to RMB10,000,000.

On June 25, 2024, Omoda & Jaecoo (Thailand) Co., Ltd. was established in Thailand with a registered capital of THB1,000,000, and on July 31, 2024, the registered capital of Omoda & Jaecoo (Thailand) Co., Ltd. increased to THB101,000,000.

On July 3, 2024, the issued share capital of O&J (Hongkong) Automobile Investment Co., Limited (歐傑(香港)汽車投資有限公司) increased from US$61,000,000 to US$136,000,000, and further increased to US$181,000,000 on December 5, 2024.

On July 11, 2024, the registered capital of Wuhu Qida Power Battery Systems Co., Ltd.* (蕪湖奇達動力電池系統有限公司) increased from RMB28,980,000 to RMB228,980,000.

On August 30, 2024, the registered capital of Guizhou Yingfeng Southwest Sales Service Co., Ltd.* (貴州盈豐西南銷售服務有限公司) increased from RMB3,000,000 to RMB10,000,000.

On September 23, 2024, the registered capital of Jiangsu Ailios Technology Co., Ltd.* (江蘇艾利奧斯科技有限公司) increased from RMB50,000,000 to RMB100,000,000.

On October 14, 2024, the registered capital of Anhui Fuzhen Automotive Power System Co., Ltd.* (安徽孚禎汽車動力系統有限公司) decreased from RMB920,000,000 to RMB890,000,000.

On December 4, 2024, the registered capital of Wuhu Laite Sichuang Automotive Parts Co., Ltd.* (蕪湖萊特思創汽車零部件有限公司) increased from RMB50,000,000 to RMB100,000,000.

On June 13, 2025, the registered capital of Jetour Sales increased from RMB500,000,000 to RMB2,000,000,000.

On July 12, 2025, the registered capital of OMODA & JAECOO BRAZIL AUTOMOBILE LTDA increased from BRL8,743,100 to BRL292,687,099.

Save as disclosed above in this appendix, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

5. Restrictions of share repurchase

For details of the restrictions on the share repurchase by our Company, please refer to the sections headed "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of Articles of Association" to this document.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) were entered into by us or any of our subsidiaries within the two years preceding the date of this document and are or may be material:

(a) [**REDACTED**].

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, we have registered the following trademarks which are material to our Group's business:

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiration date
1 . .		1436407	Our Company	PRC	12	August 20, 2030
2 . .		1566119	Our Company	PRC	12	May 6, 2031
3 . .		3942392	Our Company	PRC	12	June 27, 2026
4 . .	CHERY	40547375	Our Company	PRC	12	May 13, 2030
5 . .		4855639	Our Company	PRC	12	July 27, 2028
6 . .		24948034	Our Company	PRC	12	July 20, 2028
7 . .		66599776	Our Company	PRC	12	May 6, 2034
8 . .		27319464	Our Company	PRC	12	November 6, 2028
9 . .		65325179	Our Company	PRC	12	July 27, 2033
10 .		12010303	Our Company	PRC	12	June 27, 2034
11 .		72832754	Our Company	PRC	12	January 13, 2034
12 .	智界	40826374	Our Company	PRC	12	April 20, 2030

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiration date
13.	iCAR	16721425A	Chery New Energy	PRC	12	June 20, 2026
14.	艾瑞泽	12593193	Our Company	PRC	12	October 13, 2034
15.	ARRIZO	12593171	Our Company	PRC	12	October 13, 2034
16.	瑞虎	4507285	Our Company	PRC	12	November 20, 2027
17.	TIGGO	4523626	Our Company	PRC	12	November 20, 2027
18.		74652993	Our Company	PRC	12	April 13, 2034
19.		368010	Our Company	United Arab Emirates	12	December 30, 2031
20.	OMODA	187534	Our Company	Jordan	12	November 27, 2032
21.	JAECOO	30 2022 111 570	Our Company	Germany	12	July 18, 2032
22.	JAECOO	927373874	Our Company	Brazil	12	November 14, 2033
23.	TIGGO	301069	Our Company	Peru	12	December 9, 2030
24.	CHERY	302603376	Our Company	Hong Kong	12	May 8, 2033
25.		1057459	Our Company	Chile	12	November 15, 2033
26.		1443017396	Our Company	Saudi Arabia	12	September 30, 2031
27.	CHERY	1443019457	Our Company	Saudi Arabia	12	September 30, 2031
28.	奇瑞汽车 CHERY AUTO	306792652	Our Company	Hong Kong	12, 37	January 21, 2035
29.	奇瑞	306727465	Our Company	Hong Kong	12, 37	November 14, 2034
30.	CHERY	306727456	Our Company	Hong Kong	12, 37	November 14, 2034
31.		306727410	Our Company	Hong Kong	12, 37	November 14, 2034
32.		306727429	Our Company	Hong Kong	12, 37	November 14, 2034

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiration date
33. .		306794245	Our Company	Hong Kong	12, 37	January 22, 2035
34. .		306794254	Our Company	Hong Kong	12, 37	January 22, 2035
35. .		306727447	Our Company	Hong Kong	12, 37	November 14, 2034

