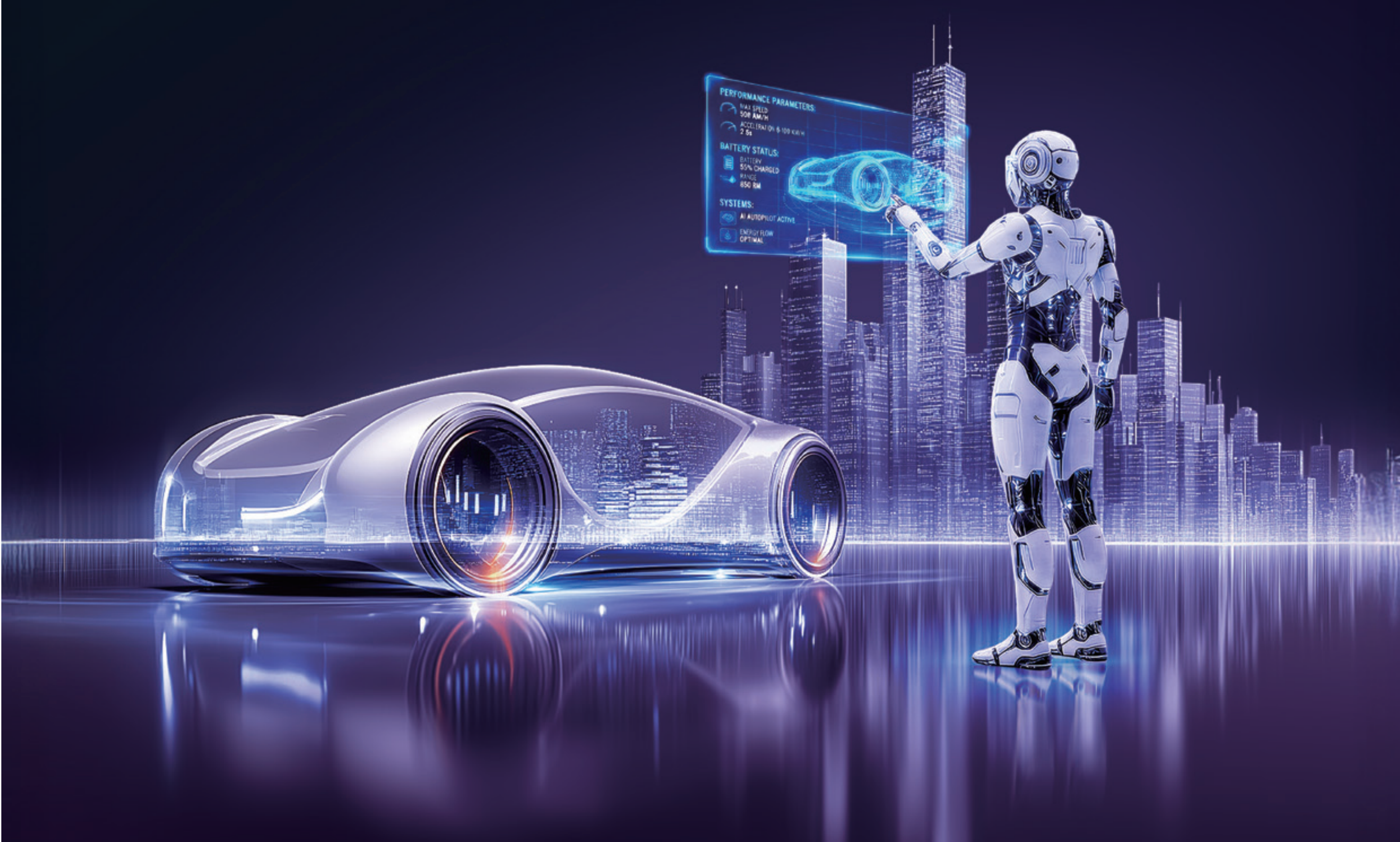
博泰車聯網科技（上海）股份有限公司
PATEO CONNECT Technology (Shanghai) Corporation

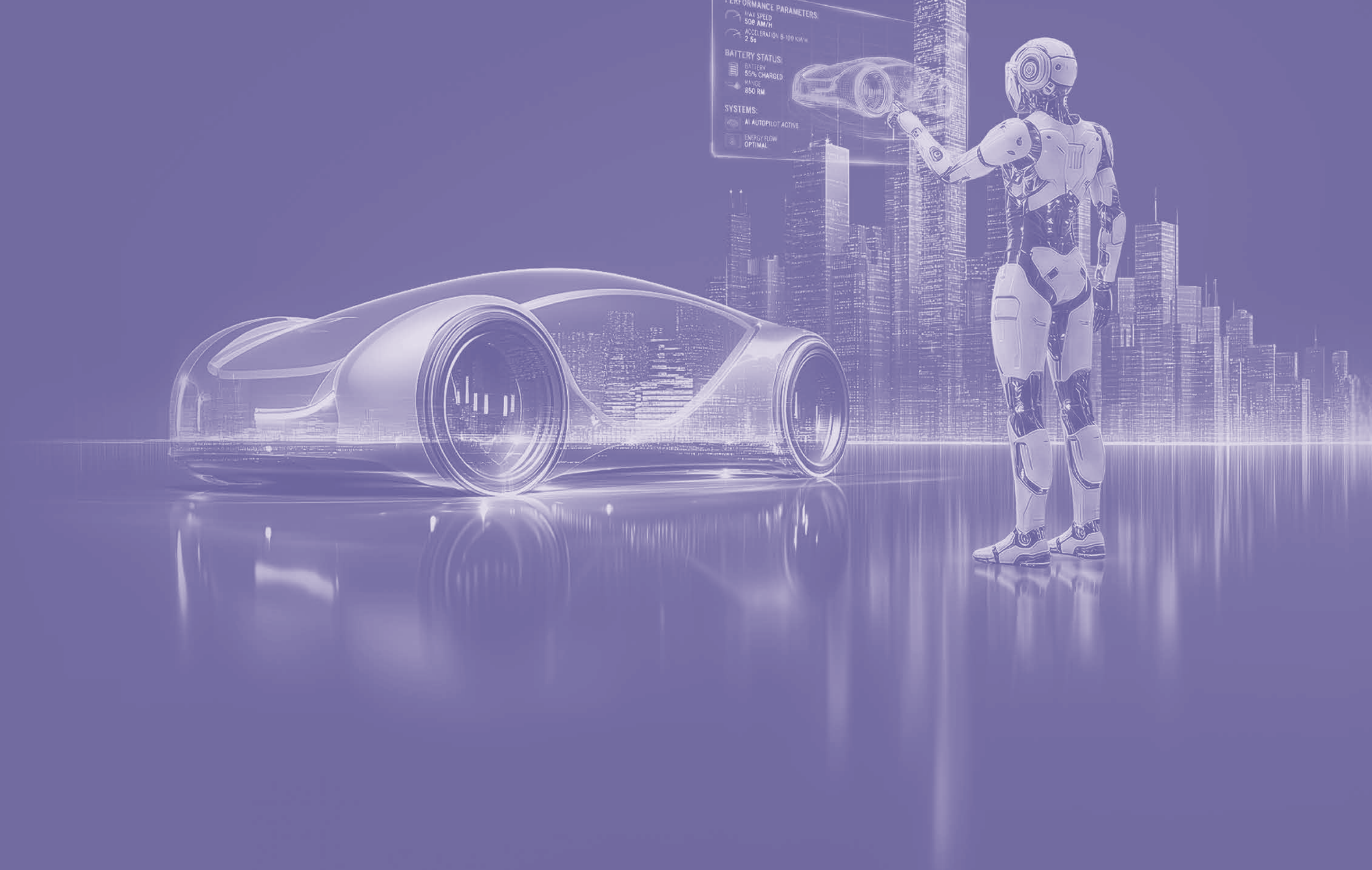
(A joint stock company established in the People's Republic of China with limited liability)