(b) Patents

As at the Latest Practicable Date, we have registered the following patents which are material to our Group's business:

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
1 . .	Miller cycle gasoline engine (米勒循環汽油發動機)	CN202010965048.1	Our Company	PRC	Invention	September 15, 2020	December 28, 2021
2 . .	A split type new energy vehicle body structure and assembly method (一種分體式新能源汽車車身結構及其組裝方法)	CN202210778623.6	Our Company	PRC	Invention	June 30, 2022	October 31, 2023
3 . .	Dual motor torque distribution method and device (雙電機扭矩分配的方法和裝置)	CN202011546896.5	Our Company	PRC	Invention	December 24, 2020	July 8, 2022
4 . .	Display device and vehicle (顯示裝置和車輛)	CN202210425564.4	Wuhu Automotive Forward Technology Research Institute Co., Ltd., Our Company	PRC	Invention	April 21, 2022	March 29, 2024
5 . .	Front body structure and car (車身前部結構和汽車)	CN202011357273.3	Our Company	PRC	Invention	November 27, 2020	July 12, 2022

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
6 . .	Automatic parking fault handling method, device and vehicle (自動泊車的故障處理方法、裝置及車輛)	CN202011566036.8	Dazuo Intelligent Technology Co., Ltd., Dazhuo Quxing Intelligent Technology (Shanghai) Co., Ltd.	PRC	Invention	December 25, 2020	July 15, 2022
7 . .	Test method, device, equipment and storage medium for electric vehicle driving range (電動汽車續航里程的測試方法、裝置、設備和存儲介質)	CN202210615056.2	Our Company	PRC	Invention	May 31, 2022	November 24, 2023
8 . .	Head-up displays and systems (抬頭顯示器和系統)	CN202111403888.X	Wuhu Automotive Forward Technology Research Institute Co., Ltd., our Company	PRC	Invention	November 24, 2021	April 14, 2023
9 . .	Automotive thermal management systems, methods and devices (汽車的熱管理系統、方法和裝置)	CN202110858397.8	Our Company	PRC	Invention	July 28, 2021	January 3, 2023
10 . .	An automotive engine compartment structure and an automotive (一種汽車發動機艙結構及汽車)	CN202211306292.2	Our Company	PRC	Invention	October 25, 2022	March 1, 2024
11 . .	An electric vehicle energy recovery method and device (電動汽車能量回收方法及裝置)	CN201910613463.8	Chery New Energy	PRC	Invention	July 9, 2019	April 12, 2022

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
12 . .	An exhaust gas turbocharger pressure control method and device a coating modification (廢氣渦輪增壓器的壓力控制方法及裝置)	CN201911064920.9	Our Company	PRC	Invention	November 4, 2019	May 3, 2022
13 . .	Sodium ion layer cathode material and preparation method thereof (一種包覆改性鈉離子層狀正極材料及其制備方法)	CN202310326147.9	Anhui Deyi Energy Technology Co., Ltd.	PRC	Invention	March 29, 2023	April 2, 2024
14 . .	Hydraulic supply system, a control method, and an automobile (液壓供給系統、控制方法及汽車)	CN201910680738.X	Our Company	PRC	Invention	July 26, 2019	July 30, 2021
15 . .	Thermal energy consumption evaluation method, device and a vehicle having the same (車輛的熱能耗評價方法、裝置及具有其的車輛)	CN202011504804.7	Our Company	PRC	Invention	December 18, 2020	April 9, 2024
16 . .	Message transmission method and device (消息傳輸方法及裝置)	CN201410586534.7	Our Company	PRC	Invention	October 28, 2014	January 25, 2019
17 . .	A system and a method for obtaining vehicle information (一種獲取車輛信息的系統及方法、汽車)	CN202011329712.X	Our Company	PRC	Invention	November 24, 2020	August 31, 2021
18 . .	Hybrid power system (混合動力系統)	CN202111232576.7	Our Company	PRC	Invention	October 22, 2021	September 26, 2023

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
19.	Wake-up method, device and storage medium of vehicle communication controller (車載通信控制器的喚醒方法、裝置及存儲介質)	CN201810528636.1	Our Company	PRC	Invention	May 29, 2018	October 9, 2020
20.	Regenerative braking system of electric vehicle and its control method (電動汽車再生制動系統及其控制方法)	CN201510834747.1	Our Company	PRC	Invention	November 24, 2015	June 26, 2018
21.	A collapsible anti-falling energy-absorbing automobile steering column (一種可潰縮防脫落吸能式汽車轉向管柱)	CN201610518022.6	Our Company	PRC	Invention	July 4, 2016	August 14, 2018
22.	Hybrid powertrain, control method and automobile (混合動力傳動系統、控制方法及汽車)	CN201811355029.6	Our Company	PRC	Invention	November 14, 2018	April 27, 2021
23.	Response strategy of electric power steering system to torque request of lane keeping system (電動助力轉向系統對車道保持系統扭矩請求的響應策略)	CN201910367062.9	Our Company	PRC	Invention	May 5, 2019	April 27, 2021

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
24 . .	A method for modeling one-dimensional thermal models of battery packs using 3D and 1D coupling calibration (一種利用3D和1D耦合標定的電池包一維熱模型建模方法)	CN201911322362.1	Our Company	PRC	Invention	December 20, 2019	March 28, 2023
25 . .	A structure of a longitudinal beam wheel cover area for improving front impact performance (一種提高前碰性能的縱梁輪罩區域的結構)	CN202011098336.8	Our Company	PRC	Invention	October 14, 2020	April 8, 2022
26 . .	Method of starting lane keeping function, device and computer storage medium (車道保持功能的啟動方法、裝置及計算機存儲介質)	CN202110035470.1	Our Company	PRC	Invention	January 12, 2021	July 12, 2022
27 . .	Supercharged engine intake system and supercharged engine (增壓發動機進氣系統及增壓發動機)	CN202111086329.0	Our Company	PRC	Invention	September 16, 2021	September 16, 2022
28 . .	Hybrid power system and control method (混合動力系統及控制方法)	CN201810861961.X	Our Company	PRC	Invention	August 1, 2018	May 28, 2021
29 . .	A braking energy recovery control method (一種制動能量回收控制方法)	CN201410634945.9	Our Company	PRC	Invention	November 13, 2014	March 22, 2017

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
30 . .	A control system for the recovery of automotive braking energy (一種用於汽車制動能量回收的控制系統)	CN201510257668.9	Our Company	PRC	Invention	May 19, 2015	October 20, 2017
31 . .	A control method of an automobile active collision avoidance system (一種汽車主動防撞系統的控制方法)	CN201510295286.5	Our Company	PRC	Invention	June 3, 2015	May 10, 2017
32 . .	An energy recovery system and method for electric vehicle based on line control motion (一種電動汽車基於線控制動的能量回收系統及方法)	CN201710207434.2	Our Company	PRC	Invention	March 31, 2017	March 24, 2020
33 . .	A sequential control method for power-on and power-off of a plug-in hybrid vehicle (一種插電式混合動力車的上下電時序控制方法)	CN201710391112.8	Our Company	PRC	Invention	May 27, 2017	April 7, 2020
34 . .	Fatigue driving reminder method, device and storage medium (疲勞駕駛提醒方法、裝置及存儲介質)	CN201810811476.1	Our Company	PRC	Invention	July 23, 2018	February 2, 2021
35 . .	Vehicle human-computer interaction method and system (車輛人機交互方法及系統)	CN201810811473.8	Our Company	PRC	Invention	July 23, 2018	November 2, 2021
36 . .	Parking control method, device and storage medium (泊車控制方法、裝置及存儲介質)	CN201811049913.7	Our Company	PRC	Invention	September 10, 2018	September 16, 2022

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
37 . .	An automobile application software management system and a method thereof (一種汽車應用軟件管理系統及方法、汽車)	CN2020113297l1.5	Our Company	PRC	Invention	November 24, 2020	April 18, 2023
38 . .	Thermal management systems for plug-in hybrid electric vehicles and plug-in hybrid electric vehicles (插電式混合動力汽車的熱管理系統及插電式混合動力汽車)	CN202111013433.7	Our Company	PRC	Invention	August 31, 2021	May 26, 2023
39 . .	Method, device and storage medium for determining calibration parameters of head-up display (確定抬頭顯示器標定參數的方法、裝置及存儲介質)	CN202210332609.3	Our Company	PRC	Invention	March 30, 2022	March 28, 2023
40 . .	A system, a method and vehicle for obtaining vehicle information (獲取車輛信息的系統、方法及車輛)	2023/04614	Our Company	South Africa	Invention	September 27, 2021	December 20, 2023
41 . .	Methods of vehicle and device location (車輛和設備定位的方法)	2023/04392	Our Company	South Africa	Invention	October 9, 2021	December 20, 2023
42 . .	Methods of vehicle and device location (車輛和設備定位的方法)	523440324	Our Company	Saudi Arabia	Invention	October 9, 2021	April 22, 2024
43 . .	Message transmission method and device (消息傳輸方法及裝置)	US15521709	Our Company, Wuhu Puwei Technology Research Co.,Ltd.	USA	Invention	September 29, 2015	August 20, 2019

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
44 . .	An automobile battery protection structure (一種汽車電池保護結構)	US15515285	Our Company, Wuhu Puwei Technology Research Co.,Ltd.	USA	Invention	October 19, 2015	April 17, 2018
45 . .	A battery voltage and temperature monitoring device (一種電池電壓和溫度監測裝置)	US13128070	Our Company	USA	Invention	November 18, 2009	June 10, 2014
46 . .	A variable valve lift mechanism for an internal combustion engine (一種內燃機可變氣門升程機構)	US12997971	Our Company	USA	Invention	June 12, 2009	April 22, 2014
47 . .	A variable valve lift mechanism for an internal combustion engine (一種內燃機可變氣門升程機構)	EP09765385	Our Company	Italy	Invention	June 12, 2009	January 2, 2013
48 . .	A variable valve lift mechanism for an internal combustion engine (一種內燃機可變氣門升程機構)	EP09765385	Our Company	Britain	Invention	June 12, 2009	January 2, 2013
49 . .	A variable valve lift mechanism for an internal combustion engine (一種內燃機可變氣門升程機構)	EP09765385	Our Company	France	Invention	June 12, 2009	January 2, 2013
50 . .	A variable valve lift mechanism for an internal combustion engine (一種內燃機可變氣門升程機構)	EP09765385	Our Company	EPO	Invention	June 12, 2009	January 2, 2013
51 . .	A variable valve lift mechanism for an internal combustion engine (一種內燃機可變氣門升程機構)	EP09765385	Our Company	Germany	Invention	June 12, 2009	January 2, 2013