Stock Code : 2889



2025
ANNUAL REPORT

CONTENTS



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ying Zhenkai (應臻愷) *(Chairman of the Board and General Manager)*
Mr. Zhang Fukai (張富凱)
Ms. Xu Zhenhui (徐真慧)
Mr. Lai Weilin (賴偉林)
Mr. Gao Yinghui (高穎輝)
(resigned on December 31, 2025)

Employee Director

Mr. Zhang Yi (張毅)
(appointed on December 31, 2025)

Non-executive Directors

Mr. Wang Bihui (王碧輝)
Mr. Wang Yue (王越)
(resigned on December 23, 2025)
Mr. Ma Xiaoyong (馬曉詠)
Mr. Gu Yuekun (顧月坤)
(appointed on January 29, 2026)

Independent Non-executive Directors

Dr. Li Yuanpeng (李遠鵬)
Dr. Wang Yanfeng (王延峰)
(resigned on December 23, 2025)
Mr. Pang Chunlin (龐春霖)
Mr. Zhang Xiaoliang (張曉亮)
Dr. Liu Gongshen (劉功申)
Ms. Xu Lili (徐黎黎)
Dr. Gu Jinyu (古金宇)
(appointed on January 29, 2026)
Dr. Huang Xiaolin (黃曉霖)
(appointed on January 29, 2026)

AUDIT COMMITTEE

Dr. Li Yuanpeng (李遠鵬) *(Chairman)*
Mr. Zhang Xiaoliang (張曉亮)
Ms. Xu Lili (徐黎黎)

REMUNERATION COMMITTEE

Dr. Wang Yanfeng (王延峰) *(Chairman)*
(resigned on December 23, 2025)
Dr. Liu Gongshen (劉功申) *(Chairman)*
(appointed on December 23, 2025)
Dr. Li Yuanpeng (李遠鵬)
Mr. Ying Zhenkai (應臻愷)

NOMINATION COMMITTEE

Mr. Pang Chunlin (龐春霖) *(Chairman)*
Mr. Zhang Xiaoliang (張曉亮)
Ms. Xu Zhenhui (徐真慧)

SUPERVISORY COMMITTEE[Note]

Mr. Liang Chen (梁晨)
Ms. Xu Tingting (徐婷婷)
Ms. Wu Yunyun (吳蕓蕓)
Mr. Shi Wan (施萬)
Ms. Li Zijie (李自潔)

JOINT COMPANY SECRETARIES

Dr. Liu Yicheng (劉意成)
(resigned on March 16, 2026)
Ms. Leung Hoi Yan (梁愷欣)

AUTHORIZED REPRESENTATIVES

Mr. Ying Zhenkai (應臻愷)
Ms. Leung Hoi Yan (梁愷欣)

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place 88 Queensway
Hong Kong

REGISTERED ADDRESS

Room 3701, 866 East Changzhi Road
Hongkou District
Shanghai, PRC

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 3701, 866 East Changzhi Road
Hongkou District
Shanghai, PRC

Note: As approved by the Shareholders at the shareholders' meeting, from December 31, 2025, the Company will no longer have the Supervisory Committee and the Supervisors.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

(With effective from March 26, 2026)
Suite 1202, 12/F
East Tower
Cheung Kong Center II
10 Harcourt Road, Central
Hong Kong

HONG KONG LEGAL ADVISOR

Jingtian & Gongcheng LLP
Suites 3203–3209, 32/F
Edinburgh Tower
The Landmark
15 Queen's Road Central, Central
Hong Kong

COMPLIANCE ADVISOR

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

H SHARE REGISTRAR

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Wan Chai, Hong Kong

PRINCIPAL BANK

Bank of Shanghai Co., Ltd. Jiading Sub-branch
No. 388, Tacheng Road
Jiading District, Shanghai
PRC

STOCK CODE

2889

COMPANY'S WEBSITE

www.pateo.com.cn

LISTING DATE

September 30, 2025

This annual report ("**Annual Report**") (in both English and Chinese versions) has been posted on the website of the Stock Exchange and the Company's website at www.pateo.com.cn. Shareholders may at any time choose to change their choice of language and request for printed form of all Corporate Communications from the Company by giving notice in writing by post to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or by email at pateoconnect.ecom@computershare.com.hk.

Financial Summary

The following is a summary of the results and assets and liabilities of our Group for the past four financial years:

	For the year ended December 31,			
	2025	2024	2023	2022
	(RMB in thousands) (audited)			
Revenue	**3,509,726**	2,557,003	1,495,817	1,217,757
Gross profit	**434,191**	301,002	231,088	171,122
Loss before tax	**(1,093,701)**	(540,793)	(283,694)	(452,150)
Loss for the year	**(1,093,711)**	(540,820)	(283,761)	(452,153)
Non-IFRS Measure				
Adjusted net loss for the year	**(239,823)**	(352,413)	(218,398)	(390,515)

	As of December 31,			
	2025	2024	2023	2022
	(RMB in thousands) (audited)			
Non-current assets	**1,138,328**	726,531	464,387	288,359
Current assets	**4,699,055**	3,581,219	2,116,364	1,998,542
Total assets	**5,837,383**	4,307,750	2,580,751	2,286,901
Non-current liabilities	**510,131**	429,925	266,168	156,065
Current liabilities	**3,175,479**	2,331,769	1,715,679	1,313,574
Total liabilities	**3,685,610**	2,761,694	1,981,847	1,469,639
Total equity	**2,151,773**	1,546,056	598,904	817,262

Message from Chairman

Dear Shareholders, employees and industry peers,

2025 is a significant year for PATEO CONNECT, marking a milestone in the Company's development. In 2025, we were listed on the Hong Kong Stock Exchange, which also marked the 16th anniversary of PATEO's founding. This year was also a critical time when we experienced the most furious wave of automotive intelligence. Against this backdrop, we are pleased to present our preliminary, yet fruitful, results to all stakeholders who have trust in us.

PATEO's development path has never been straight nor smooth, yet we have always followed a clear direction. Upholding the philosophy of **the essence of automotive is the room for movement, while the essence of cockpit is the interface allowing human-device interactions,** we have been pursuing our business through applying such a fundamental proposition which we have constantly borne in mind since our start-up. From commands to graphical user interface, then touch to voice, and further advancing to artificial intelligence (AI) nowadays, every revolution in human-device interactions has redefined the gateway to a new era, thus, automotive will not be the outlier to this rule. Such judgement enables PATEO to develop smart cockpits as its core and continue to cultivate on it with determination and perseverance.

I. Building on a solid foundation: a historic leap forward in 2025

In 2025, PATEO achieved operating revenue of RMB3.51 billion, representing a year-on-year increase of approximately 37%; annual delivery of smart cockpit domain controllers reached 1.30 million units, representing an increase of over 40% compared to 2024, clearly demonstrating the strong market demand for and high recognition of PATEO's products. Revenue from AI software and cloud intelligent services amounted to approximately RMB95.10 million, covering businesses such as AI technology development, cloud data intelligence, intelligent operation and maintenance, and intelligent customer services. With the commercial application of AI continued to deepen, our revenue structure continued to improve. Our gross profit margin rose to 12.4%, with gross profit reaching RMB434 million; the adjusted loss for the year (non-IFRS Measure) narrowed significantly from RMB352 million in 2024 to RMB240 million, indicating a continuous improvement in profit quality.

II. The challenges of our time: a paradigm shift from "software-defined" to "AI-native"

We are in the midst of a profound industrial revolution. The intelligent automotive industry is undergoing a paradigm shift from "software-defined" to "AI-native", which is not a progressive upgrade, but a systematic restructuring driven by the synergy of AI empowerment and cloud-based collaboration instead. The synchronised interlocking of the four gears, namely energy, computing power, algorithms and hardware, determines whether AI-native vehicles can truly operate. The core dimension of competition in the future will shift from "computing power specifications" to "intelligence density", indicating that whoever can first convert each unit of computing power into maximum user value within automotive-grade constraints will stand on a more advantageous competitive position in the next-generation mobility ecosystem.