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
52 . .	A dual-clutch Transmission (一種雙離合器變速器)	US14410867	Our Company, Wuhu Puwei Technology Research Co.,Ltd.	USA	Invention	August 5, 2013	April 11, 2017
53 . .	A dual-clutch component, Hybrid power system and vehicle (雙離合器組件、混合動力系統和車輛)	2024/02748	Our Company	South Africa	Invention	April 25, 2022	December 18, 2024
54 . .	A method for judging the anti-theft configuration of an engine (一種判斷發動機防盜配置的方法)	002767-2016/DIN	Our Company, Wuhu Puwei Technology Research Co.,Ltd.	Peru	Invention	September 29, 2015	April 9, 2021
55 . .	A method for judging the anti-theft configuration of an engine (一種判斷發動機防盜配置的方法)	2017-1210	Our Company, Wuhu Puwei Technology Research Co.,Ltd.	Chile	Invention	September 29, 2015	May 6, 2021
56 . .	Method and device for obtaining altitude correction coefficient (海拔修正系數獲取方法和裝置)	US15105953	Our Company, Wuhu Puwei Technology Research Co.,Ltd.	USA	Invention	November 24, 2014	February 26, 2019
57 . .	Method and device for obtaining altitude correction coefficient (海拔修正系數獲取方法和裝置)	BR112016013742	Our Company, Wuhu Puwei Technology Research Co.,Ltd.	Brazil	Invention	November 24, 2014	May 17, 2022
58 . .	A protection method for limited charging/discharging current of hybrid electric vehicle battery and a device and a system thereof (混合動力汽車電池充放電電流限制保護方法、裝置及系統)	US12743549	Our Company	USA	Invention	December 24, 2008	April 16, 2013

No.	Patent name	Patent number	Registered owner	Place of registration	Type	Application date	Grant date
59.	A protection method for limited charging/discharging current of hybrid electric vehicle battery and a device and a system thereof (混合動力汽車電池充放電電流限制保護方法、裝置及系統)	EP08870669	Our Company	Britain	Invention	December 24, 2008	October 12, 2016
60.	A protection method for limited charging/discharging current of hybrid electric vehicle battery and a device and a system thereof (混合動力汽車電池充放電電流限制保護方法、裝置及系統)	EP08870669	Our Company	EPO	Invention	December 24, 2008	October 12, 2016
61.	A protection method for limited charging/discharging current of hybrid electric vehicle battery and a device and a system thereof (混合動力汽車電池充放電電流限制保護方法、裝置及系統)	EP08870669	Our Company	Germany	Invention	December 24, 2008	October 12, 2016
62.	A motor torque managing method for hybrid power (一種混合動力電機扭矩管理方法)	US12680778	Our Company	USA	Invention	September 27, 2008	August 20, 2013

(c) Software copyrights

As at the Latest Practicable Date, we have registered the following software copyrights which are material to our Group's business:

No.	Software name	Registered owner	Place of registration	Registration date
1 . .	Finite Element Mesh Multi-Point Constraint Conversion Program Software V1.0 (有限元網格多點約束轉換程序軟件 V1.0)	Our Company	PRC	June 23, 2008
2 . .	Embedded Toolchain Design Software (嵌入式工具鏈設計軟件)	Our Company	PRC	March 10, 2009
3 . .	Automotive Personalization Platform(汽車個性化定制平台)	Our Company	PRC	September 23, 2011
4 . .	Chery Whole Vehicle Weight Convolution and Comparison Tool Software (奇瑞整車重量卷積和對比工具軟件)	Our Company	PRC	August 20, 2019
5 . .	Chery Vehicle Mode Switching Algorithm Control Software (奇瑞車輛模式切換算法控制軟件)	Our Company	PRC	July 28, 2022
6 . .	Chery Vehicle Performance Management System (奇瑞整車性能管理系統)	Our Company	PRC	January 15, 2023
7 . .	Chery Process Configuration Information Generation System (奇瑞工藝配置信息生成系統)	Our Company	PRC	February 1, 2023
8 . .	Digital Attack Based Simulation Test System for Autonomous Driving Obstacle Detection (基於數字攻擊的自動駕駛障礙物檢測仿真測試系統)	Our Company	PRC	February 2, 2024
9 . .	Physical Attack Based Simulation Test System for Autonomous Driving Obstacle Detection(基於物理攻擊的自動駕駛障礙物檢測仿真測試系統)	Our Company	PRC	February 4, 2024
10 .	Graph Neural Network-based AI Automobile Wind Resistance Prediction System (基於圖神經網絡的AI汽車風阻預測系統)	Our Company	PRC	September 4, 2024
11 .	Vehicle Intelligent Monitoring and Analysis Platform (車輛智能監測分析平台)	Our Company	PRC	September 5, 2024

No.	Software name	Registered owner	Place of registration	Registration date
12 .	Lion SmartCloud Telematics System In-vehicle Application Management Platform (雄獅智雲車聯網系統車載應用管理平台)	Xiongshi Automotive Technology (Nanjing) Co., Ltd.	PRC	June 16, 2021
13 .	LionSmart Cloud Telematics System Fast Application Platform (雄獅智雲車聯網系統快應用平台)	Xiongshi Automotive Technology (Nanjing) Co., Ltd.	PRC	June 16, 2021
14 .	Lion SmartCloud Telematics System Audiobook News Application Software (雄獅智雲車聯網系統有聲新聞應用軟件)	Xiongshi Automotive Technology (Nanjing) Co., Ltd.	PRC	June 16, 2021
15 .	Lion Listen In-vehicle Application Software (雄獅暢聽車載應用軟件)	Xiongshi Automotive Technology (Nanjing) Co., Ltd.、Wuhu Xiongshi Automotive Technology Co., Ltd.	PRC	November 12, 2021

(d) Domain names

As at the Latest Practicable Date, we have registered the following domain names which are material to our Group's business:

No.	Domain name	Registered owner	Place of registration
1 . .	mychery.com	Our Company	PRC
2 . .	cheryinternational.com	Our Company	PRC
3 . .	mychery.net	Our Company	PRC
4 . .	chery.cn	Our Company	PRC
5 . .	cherydata.com	Our Company	PRC
6 . .	exeedcars.com	Our Company	PRC
7 . .	omodaglobal.com	Our Company	PRC
8 . .	cherygpt.com	Our Company	PRC
9 . .	chery-auto.com	Our Company	PRC

C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' and Supervisors' Contracts

We have entered into a contract with each of Directors and Supervisors in respect of, among other things, (i) the term of office, and (ii) termination provisions.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to enter into a service contract with any member of our Company other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

2. Remuneration of Directors and Supervisors

Save as disclosed in the section headed "Directors, Supervisors and Senior Management — Compensation of Directors, Supervisors and Senior Management" in this document, none of our Directors or Supervisors received other remuneration from our Company for each of the three years ended December 31, 2024 and the three months ended March 31, 2025.

3. Agency Fees or Commissions Received

Save in connection with the [**REDACTED**], none of our Directors, Supervisors, promoters nor any of the persons whose names are listed in "— E. Other Information — 7. Qualification of experts" in this appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years prior to the date of this document.

4. Disclosure of Interests of Directors, Supervisors and Chief Executive

Immediately following the completion of the [**REDACTED**], save as disclosed in the following table, none of our Director, Supervisor or chief executive will have any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO):

(a) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein;

(b) which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [**REDACTED**]:

Name	Position	Nature of interest	Description of Shares	Number of Shares	Approximate percentage of interest in the Unlisted Shares/ H Shares upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)[1]	Approximate percentage of interest in the total share capital of our Company upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)[1]
Chairman Yin . . .	Chairman, Executive Director, President	Interest in controlled corporations[2]	Domestic Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
			H Shares	[REDACTED]	[REDACTED]	[REDACTED]
			Total	**998,255,807**		[REDACTED]

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares in issue upon [**REDACTED**] comprising (i) an aggregate of [**REDACTED**] H Shares to be converted from the Domestic Unlisted Shares and (ii) [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (without taking into account the H Shares which may be issued upon exercise of the [**REDACTED**]).

(2) Chairman Yin is deemed to be interested in the [**REDACTED**] Domestic Unlisted Shares and [**REDACTED**] H Shares to be converted from the Domestic Unlisted Shares held by the Management and Employee Stock Ownership Platforms, comprising (i) [**REDACTED**] Domestic Unlisted Shares and [**REDACTED**] H Shares to be converted from the Domestic Unlisted Shares held by Ruichuang, (ii) 92,146,400 Domestic Unlisted Shares and [**REDACTED**] H Shares to be converted from the Domestic Unlisted Shares held by Hengrui, and (iii) [**REDACTED**] Domestic Unlisted Shares and [**REDACTED**] H Shares to be converted from the Domestic Unlisted Shares held by Zhenrui. For the avoidance of doubt, the above statistical interests of Chairman Yin are deemed interests for the purpose of the SFO, which does not imply that Chairman Yin actually owns such interests. At the level of Hengrui and Zhenrui, the general partner of Hengrui and Zhen Rui, Chaiman Yin only holds equity interests as a shareholder of Wuhu Yongrui, the general partner of Hengrui and Zhenrui, with very low shareholding percentages in Hengrui and Zhenrui , and the actual interests held through Hengrui and Zhenrui in the Company are negligible. On a see-through basis, Chairman Yin only holds interests in the Company through Ruichuang, and the percentage of interests actually held by Chairman Yin in the Company is less than 5%.