In this paradigm shift, PATEO's solution is to prioritise edge intelligence, i.e., to significantly streamline large models to ensure their efficient, stable and secured operation on automotive-grade chips. The challenge is not only on algorithmic prowess but also on the hardware engineering expertise accumulated over more than a decade: thermal management, functional safety, supply chain assurance and system integration, each of these represents a real threshold. "Dual closed-loop of technical and engineering capabilities" forms a key competitive barrier for PATEO, while the vast amounts of real-world scenario data accumulated from serving over 200 vehicle models provide a solid foundation for our ongoing enhancement of "intelligence density".

III. Strategic depth: a comprehensive and multi-dimensional strategy centred on AI, integrating software, hardware, chips and cloud services

Strategic positioning of PATEO is to be a builder of automotive and mobile terminal solutions and ecosystems integrating AI technology at the core with software, hardware, chips and cloud services. The underlying rationale for such positioning is that a software-focused company may not be able to guarantee a closed-loop user experience, whilst a hardware-focused company may struggle to achieve continuous evolution. Only companies that enable integration of AI algorithms, software platforms, chip optimisation and hardware manufacturing can be the key strategic partners to OEMs. PATEO will actively participate in ecosystem co-creation and leverage the value of system integration.

Standing on this positioning, PATEO has aligned itself with the trends across three dimensions, namely high-end evolution, globalisation and AI integration, to capitalise on opportunities arising from industry restructuring. In terms of high-end evolution, PATEO holds a 25.18% market share in the mid-to-high-end cockpit domain control segment among the PRC domestic brands, ranking first in the sector, and has earned the trust of automotive manufacturers for their most critical projects through its system integration capabilities. Meanwhile, PATEO has deepened its engagement with the two major ecosystems of Qualcomm and Kirin + HarmonyOS, establishing mass production and delivery capabilities across both platforms, to provide strategic supply chain flexibility for OEMs and ensure that PATEO could maintain a solid competitive foothold within both mainstream ecosystems. **In terms of globalisation**, PATEO has established partnerships with leading global automotive manufacturers based on its technical capabilities and delivery quality: cooperation with a European luxury automotive manufacturer is being deepened, with AI-enabled cockpit products expected to be delivered in 2026; collaboration with another internationally renowned OEM continues to expand, with relevant vehicle models having completed national qualification certification in over 100 countries, set to roll out first in regions such as Australia, Southeast Asia, South America and the Middle East. We have filed over 6,000 patent applications, with invention patents accounting for more than 80% of the total patents, providing solid intellectual property protection for PATEO's participation in global competition.

AI integration is the core driver of PATEO's long-term growth. PATEO has completed the vehicle mass production deployment of mainstream large language models and the full-scale implementation of AI Agents. The vast amounts of scenario data accumulated from serving over 200 vehicle models have laid a solid foundation for the continuous enhancement of AI capabilities. We anticipate that 2026 will mark the inaugural year of large-scale deployment of automotive-grade AI Agents, with the paradigm shift from "functional cockpits" to "AI-native intelligent cockpits" expected to be completed around 2028. Looking ahead to the era of Level 4 driving automation, vehicles will evolve into mobile intelligent spaces that integrate mobility, work and daily life. PATEO has proactively laid the groundwork for these scenarios, continuously expanding its "software-hardware-chip-cloud" capabilities. In terms of chips, PATEO has partnered with SMEE to establish an integrated circuit company and has initiated the formation of an industry strategic alliance, extending its reach upstream in the supply chain to strengthen its technological autonomy and control. **Faced intense industry competition, PATEO strongly believes that constantly cultivating its capabilities and enhancing the core value of its products and services are fundamental to the Company's long-term success. In the future, PATEO will continue to leverage AI technology as its core driving force, deepening its integrated capabilities across software, hardware, chips and cloud, and creating sustainable value for its customers in the fields of smart cockpits and mobile terminal solutions.**

IV. Conclusion

We still have a long way to go, thereby we shall remain clear-headed and humble. Along the journey full of uncertainties, PATEO made every major decision counts. Entering the vehicle connectivity in 2009, launching our full-stack self-developed vehicle in 2018, and systematically deploying edge AI in 2025, we acted with determination once our values were clearly defined in each case. As China's automotive industry progresses from a manufacturing powerhouse to a technological powerhouse, PATEO has always believed that persisting in doing the right, yet difficult, things is the choice most worthy of long-term commitment. By 2035, we hope that PATEO will be recognised as one of the enterprises that has accumulated sufficient experience with stable growth in the fields of smart cockpits and automotive intelligence. It is not because we have already known all the answers, but because we are willing to continue being part of the solution.

We would take this opportunity to express our sincere gratitude for the professionalism and long-standing dedication of every employee at PATEO, and the trust and support of every shareholder and business partner. We will continue to create long-term value for all stakeholders through rigorous operational and governance standards, and we look forward to sharing PATEO's growth with you all.

Our journey continues while we uphold our commitment to our mission. PATEO CONNECT shall grasp the opportunities to grow.

Ying Zhenkai
PATEO CONNECT Technology (Shanghai) Corporation
Chairman of the Board

March 30, 2026

BUSINESS REVIEW AND OUTLOOK

Overview

In 2025, the leading advantages of the automobile industry in China continued to stand firm, the production volume and sales volume for the year reached 34.531 million units and 34.40 million units, respectively, representing a year-on-year increase of 10.4% and 9.4%. The scale of production volume and sales volume achieved another record high. Meanwhile, the industry technology paradigm is undergoing deep evolution. The penetration rate of the China's smart cockpit continued to increase and AI cockpit solutions have progressed from the R&D phase to the vehicle integration phase. AI cockpit is transforming from "defined by hardware" to "defined by software" and working towards the new "AI defined automobile" phase at full speed. During the progress, major large models such as Doubao (豆包), Qwen (通義千問) and DeepSeek are rapidly deploying to automobiles. The deep integration of AI technology and multimodal interactions is driving the evolution of automobiles from traditional transportation tools to smart mobile spaces that combines work, entertainment, and social interaction. AI has become the core driving force leading the intelligent transformation of the automotive industry.

We are a provider and ecosystem builder of integrated software-hardware-chip-cloud solutions for automobiles and mobile terminals with AI technology at the core. According to CIC, we stand among the few enterprises that first developed smart cockpit solutions, ahead of most of our peers. While other smart cockpit solution providers primarily focus on hardware, we differentiate ourselves by offering smart cockpit solutions that integrate software, hardware and cloud-based services. This approach ensures an integrated solution tailored to meet diverse customer needs.

For the year ended December 31, 2025, the Company's revenue was RMB3,509.7 million, with gross profit of RMB434.2 million and a gross profit margin of 12.4%. The increase in revenue and gross profit of the Company was mainly attributable to the significant increase in delivery volume for the year. In 2025, delivery volume of smart cockpit domain controllers of the Company reached 1.3 million units, representing an increase of over 40% as compared to 2024, fully demonstrating the Company's products are highly recognized by the market and the demand is strong. The Company continues to deepen smart cockpit AI deployment which provides strong support for the Company to further increase its market share.

While the Company is continuously deepening its core business of smart cockpit, it actively promotes the AI technological strategic deployment, continues to increase R&D investment in areas such as AI large model on-device deployment, end-cloud collaboration, multimodal interaction, and AI Agents, and deepen technological exploration in cutting-edge fields such as cockpit-driving integration and embodied intelligence. We are committed to creating value through AI innovation, promote industry transformation with technological advancement and bring continuous momentum to the smart automobile industry and the broader technological ecosystem.

For the year ended December 31, 2025, the Company's revenue from AI software and cloud-based intelligent services (including AI related technological development services provided to the customers, AI technology-based cloud data intelligence, intelligent operation and maintenance and intelligent customer services) was approximately RMB95.1 million. The application of AI technology in R&D services and cloud-based vehicle connectivity continues to deepen.

Business Review

Our Products

Commercialization progress

In respect of the domestic market, the Company demonstrated strong business growth momentum, and carried out the business in an orderly manner and progressed steadily. The construction of intelligent system revolving the next generation of AI automotive has been initially established in terms of scale. As a leading smart cockpit solution provider, the Company is focusing on and promoting the R&D, production and delivery of our high-end flagship products, as well as driving the increase of the sales volume of low-end and mid-end products. In the high-end market, we are focusing on the core platforms of the Snapdragon 8295, Snapdragon 8397 and Kirin 9610A, making us one of the few suppliers in the industry that can provide smart cockpit solutions based on these two platforms at the same time; in the low-end and mid-end markets, we are continuing to expand our market share and consolidate our competitive advantages. We will continue to strengthen our product competitiveness and market share to consolidate our leading position.