5. Disclosure of Interests of Substantial Shareholders

(a) Interest in the Shares of our Company

Save as disclosed in the section headed "Substantial Shareholders" in this document, our Directors are not aware of any person who will, immediately following completion of the [**REDACTED**], have an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings.

(b) Interest in our Company's subsidiaries

Save as disclosed in the following table, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**], be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the members of our Group (other than our Company) as at the end of the Track Record Period:

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
		(%)
Chery New Energy	Shijiazhuang State-owned Capital Investment and Operation Group Co., Ltd.* (石家莊國有資本投資運營集團有限責任公司)	13.16
Soueast Motor	Fujian Motor Industry Group Co., Ltd.* (福建省汽車工業集團有限公司)	14.19
Anhui Qiying Intelligent Technology Co., Ltd.* (安徽奇英智能科技有限公司)	InBev Supercomputing (Nanjing) Technology Co., Ltd.* (英博超算(南京)科技有限公司)	35.00
Anhui Ruizhi Propulsion Technologies Co., Ltd.* (安徽瑞智驅動科技有限公司)	Yaskawa Electric Corporation* (株式會社安川電機)	28.79
	Yaskawa ELECTRIC (China) Co., Ltd.* (安川電機(中國)有限公司)	16.69
Wuhu Qirui Automotive Investment Co., Ltd.* (蕪湖奇瑞汽車投資有限公司)	Changshu Economic Development Group Co., Ltd.* (常熟市經濟開發集團有限公司)	46.52
Wuhu Chery Armoured Science and Technology Co., Ltd.* (蕪湖奇瑞阿莫德科技有限公司)	pilban s.a	30.00
Wuhu Aike Power System Co., Ltd.* (蕪湖埃科動力系統有限公司)	Wuhu Fanchang Chungu Industrial Investment Fund Co., Ltd.* (蕪湖市繁昌春穀產業投資基金有限公司)	27.78
Wuhu Aike Drive Technology Co., Ltd.* (蕪湖埃科驅動科技有限公司)	Wuhu Fanchang District Xingnong Industry Investment Fund Co., Ltd.* (蕪湖市繁昌區興農產業投資基金有限公司)	27.78

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
		(%)
Anhui Deeiot Energy Technology Co., Ltd.* (安徽得壹能源科技有限公司)	Zongyang Hengyue New Energy Industry Investment Center (Limited Partnership)* (樅陽恒越新能源產業投資中心(有限合夥))	22.22
	Wuhu Seismic Enterprise Management Center (Limited Partnership)* (蕪湖震用企業管理中心(有限合夥))	11.11
Wuhu Aiman Equipment Engineering Co., Ltd.* (蕪湖艾蔓設備工程有限公司)	Wuhu Ruichi Intelligent Equipment Institute (Limited Partnership)* (蕪湖瑞馳智能裝備院(有限合夥))	25.00
Wuhu Feichi Automotive Parts Technology Co., Ltd.* (蕪湖飛馳汽車零部件技術有限公司)	Anhui Jiukong State Owned Capital Investment Group Co., Ltd.* (安徽鳩控國有資本投資集團有限公司)	33.33
Wuhu Laite Sichuang Automotive Parts Co., Ltd.* (蕪湖萊特思創汽車零部件有限公司)	Wuhu Borong Automotive Parts Partnership Enterprise (Limited Partnership)* (蕪湖市伯榮汽車零部件合夥企業(有限合夥))	16.00
	Wuhu Zhihe Automotive Parts Partnership Enterprise (Limited Partnership)* (蕪湖市智合汽車零部件合夥企業(有限合夥))	10.00
Hefei Ruituo Microelectronics Co., Ltd.* (合肥瑞拓微電子有限公司)	Wuhu Ruite Micro Information Technology Center (Limited Partnership)* (蕪湖瑞特微信息科技中心(有限合夥))	30.00
Chery (Dalian) Auto Parts Industrial Park Co., Ltd.* (奇瑞(大連)汽車零部件產業園有限公司)	Dalian Huayi Investment Holdings Co., Ltd.* (大連華誼投資控股有限公司)	20.00
Anhui Zhuodun Security Technology Co., Ltd.* (安徽拙盾安全技術有限公司)	Shanghai Zhuodun Future Security Technology Co., Ltd.* (上海拙盾未來安全技術有限公司)	25.50