— In 2025, the Company secured several new high-end cockpit design wins, including the existing products of the Company's Snapdragon 8295 and Snapdragon 8397 platforms, of which the number of design wins for the Company's Snapdragon 8295 platform continues to increase and steadily move towards mass production. Snapdragon 8397 platform products have secured design wins from top domestic automobile groups and new forces, and the Company's high-end cockpit design wins have integrated leading AI applications in the industry, which will be put into mass production in 2026. In the future, the Company will continue to expand the mass production of the Snapdragon 8295 platform for swift adaptation by domestic OEMs to further expand its market share. Meanwhile, we strive to acquire more customers for the Snapdragon 8397 platform to promote the iteration and upgrade of this high-end platform in the PRC, so as to maintain the leading position of the Company in high-end products in the domestic market. The cooperation between the Company and the smart cockpit based on the Kirin 9610A high-end chips platform continues to deepen, and the range of supporting models has expanded significantly. Meanwhile, in order to meet the fast-growing market demand, the Company completed the scale-up and layout of the production capacity of its high-end cockpit platform, laying a solid supply chain foundation for the continuous expansion of market share.

In respect of international business, the Company actively promoted its globalization strategy, made significant breakthroughs and substantial progress in its overseas business, and further improved the ecological layout of its overseas cockpit products.

— In 2025, the Company's cooperation with a European global luxury car manufacturer went smoothly and we continue to deepen the scope of the cooperation. The delivery of cockpit products will cover a variety of AI application functions, and products are expected to be delivered in 2026. Meanwhile, the Company's cooperation with an internationally renowned OEM went smoothly, and the Company added more models to its existing design wins, and the models have completed the relevant qualification certifications in more than 100 countries. It is expected that the targeted models will firstly cover Australia, Southeast Asia, South America, the Middle East and other regions.

In respect of vehicle connectivity support services, during the year, the Company integrated AI technology into the full process of cloud-based vehicle connectivity, effectively breaking through the bottleneck of the traditional service model, promoting the realization of high-quality and intelligent business upgrades, and bringing new momentum for the Company's performance growth. For the year ended December 31, 2025, the Company added 24 design wins delivery projects, of which 20 were renewals of existing customers and businesses, reflecting customers' continued recognition of the Company's service quality and delivery capabilities, and maintaining a stable business base. At the same time, the Company focused on expanding AI-driven cloud-based intelligent applications, establishing in-depth cooperation with top-tier large model manufacturers to jointly create intelligent service scenarios, expanding the base of business customers and obtaining relevant project design wins.

In respect of intelligent manufacturing, in 2025, the Company's production and manufacturing segment achieved significant results in quality cultivation, capacity expansion and delivery excellence. Through the extensive adoption of automated production lines and intelligent logistics systems, we have realized the data interoperability in the whole process, covering orders, production, logistics and sales. Meanwhile, we have established a unified data center and visualization platform by promoting the efficient synergy of core systems, such as ERP, MES, QMS, etc., and strengthened the ability of data-driven decision-making, which has significantly improved production efficiency and product quality. In the future, we will continue to focus on the frontiers of intelligent manufacturing, and continue to enhance our intelligent manufacturing capabilities to a higher level.

In respect of R&D and innovation, the Company actively promoted R&D and innovation with AI as the strategic core, and accelerated towards the new phase of "AI-defined automobile". In 2025, the Group incurred R&D expenses of RMB379,332,000, representing a significant increase from RMB207,279,000 in 2024. As of December 2025, the Company has applied for more than 6,000 patents, 1,909 patents have been granted, including 1,039 invention patents. As of December 31, 2025, our R&D team consists of 709 specialists, representing 33.7% of our total workforce, among which 86.7% hold a bachelor's degree or above.

— The Company cooperated with a European global luxury car manufacturer to create an integrated AI application of large-model smart car manual and maintenance appointment, which integrated vehicle professional knowledge and large-model technology. It created an immersive experience of voice interaction + visual confirmation and realized smart car manual Q&A, maintenance appointment, and intelligent processing of exceptional scenarios, and supported multi-vehicle management and personalized service. The application solved the pain points of slow traditional car manual inquiry, tedious maintenance appointment, unnatural interaction and lack of personalized service, significantly improved service efficiency and problem solving ability, and restructured the luxury car service ecosystem.

We offer OEMs and Tier-1 supplier customers comprehensive smart cockpit solutions and vehicle connectivity support services that enhance vehicle intelligence, driving safety, convenience and connectivity for both drivers and passengers.

During the Reporting Period, we generated a substantial portion of our revenue from smart cockpit solutions and the revenue from this business continued to grow both in absolute amount and as a percentage of our total revenue. In addition to providing domain controllers and other components, we also provide stand-alone R&D services to customers and charge them R&D services fees when these customers specifically engage us for conducting R&D activities to design and develop products or solutions based on their requirements pursuant to their contracts with us. Meanwhile, we continued to serve major OEM customers with our vehicle connectivity support services and maintained a stable scale of this business. The following table sets forth a breakdown of our revenue by offering of products and services for the periods indicated.

	For the year ended December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	(RMB in thousands, except for percentages)			
Smart cockpit solutions				
Domain controllers[1]	**3,022,534**	**86.1**	1,959,008	76.6
Cockpit components[2]	**104,586**	**3.0**	158,507	6.2
R&D services	**286,197**	**8.2**	323,893	12.7
Subtotal	**3,413,317**	**97.3**	2,441,408	95.5
Vehicle connectivity support services	**86,729**	**2.5**	110,228	4.3
Others[3]	**9,680**	**0.2**	5,367	0.2
Total revenue	**3,509,726**	**100.0**	2,557,003	100.0

Notes:

(1) Consist of domain controllers and modules sold to our customers. These modules are used in smart cockpit domain controllers, possessing certain computing capabilities to either enhance processing and performance capabilities of a domain controller or perform communication or other functions for a domain controller.

(2) Consist primarily of screens, T-boxes, microphones, wires, antennas, speakers and software (including application software which are purchased separately by customers from our domain controllers).

(3) Consist primarily of revenue generated from our sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

Smart cockpit solutions

We develop smart cockpit solutions and products for OEMs and Tier-1 supplier customers leveraging our core vertical integrated competencies in product design and development, function development, and in-house production. Smart cockpit solutions are enabled by the domain controller and a number of other devices connected to it, including displays, T-Box, cameras, microphones, speakers, wires, and antennas. Empowered by various layers of software, including operating systems and application software, the domain controller integrates functions including vehicle interaction and control, navigation, AR-HUD, instrument cluster displays, DMS, OMS, infotainment, and connectivity with other devices and networks. Our customers have the flexibility to choose an integrated solution that combines domain controllers deployed with our proprietary operating system (namely QingOS) with various hardware components - such as displays and other devices-assembled by us and tailored to their vehicle design. Alternatively, some customers opt to purchase individual components from us, including domain controllers, in-vehicle application software, displays, or other hardware components, based on their specific needs. In addition to offering full-spectrum product development capabilities, we also provide assembly services for certain customer, using the raw materials and accessories they supply to produce domain controllers. We also provide stand-alone R&D services to a diverse range of participants in the intelligent automotive industry, such as OEMs, Tier-1 supplier customers and in-vehicle application providers, transforming their conceptual requirements for smart cockpit hardware and software, including operating systems, application software and cloud-based software, into reality. Our R&D services enable our customers to enhance smart cockpit functionality and enrich the intelligent vehicle ecosystem.

AI cockpit

As one of the most important carriers for the on-device implementation of AI models, the AI computing power of smart cockpit is rapidly increasing to meet the growing on-device AI demand of the vehicle. Based on customer demand, we have integrated a chip solution with high AI computing power into the domain control of the smart cockpit.

During the year, the Company continued to deepen the AI layout of smart cockpit, focusing on model optimization and application in the domain of smart cockpit, and building an on-device large model focusing on in-vehicle scenarios around the construction of the intelligent system of next-generation AI vehicles. We have established in-depth cooperation with a number of leading large model enterprises to jointly explore the deployment of on-device multimodal models, AI function development, model conversion services, and the construction of end-cloud collaboration frameworks, so as to realize the application of various types of in-vehicle AI scenarios. The Company constructed the core competitiveness of “algorithm—computing power—scenarios”, and through the optimization of exclusive algorithms for in-vehicle scenarios, chip architecture-level multi-NPU computing power synergy, and the application construction capabilities of full-modality perception and full-scenarios services, the Company has solved the problems of real-time operation, stability, and low power consumption of large model in in-vehicle scenarios, and realized the transformation of general-purpose AI capabilities into in-vehicle-specific intelligent services and provided a solid AI technology base for smart cockpit, driving-cockpit synergy, and full-scenario mobility services.

Vehicle Connectivity Support Services

We primarily provide OEM customers with vehicle connectivity support services, including (i) user support services which assist OEMs to provide car owners with assistance, and (ii) platform maintenance services for vehicle connectivity platforms — whether developed by OEMs or by us — to enhance their stability, performance, system and data security, and adaptability to evolving business needs.

During the year, the Company deeply integrated AI technology into its cloud-based vehicle connectivity business system to promote the upgrade of traditional vehicle connectivity services to an AI-driven intelligence service model, bringing new momentum for business growth.

In respect of data intelligence, the Company built AI intelligent analysis models to efficiently process the massive multi-dimensional data generated by the vehicle connectivity scenarios, accurately portray users' driving habits and demand profiles, and provide personalized service recommendations. Meanwhile, the Company optimized AI mapping capabilities and opened up third-party ecological API interfaces to realize the efficient interface between users' demands and service responses, and to expand the service boundaries.

In respect of intelligent operation and maintenance, the Company relies on AI algorithms to build an intelligent malfunction warnings model to monitor the operational status of terminal equipment and network transmission in real time, and to assess potential malfunction in advance, thereby effectively reducing the incidence of malfunction and manual operation and maintenance costs. Meanwhile, with the AI-driven operation and maintenance knowledge base, the Company can quickly match the solutions to work order problems, and improve the efficiency and accuracy of work order processing.

In respect of intelligent customer service, the Company utilizes AI technology to achieve rapid analysis and precise identification of customer requests, builds an intelligent knowledge retrieval system, and constructs an "AI+Manual" synergistic service model, which effectively reduces repetitive manual operations, improves the efficiency of handling customer inquiries and complaints, and further enhances customer satisfaction.

Outlook and Planning

Along with the constant progression of automotive intelligence, automobile products are rapidly evolving from being driven by traditional hardware functions to data driven and deep AI integration. AI Agents are gradually becoming important carriers for intelligent interaction and service upgrades. The Company strives to become a provider and ecosystem builder of integrated software-hardware-chip-cloud solutions for automobiles and mobile terminals with AI technology at the core. In line with the industry trends, the Company continuously advances the development of related technologies, products and business capabilities, focusing on aspects such as AI technology deployment, high-end market expansion, globalization deployment, industrial ecosystem synergy and operational capability enhancement.

Continuous Deepening of AI Technology Deployment to Capture Development Opportunities Brought Upon by AI Agent

Under the development trends of automotive intelligence, AI technology is accelerating the evolution of product form and user experience. As the intelligence level of automobiles continues to advance, related products are evolving from traditional integrated functions to multimodal perception, intelligent interaction and scenario-based services. The application of AI Agents in voice interaction, visual perception, scenario understanding, task collaboration and service invocation is gradually deepening, driving human-machine interaction from passive response to a more natural collaborative approach. The Company established a technical system covering on-device model deployment, cloud-based vehicle connectivity synergy and multimodal interaction in AI related technologies, possessing the fundamental capability to support the implementation of the abovementioned trends.

At the same time, as the need for on-device AI application continues to increase, mainstream large models such as Doubao (豆包), Qwen (通義千問) and DeepSeek are rapidly deploying to automobiles.

As the AI computing power of next generation chip solution such as Snapdragon 8397 greatly advanced, the Company is promoting the implementation of related AI cockpit solutions, enabling customers to deploy AI large models in automobiles and implement application functions. The Company possesses relevant technological capabilities and will continue to advance the development of related products and solutions taking into account the industry trends and customer needs.

The Company will continue to advance the R&D of AI related technologies and products development, improve end-cloud synergies and promote the continuous evolution of on-device model deployment, cloud-based vehicle connectivity synergy and multimodal interaction capabilities. Meanwhile, the Company entered into a strategic cooperation framework agreement with China Ping An Property & Insurance to commence cooperation focusing on "AI + Vehicle Connectivity Technologies + Insurance Services". The Company will continue to invest in the R&D of AI algorithms, multimodal perception and AI related applications, and constantly enhance our product and technological capabilities.

Deep Cultivation of HarmonyOS Ecosystem and Capture the Opportunities for Ecosystem Synergy with Industry Leaders

HarmonyOS Ecosystem continues to develop and has become an essential part of China's automotive intelligence market. According to the official information of HIMA (鴻蒙智行), in 2025, HIMA delivered a total of 589,107 automobiles, representing a year-on-year increase of 32%. It is expected that HIMA will maintain the strong growth momentum in 2026.

The Company's self-developed QingOS possesses high level of openness and compatibility. It is compatible with mainstream operating systems such as HarmonyOS, Linux, Android and QNX, and deeply synergizes with Kirin 9610A processor, providing a strong support for the implementation of "domestic chip + in-house system" solution. The Company is a founding member of the OpenHarmony Working Committee and one of the few suppliers on the market that can provide complete smart cockpit solution based on the Kirin 9610A processor and HarmonyOS operating system. The Company completed a patent cross-licensing cooperation with Huawei in 2022. The said ecosystem positioning provides the Company with differentiated competitive advantages among the domestic smart cockpit solutions.

The Company will continue to deepen its cooperation with HarmonyOS Ecosystem, combine existing technological accumulation and mass production and delivery capabilities to continuously serve HIMA's relevant brand models. As HarmonyOS Ecosystem continues to expand in the automotive industry, there is room for related business expansion. Furthermore, combining the Company's cockpit software, manufacturing, and AI capabilities, we are enabling HarmonyOS Ecosystem to further develop other products.

Advance the Deployment of Cockpit-Driving Integration Technologies and Ride on the Trend of Cross-Domain Integration and Development

Against the backdrop of the continuous evolution of automotive intelligence, cockpit-driving integration is becoming an important technological focus of the industry. As smart cockpits, driver assistance systems and overall automobile intelligence functions continue to merge, related products are placing higher requirements on cross-domain synergy, computing platforms, software architecture and system integration capabilities. At the same time, with L3/L4 autonomous driving technology rapidly entering the commercialization window period and the constant promotion of advanced autonomous driving applications such as Robotaxi, higher requirements are placed on cockpit intelligent interaction and scenario-based service capabilities–as drivers are gradually freed from driving tasks, the automotive cockpit is rapidly evolving from a functional carrier to a "third space", further highlighting the experiential value of smart cockpits. The continuous development of AI technology in multimodal perception, scenario understanding, driver state monitoring, end-to-end intelligence and functional synergy also provides new technical support for cockpit-driving integration applications.

The Company will leverage the accumulated experience in software and hardware R&D, system integration and engineering mass production in the smart cockpit to continuously advance the development of cockpit-driving integration technologies and product capabilities. It will also carry out R&D focusing on AI applications, cross-domain fusion architecture and scenario-based functional synergy. Meanwhile, the Company entered into strategic cooperation with SenseTime to explore the integrated application of AI large models in smart cockpits and related cutting-edge technologies, leveraging SenseTime's technological expertise in visual perception and large models to accelerate the continuous improvement of cockpit-driving integration products and solution capabilities.