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
		(%)
Anhui Yineng Automotive Technology Co., Ltd.* (安徽壹能汽車科技有限公司)	Jiangsu Jiahe Thermal Systems Inc.* (江蘇嘉和熱系統股份有限公司)	34.00
	Wuhu Shengyu Enterprise Management Partnership (Limited Partnership)* (蕪湖晟域企業管理合夥企業(有限合夥))	15.00
Ruiqing Automotive Engine Technology Co., Ltd. (瑞慶汽車發動機技術有限公司)	Wuhu Ruiqing Investment Co., Ltd.* (蕪湖瑞慶投資有限公司)	51.89
Anhui Aili Aosi Technology Co., Ltd.* (安徽艾利奧斯科技有限公司)	Yangzhou Jeffrey Enterprise Management Partnership (Limited Partnership)* (揚州傑弗瑞企業管理合夥企業(有限合夥))	10.00
Wuhu Fuzhen Investment Management Center (Limited Partnership)* (蕪湖孚禎投資管理中心(有限合夥))	Wuhu Fanchang Chungu Industrial Investment Fund Co., Ltd.* (蕪湖市繁昌春谷產業投資基金有限公司)	49.18
Anhui Instic Intelligent Technology Co., Ltd.* (安徽英思泰克智能科技有限公司)	Wuhu Laigaode Enterprise Management Center (Limited Partnership)* (蕪湖萊高德企業管理中心(有限合夥))	20.00
Deeiot Energy Technology (Tongling) Co., Ltd.* (得壹能源科技(銅陵)有限責任公司)	Zongyang Hengyue New Energy Industry Investment Center (Limited Partnership)* (樅陽恒越新能源產業投資中心(有限合夥))	49.02
Dazhuo Intelligent Technology Co., Ltd.* (大卓智能科技有限公司)	Shanghai Junming Technology Partnership (Limited Partnership)* (上海駿名科技合夥企業(有限合夥))	20.00
Chery (Qingdao) International Trade Co., Ltd.* (奇瑞(青島)國際貿易有限公司)	Qingdao Chengxin Holding Group Co., Ltd.* (青島城鑫控股集團有限公司)	65.00
Changshu Qizhi R&D Partnership (Limited Partnership)* (常熟奇智研發合夥企業(有限合夥))	Suzhou Suchang Zhixing Technology Partnership (Limited Partnership)* (蘇州蘇常智行科技合夥企業(有限合夥))	75.00

6. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or Supervisors nor any of the parties listed in the section headed "— E. Other Information — 7. Qualification of experts" of this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to our Company, or are proposed to be acquired or disposed of by or leased to our Company;

(b) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Company taken as a whole;

(c) without taking into account any H Shares which may be taken up under the [**REDACTED**], none of our Directors or Supervisors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [**REDACTED**], have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;

(d) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or the Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Company;

(e) save as disclosed in this appendix and the section headed "Directors, Supervisors and Senior Management" in this document, none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. EQUITY INCENTIVE SCHEMES

2024 Equity Incentive Scheme

The following is a summary of the principal terms of the equity incentive scheme ("**2024 Equity Incentive Scheme**") approved and adopted by our Company on March 30, 2024. The terms of the 2024 Equity Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of share options or awards by our Company after [**REDACTED**]. Given the Shares underlying all the Awards (as defined below) under the 2024 Equity Incentive Scheme have already been issued to Hengrui and Zhenrui as at the date of this document, there will not be any dilutive effect to the issued Shares as a result of the operation of the 2024 Equity Incentive Scheme.

As at the date of this document, there were two employee stock ownership platforms for the 2024 Equity Incentive Scheme, namely Hengrui and Zhenrui, each of which held 184,292,800 Shares, representing 3.37% of the share capital in issue of our Company as at the Latest Practicable Date. For more details, see "History, Development and Corporate Structure — Management and Employee Stock Ownership Platforms".

(a) Purpose

The purposes of the 2024 Equity Incentive Scheme are to recognise the contribution from our key employees and to incentivise them, fostering shared interests between our Shareholders, our Company and our employees, thereby promoting the sustainable and healthy development of our Company.

(b) Types of awards

Under the 2024 Equity Incentive Scheme, eligible participants are granted partnership interests in employee stock ownership platforms ("**Restricted Shares**").

(c) Participants

Participants of the 2024 Equity Incentive Scheme include the middle and senior management, core and backbone employees of our Company and/or our holding subsidiaries, and other employees whom our Board considers appropriate.

(d) Maximum number of Shares

The maximum number of Shares underlying the 2024 Equity Incentive Scheme is 368,585,600 Shares, representing approximately 6.74% of the share capital in issue of our Company as at the Latest Practicable Date. No further Awards will be granted under the Equity Incentive Scheme after the [**REDACTED**].

(e) Scheme administration

The 2024 Equity Incentive Scheme is managed by our Board, who has the power, among other things, (i) to formulate, revise and implementation of the 2024 Equity Incentive Scheme, and (ii) to determine the grant plan, including the selection of grantees, the number of Restricted Shares to be granted, the grant price, the grant date, etc.

(f) Lock-up of Restricted Shares

The Restricted Shares granted under the 2024 Equity Incentive Scheme shall be unlocked until (whichever is later): (a) six years from the grant date, or (b) the Shares of our Company are [**REDACTED**] on a domestic or overseas stock exchange and allowed to be disposed of

after the expiry of the lock-up period as stipulated by applicable laws and regulations. During the lock-up period, the Restricted Shares granted to the participants under the 2024 Equity Incentive Scheme shall not be transferred, used as security, guarantee or for repayment of debts.

(g) Withdrawal mechanism

In the event of resignation, dismissal, retirement, death, disability, or other change in circumstances, our Board or its authorized administrator shall have the right to request the grantee to transfer any awards granted to a designated third-party employee, or settle the economic benefits with the grantee by way of selling the underlying Shares held by the employee stock ownership platforms in the open market, in accordance with the terms of the 2024 Equity Incentive Scheme.