Strengthen the High-End Market Position and Deepen Strategic Cooperation with Core Customers

The Company continues to focus on the mid- and high-end automotive intelligence segment and has established a leading position in the high-end smart cockpit market. According to the Gaogong Intelligent Vehicle Research Institute, in 2025, PATEO CONNECT ranked first in market share for pre-installed cockpit domain control in the PRC market of mid- and high-end domestic brand passenger vehicles above RMB250,000.

The Company's businesses cover multiple mainstream automobile manufacturers. The core product, domain controllers, has been used by a top domestic new energy vehicle manufacturer, as well as leading new energy vehicle brands such as Dongfeng Voyah. The Company established business partnerships with a domestic major state-owned automobile manufacturer or domestic major automobile manufacturer and Dongfeng Motor Group. FAW Group and Dongfeng Motor Group are also shareholders of the Company, demonstrating the recognition of the Company's technological strength and long-term development by these automobile manufacturers.

The Company will continue to advance cooperation with ecosystem partners regarding chips and operating system, improve our product portfolio focusing on mainstream high-computing power platforms, and enhance product value as technology platforms continue to iterate. Meanwhile, the Company will further expand its customer base, deepen cooperation with key automobile manufacturers in cutting-edge areas including AI smart cockpits, consolidate the competitive advantages in the mid- and high-end market and steadily advance related businesses.

Accelerate Globalization Deployment and Expand Overseas Automotive Intelligence Business

The Company will continue to advance its globalization deployment and steadily expand its overseas business leveraging on its experience in automotive intelligence related R&D, system integration and engineering delivery accumulated in the PRC market. The Company will continue to strengthen cooperation with international automotive customers and improve localized R&D and service capabilities in the overseas market to support the implementation of overseas projects based on business needs.

In the future, the Company will continue to strengthen customer development, technical support, and delivery assurance capabilities in key overseas markets, focusing on high-end, localized and globalized strategies, thereby further enhancing the Company's business coverage and service capabilities in the international market.

Build an Industrial Synergy Ecosystem and Strengthen Value Chain Integration

The Company will actively promote synergies with automobile manufacturers, chip suppliers, operating system and key component partners to continuously improve the integrated automotive intelligence solution capabilities and jointly advance technological iteration and ecosystem innovation. At the same time, the Company will also carefully evaluate potential investment and cooperation opportunities with technological synergies to support the implementation of long-term development strategies.

Boost Operational Efficiency and Enhance Supply Chain Stability

The Company will continue to promote automated production upgrades and manufacturing process optimization to improve production efficiency and product consistency of complex hardware systems. In terms of supply chain management, the Company will deepen cooperation with key component and chip suppliers to establish a more resilient and diversified supply system, to ensure a stable supply and large-scale delivery capability for core products, thus supporting the business development of the Company.

FINANCIAL REVIEW

Revenue

During the Reporting Period, we generated revenue from smart cockpit solutions, vehicle connectivity support services and others. The following table sets forth a breakdown of our revenue, in both absolute terms and as a percentage of our revenue for the periods indicated:

	For the year ended December 31,			
	2025		2024	
	Amount	**% of total revenue**	Amount	% of total revenue
	(RMB in thousands, except for percentages)			
Smart cockpit solutions	**3,413,317**	**97.3%**	2,441,408	95.5%
Vehicle connectivity support services	**86,729**	**2.5%**	110,228	4.3%
Others[1]	**9,680**	**0.2%**	5,367	0.2%
Total Revenue	**3,509,726**	**100.0%**	2,557,003	100.0%

Note:

(1) Consist primarily of revenue generated from our sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

We recorded a revenue of RMB3,509.7 million for the year ended December 31, 2025, representing an increase of 37.26% from RMB2,557.0 million for the year ended December 31, 2024, primarily attributable to the significant increase in delivery volume for the year. In 2025, delivery volume of smart cockpit domain controllers of the Company reached 1.3 million units, representing an increase of over 40% as compared to 2024, fully demonstrating the Company's products are highly recognized by the market and the demand is strong. The Company continues to deepen smart cockpit AI deployment which provides strong support for the Company to further increase its market share.

We derive a substantial portion of our revenue from providing smart cockpit solutions that integrate software, hardware, cloud-based vehicle connectivity to OEMs and Tier-1 suppliers. Our revenue generated from smart cockpit solutions was RMB3,413.3 million for the year ended December 31, 2025, representing an increase of 39.8% from RMB2,441.4 million for the year ended December 31, 2024, primarily due to (i) significant increase in the annual delivery volume of smart cockpit domain controllers as compared to 2024; and (ii) the Company continues to deepen smart cockpit AI deployment.

We provide vehicle connectivity support services to OEMs, consisting of a variety of user support services and platform maintenance services. Our revenue generated from vehicle connectivity support services was RMB86.7 million for the year ended December 31, 2025, representing a decrease of 21.32% from RMB110.2 million for the year ended December 31, 2024, primarily due to the decrease in service volume from individual customers.

We also generate revenue from selling materials and components to be used by OEMs and Tier-1 suppliers in their production, which consist primarily of automotive-grade chips. Our revenue from others was RMB9.7 million for the year ended December 31, 2025, representing an increase of 80.4% from RMB5.4 million for the year ended December 31, 2024, primarily due to the disposal of certain chips during the fluctuation of chip prices.

Cost of Sales

Our cost of sales consists primarily of (i) material costs which were attributable to the procurement of raw materials and components for the production of smart cockpits, (ii) manufacturing costs which mainly include energy consumption, depreciation of manufacturing equipment and facilities, and other miscellaneous costs associated with our production activities, and (iii) staff costs, consisting primarily of salaries, bonuses, social insurance, and other benefits for our operation and maintenance staff, manufacturing workforce, and R&D personnel involved in delivering smart cockpit solutions.

Our cost of sales was RMB3,075.5 million for the year ended December 31, 2025, representing a year-on-year increase of 36.3%, primarily due to the increase of cost of sales of smart cockpit domain controllers as the scale of revenue correspondingly increases.

Our principal raw material and components procured for production of smart cockpits include automotive-grade chips, integrated circuits and structural components. We purchase automotive-grade chips from suppliers in the United States, Taiwan Province of China and Chinese mainland and other raw materials and components from suppliers in mainland China. Material costs are the largest component of our cost of sales.

Gross Profit and Gross Profit Margin

Our gross profit represents our total revenue less our total cost of sales, and our gross profit margin represents gross profit divided by our total revenue, expressed as a percentage.

As a result of the increase in delivery volume of high-end smart cockpit solutions due to the increase in customers' demand for smart cockpit domain controllers with high-end SoC against the backdrop of the industry's shift towards high-end smart cockpits, our gross profit was RMB434.2 million for the year ended December 31, 2025, representing an increase of 44.2% from RMB301.0 million for the year ended December 31, 2024. Our overall gross profit margin was 12.4% for the year ended December 31, 2025, representing an increase of 0.6 percentage point from 11.8% for the year ended December 31, 2024.

Other Income

Our other income mainly includes (i) government grants for our research and development programs and our business operation and value-added tax additional deduction, (ii) interest income from bank deposits, and (iii) rental income.

Our other income increased by 18.6% from RMB59.9 million for the year ended December 31, 2024 to RMB71.0 million for the year ended December 31, 2025, primarily due to the financial subsidy received by the Company in relation to asset injection.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal represent the impairment losses on trade and other receivables due from certain customers or reversal of impairment losses if we expect our credit loss to decrease.

We reversed impairment loss recognized under expected credit loss model of RMB14.3 million for the year ended December 31, 2025, as compared with impairment losses recognized under expected credit loss model of RMB149.9 million for the year ended December 31, 2024, primarily because there was no recognition of significant impairment loss provision in respect of an OEM customer during the Reporting Period, as had occurred in the previous year, and at the same time the Group further enhanced the whole-process control over accounts receivable, continued to optimize the collection mechanism, leading to a significant decrease in long-term unrecovered receivables.

Other Gains and Losses

Our other gains and losses consist primarily of (i) gains or losses from changes in fair value of financial assets at FVTPL which consist primarily of our equity investment in an intelligent new energy vehicle manufacturer, (ii) net foreign exchanges gains or losses mainly associated with overseas procurement of certain raw materials and components, (iii) donations primarily comprising those we made to a foundation that promotes open source collaboration and innovation and to a charity organization for flood relief, and (iv) losses on disposal of property, plant and equipment and early termination of lease.

We recorded other losses of RMB51.8 million for the year ended December 31, 2025 as compared with other gains of RMB50.9 million for the year ended December 31, 2024. This change was primarily attributable to losses incurred from changes in fair value of financial assets at FVTPL in relation to our equity investment in a new energy vehicle manufacturer in 2025.

Selling Expenses

Our selling expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, equity-settled share-based payments, and other benefits for our sales and marketing personnel and after-sale service staff, (ii) after-sale service expenses that we incurred for the repair or replacement of smart cockpit solutions that we have sold, (iii) promotion, advertising and travelling expenses in connection with customer acquisition activities, and (iv) depreciation and amortization expenses.

Our selling expenses increased by 34.46% from RMB148.9 million for the year ended December 31, 2024 to RMB200.2 million for the year ended December 31, 2025. This increase was primarily attributable to the increase in relevant expenses due to our effort in seeking oversea customers and enhancing brand recognition, as well as the increase in share-based compensation expenses due to the grant of share options to the sales team personnel.

Administrative Expenses

Our administrative expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, equity-settled share-based payments, and other benefits for our administrative and management personnel, (ii) depreciation and amortization in connection with office spaces and equipment, (iii) office expenses consisting primarily of rental expenses for office spaces, and other general office expenses, (iv) professional service fees mainly representing fees for engaging third-party agencies in relation to our legal and consulting services, (v) business development expenses of our administrative personnel, and (vi) intellectual property fees consisting primarily of agency fees for patent application and maintenance.

Our administrative expenses increased by 130.4% from RMB370.4 million for the year ended December 31, 2024 to RMB853.5 million for the year ended December 31, 2025, primarily because the Company granted share options to the administrative and management personnel, resulting in an increase in share-based compensation expenses, as well as the increase in professional services in relation to the initial public offering in Hong Kong and global offering.

Research and Development Expenses

Our research and development expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, equity-settled share-based payments, and other benefits for research and development personnel, (ii) depreciation and amortization, representing the allocation of the costs of tangible and intangible assets used in research and development activities over their useful lives, and (iii) miscellaneous expenses associated with our R&D activities.

Our research and development expenses increased by 83.0% from RMB207.3 million for the year ended December 31, 2024 to RMB379.3 million for the year ended December 31, 2025, primarily due to (i) our promotion of commercialization adaptation of high-end chip platforms and commencement of R&D work in relation to AI application products, and (ii) increase in labor expenses related to R&D, especially the share-based compensation for R&D personnel.

Share of Result of Associates

Our loss from share of result of associates was RMB7.6 million for the year ended December 31, 2025, as compared with loss from share of result of associates of RMB0.7 million for the year ended December 31, 2024, primarily due to the loss resulted from the relevant companies still being in R&D phase and the increase of R&D expenses in 2025.

Share of Result of A Joint Venture

Our loss from share of result of a joint venture was RMB45,000 for the year ended December 31, 2025.

Listing Expenses

We recognized listing expenses of RMB36.1 million for the year ended December 31, 2025 and RMB31.2 million for the year ended December 31, 2024, in line with the progress of our listing application.

Finance Costs

Our finance costs consist primarily of (i) interest expense on bank borrowings; and (ii) interest expense on lease liabilities.

Our finance costs increased by 27.4% from RMB44.1 million for the year ended December 31, 2024 to RMB56.1 million for the year ended December 31, 2025, primarily due to the increase in interest expense on bank borrowings, in line with our increased bank borrowing balance.

Loss before tax

As a result of the foregoing, our loss before tax increased by 102.24% from RMB540.8 million for the year ended December 31, 2024 to RMB1,093.7 million for the year ended December 31, 2025.

Income Tax

Our income tax expenses amounted to RMB0.01 million in 2025.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 102.23% from RMB540.8 million for the year ended December 31, 2024 to RMB1,093.7 million for the year ended December 31, 2025.

Non-IFRS Measures

To supplement our consolidated statement of profit or loss which are presented under International Financial Reporting Standards (the "**IFRS**"), we also use adjusted net profit/(loss) for the year as non-IFRS measures, which are not required by, or presented in accordance with IFRS. We believe that the presentation of non-IFRS measures, together with the presentation of corresponding IFRS measures, provides useful information to investors and our management, which facilitates comparisons of our operating performance from period to period by eliminating certain non-operating or non-recurring expenses that do not affect the ongoing operating performance of the Company (including listing expenses and share-based payments).

For 2025, by adding back the share-based payments and listing expenses, our adjusted loss (non-IFRS measure) for the year was RMB239.8 million, significantly decreased from RMB352.4 million for 2024.

The following table reconciles our adjusted net loss for the years presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which is loss for the year.

	Year ended December 31,	
	2025	2024
	(RMB million)	*(RMB million)*
Loss for the year	**(1,093.7)**	(540.8)
Add:		
Listing expenses	**36.1**	31.2
Share-based payments	**817.8**	157.2
Adjusted net loss for the year	**(239.8)**	(352.4)

Note: For the year ended December 31, 2025, the share-based payments increased 420.3% to RMB817.8 million on a year-on-year basis, primarily due to (i) the increase in fair value per share of the Company's equity at the time the share awards were granted; and (ii) the grant of additional incentive shares under employee stock ownership plan.

From time to time in the future, there may be other items that we may exclude from reviewing our financial results. The use of such non-IFRS measures has limitations as analytical tools, and shareholders and potential investors of the Company should not consider them in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the definition of such non-IFRS measures may be different from similar terms used by other companies, and therefore may not be comparable to similarly-titled measures of other companies.

Liquidity and Financial Resources

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and other recurring expenses. During the Reporting Period, we had financed our operations primarily through cash generated from our operating activities and financing activities. In the foreseeable future, we believe that our liquidity requirements will be satisfied with a combination of cash flow generated from our operating activities, the net proceeds received from the Global Offering, and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations. We had cash and cash equivalents of RMB1,444.1 million as of December 31, 2025, compared to RMB977.0 million as of December 31, 2024.

Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,	
	2025	2024
	(RMB in thousands)	*(RMB in thousands)*
Net cash used in operating activities	**(525,398)**	(705,789)
Net cash used in investing activities	**(338,461)**	(315,298)
Net cash from financing activities	**1,331,267**	1,741,065
Net increase in cash and cash equivalents	**467,408**	719,978
Cash and cash equivalents at the beginning of the year	**977,006**	257,038
Effects of change in foreign exchange rate	**(271)**	(10)
Cash and cash equivalents at the end of the year	**1,444,143**	977,006

Indebtedness

The following table sets forth the details of our indebtedness as of the dates indicated:

	As of December 31, 2025 ***(RMB in thousands)*** **(audited)**	As of December 31, 2024 *(RMB in thousands)* (audited)
Current		
Bank borrowings	**1,853,587**	1,348,159
Lease liabilities	**34,911**	57,076
Refundable government grants	**92,592**	117,592
Non-current		
Bank borrowings	**328,493**	247,292
Lease liabilities	**33,293**	59,859
Total	**2,342,876**	1,829,978

We maintain a prudent approach in our treasury management with interest rate exposure maintained principally on a floating rate basis. During the Reporting Period, we did not use any interest rate swap contracts or other financial instruments to hedge against our interest rate risk. We will continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

Bank Borrowings

As of December 31, 2024 and December 31, 2025, we had a total of bank borrowings of RMB1,595.5 million and RMB2,182.1 million, respectively. Our borrowings were primarily used to finance increased working capital requirements driven by business expansion, including the construction of our production facilities, during the Reporting Period.

Contingent Liabilities

Save as disclosed in note 37 to the financial information, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Capital Expenditures

During the Reporting Period, our capital expenditures primarily consisted of purchases of property, plant and equipment and purchase of right-of-use assets. Our capital expenditures amounted to RMB414.3 million for the year ended December 31, 2025. We intend to fund our future capital expenditures with net proceeds from equity and debt financings and our operating cash flows.