(h) Term

Subject to any early termination due to, among others, the change of control, merger or separation, or cessation of business of our Company, the 2024 Equity Incentive Scheme shall be valid and effective for 10 years commencing on the adoption date of the scheme until all the Restricted Shares are repurchased or sold.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty that is likely to be imposed on our Company.

2. Litigation

Save as disclosed in this document, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Group that could have a material adverse effect on our business, financial condition and results of operations as at the Latest Practicable Date.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the criteria of independence applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors have made an application on our behalf to the Stock Exchange for a [**REDACTED**] of, and permission to [**REDACTED**], the H Shares to be issued as mentioned in this document. Our Company has agreed to pay each of the Joint Sponsors a fee of HK$1,333,300 to act as a sponsor in connection with the [**REDACTED**].

4. Promoters

The promoters of our Company are Ruichuang, Wuhu Investment Holding, Anhui Credit Guaranty, Anhui Investment Holding, Wuhu Construction Corporation, Tonghua Venture and Hushan Investment. For details of the promoters of our Company, please refer to the section headed "History, Development and Corporate Structure" in this document.

Save for the [**REDACTED**] and as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [**REDACTED**] or the related transactions described in this document.

5. Compliance Adviser

Our Company has appointed China International Capital Corporation Hong Kong Securities Limited as the compliance adviser upon [**REDACTED**] in compliance with Rule 3A.19 of the Listing Rules.

6. Preliminary Expenses

We have not incurred any material preliminary expenses.

7. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document, are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO

Name	Qualification
GF Capital (Hong Kong) Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Jingtian & Gongcheng	Legal advisers to our Company as to PRC laws
Zhong Lun Law Firm	Legal advisers to our Company as to PRC data compliance laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Hogan Lovells	Legal advisers to our Company as to International Sanctions laws
Pillsbury Winthrop Shaw Pittman LLP	Legal advisers to our Company as to U.S. Outbound Investment Rule
Ernst & Young (China) Advisory Limited	Tax advisor to our Company with respect to transfer pricing arrangement of our Group

8. Consents of experts

Each of the experts as referred to in the paragraph headed "— E. Other Information — 7. Qualification of experts" in this appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters the references to its name included herein in the form and context in which it is respectively included.

None of the experts named above has any shareholding interests in any member of our Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

9. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections (44A and 44B) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) so far as applicable.

10. No material adverse change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Company since March 31, 2025 (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report).

11. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document:

  (i) no share or loan capital of our Company has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

  (ii) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option; and

  (iii) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;

(b) there are no founder, management or deferred shares or any debentures in our Company;

(c) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 12 months preceding the date of this document;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) no part of the equity or debt securities of our Company, if any, is currently [**REDACTED**] on or [**REDACTED**] on any stock exchange or [**REDACTED**] system, and no such [**REDACTED**] or permission to [**REDACTED**] on any stock exchange other than the Stock Exchange is currently being or agreed to be sought;

(g) our Company is a joint stock limited liability company and subject to the Company Law of the PRC.

12. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of the material contracts referred to under "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to under "Statutory and General Information — E. Other Information — 7. Qualifications of Experts" and "Statutory and General Information — E. Other information — 8. Consents of Experts" in Appendix VI to this document.

DOCUMENTS ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.chery-auto.com** up to and including the date which is 14 days from the date of this document:

(a) our Articles of Association;

(b) the Accountant's Report of our Group from Ernst & Young, the texts of which is set out in Appendix I to this document;

(c) the report on the unaudited [**REDACTED**] financial information of our Group from Ernst & Young, the texts of which is set out in Appendix II to this document;

(d) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025;

(e) the legal opinions issued by Jingtian & Gongcheng, our legal advisers as to PRC laws, in respect of certain general corporate matters and property interests of our Group;

(f) the legal opinion issued by Zhong Lun Law Firm, our legal advisers as to PRC data protection laws, in respect of certain data protection, data compliance and cyber security matters of our Group;

(g) the report issued by Frost & Sullivan, the summary of which is set forth in "Industry Overview" in this document;

(h) the material contracts referred to under "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI to this document;

(i) the written consents referred to under "Statutory and General Information — E. Other information — 7. Qualifications of Experts" and "Statutory and General Information — E. Other information — 8. Consents of Experts" in Appendix VI to this document;

(j) the service contracts with our Directors and Supervisors referred to in "Statutory and General Information — C. Further Information about Directors, Supervisors, Chief Executive and Substantial Shareholders — 1. Particulars of Directors' and Supervisors' Contracts" in Appendix VI to this document;

(k) the PRC Company Law, the PRC Securities Law and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translations;

(l) the memorandum issued by Hogan Lovells, our legal advisers as to International Sanctions laws;

(m) the legal opinion issued by Pillsbury Winthrop Shaw Pittman LLP, our legal advisers as to U.S. Outbound Investment Rule; and

(n) the terms of the 2024 Equity Incentive Scheme.