Capital Commitments

Our capital commitments are mainly related to acquisition of property, plant and equipment. As of December 31, 2024 and December 31, 2025, we had RMB411.2 million and RMB336.5 million of capital expenditures contracted for but not yet recognized, respectively, arising from construction and renovation of production facilities and purchase of equipment.

Gearing Ratio

Our gearing ratio, being total liabilities divided by total assets and multiplied by 100%, was 64.1% and 63.1% as at December 31, 2024 and December 31, 2025, respectively.

Significant Investments Held

As of December 31, 2025, the Group did not hold any significant investments representing 5% or more of the Group's total assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As at December 31, 2025, the Group's borrowings of RMB437,887,000 (2024: RMB287,551,000) were pledged by buildings, machineries, construction in progress, leasehold lands and bills receivables. As at December 31, 2025, the Group's borrowing of RMB24,086,000 (2024: RMB9,009,000) were secured by pledged bank deposits.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this Annual Report and the prospectus of the Company dated September 22, 2025 (the "**Prospectus**"), as of December 31, 2025, we have no specific future plan for material investments and acquisition of capital assets. The Group will continue to identify new investment opportunities in companies with principal businesses related to the Group's core business with a view to create synergies with the Group's existing core business and improve the Group's service and products to its customers.

Currency and Exchange Rate Fluctuation Risk

We collect most of our revenue in RMB and most of the expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of our relevant subsidiaries. Our exposure to foreign currency risk arises mainly from certain bank balances, certain trade receivables and trade payables which are denominated in foreign currencies. Except for the above items denominated in foreign currencies, we did not have any other monetary assets or liabilities denominated in foreign currencies as of December 31, 2025.

The foreign exchange risk exposure of the Group mainly comes from the risk of exchange of United States dollars and Euros to Renminbi and Hong Kong dollars. We managed our foreign exchange risk by regularly reviewing net foreign exchange exposures, and conducted risk management. The management of the Group continued to pay attention to the market environment and the Group's own foreign exchange risk profile, and to consider taking appropriate hedging measures when necessary. During the Reporting Period, the Group did not enter into any hedging transaction against foreign exchange risks.

Employees and Remuneration Policies

As of December 31, 2025, the Group had 2,119 employees. The number of employees employed by the Group varies from time to time depending on needs. The staff costs including Directors' and Supervisors' emoluments were approximately RMB1,484.2 million for the year ended December 31, 2025.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary, bonuses and share incentive plan. We have a unified salary management system and employee internal transfer management methods to ensure the fairness of salary and promotion, and the salary and promotion decisions stipulated in the system are based on the employee's position and performance. In addition to salary, employees also receive welfare benefits, including medical insurance, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits. We also provide training and development programs to our employees to improve their technical skills.

DIRECTORS

Executive Directors

Mr. Ying Zhenkai, aged 53, the founder of the Group, was appointed as a Director, the chairman of the Board and the general manager of our Company in October 2009 and was re-designated as an executive Director in June 2024. He is responsible for the overall strategic planning of the Group and major business and operational decisions, including the management of our business operation, business development and public relations.

Mr. Ying has around 16 years of automotive intelligence industry experience. Prior to founding the Group in 2009, Mr. Ying had embarked on his entrepreneurial journey in 2001, running his companies in multimedia and marketing and thereby accumulating extensive experience in entrepreneurship and business management. Mr. Ying was recognized as the deputy director of the Expert Committee by the National Quality Supervision and Inspection Center for Intelligent Connected Vehicles (Tianjin) (國家智能網聯汽車質量監督檢驗中心(天津)專家委員會) in September 2018, as a member of the Expert Advisory Committee of the Shanghai National New-Generation Artificial Intelligence Innovation and Development Pilot Zone (上海國家新一代人工智能創新發展試驗區專家諮詢委員會) in the Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會) in August 2019, as a member of the National Technical Committee of Auto Standardization (全國汽車標準化技術委員會) in March 2020, and as the vice president of the Fourth Council of Shanghai Entrepreneur Association (上海市企業家協會第四屆理事會) in March 2021.

Throughout his career, Mr. Ying has been awarded several times for his contributions to the industry, including but not limited to:

(i) the Leader of the Fifth Session of Industry and Commerce of Shanghai (第五屆上海市工商業領軍人物), awarded by Shanghai Federation of Industrial Economics (上海市工業經濟聯合會), Shanghai Commercial Association (上海市商業聯合會) and Shanghai Enterprise Association (上海市企業聯合會) in January 2021;

(ii) the 2021–2022 Shanghai Outstanding Entrepreneur (2021–2022年度上海市優秀企業家), awarded by Shanghai Enterprise Association (上海市企業聯合會) and Shanghai Entrepreneur Association (上海市企業家協會) in December 2023; and

(iii) the Shanghai May 1st Labor Medal (上海市五一勞動獎章), awarded by the Shanghai Federation of Trade Unions (上海市總工會) in May 2024.

Mr. Ying was a supervisor and owned 40% equity interest of Nanjing Huatong Culture and Art Advertising Co., Ltd. (南京華通文化藝術廣告有限責任公司) whose business license was revoked on November 29, 2007 due to failure to conduct annual inspection on a timely basis under PRC laws. According to the PRC laws, the PRC company's supervisor will not be liable for the revocation of its business license. Mr. Ying confirmed that (i) he did not incur any debt and/or liabilities because of such revocation of business license; (ii) Nanjing Huatong Culture and Art Advertising Co., Ltd. was not involved in any non-compliance or litigation prior to the revocation of business license; and (iii) the revocation of business license did not have any negative effect on our Group.

Mr. Zhang Fukai (張富凱), aged 52, was appointed as a Director in May 2016 and re-designated as an executive Director in June 2024. After his joining the Group, he initially served as the chief financial officer of the Company from September 2011 to October 2021, and resumed this role in June 2024. Since October 2021, Mr. Zhang has also been serving as the secretary to the Board. He is responsible for the overall financial management and the management of day-to-day work of the Board and corporate governance matters.

Prior to joining the Group, Mr. Zhang held positions in several corporations covering various business areas, including serving as the finance manager of the finance management center of Beijing Funtalk Century Technology Group Co., Ltd. (北京樂語世紀科技集團有限公司) from September 2009 to September 2011.

Mr. Zhang obtained a diploma in accounting by attending online education from Renmin University of China (中國人民大學) in the PRC in July 2010. He was awarded the qualification of accountant (會計師) by the Ministry of Finance of the People's Republic of China in May 1998.

Ms. Xu Zhenhui (徐真慧), aged 42, was appointed as a Director in May 2018 and was re-designated as an executive Director in June 2024. She has successively served as the executive director of the new business department of the Company from January 2017 to March 2019 and the vice president of the Company from March 2019 to December 2022. She has been serving as the deputy general manager of the Company since October 27, 2021 and the assistant to the president of the Company since January 2023. She is responsible for providing guidance and support on corporate and business strategies and coordinating internal resources.

Prior to joining the Group, Ms. Xu worked at private companies in advertisement industry, including serving as a senior customer director at Shanghai Kaida Advertising Co., Ltd. (上海愷達廣告有限公司) from September 2007 to December 2016.

Ms. Xu obtained a bachelor's degree in applied psychology from Shanghai Normal University (上海師範大學) in the PRC in July 2005.

Mr. Lai Weilin (賴偉林), aged 44, was appointed as a Director in July 2021 and was re-designated as an executive Director in June 2024. He has successively served several positions in the Company, including the director of the business department of the Company from November 2011 to March 2019, the vice president of the business department of the Company from March 2019 to August 2022, and the chief marketing officer of the business center of the Company from August 2022 to May 2024. He has been serving as the deputy general manager of the Company since October 2021 and the general manager of the international business department of the Company since June 2024. He is responsible for providing guidance and advice on corporate and business strategies and the management of our business operation.

Prior to joining the Group, Mr. Lai once worked in the semiconductor R&D department of Freescale Semiconductor (China) Co., Ltd. Shanghai Branch (飛思卡爾半導體(中國)有限公司上海分公司) (currently known as NXP Semiconductors (Tianjin) Limited (恩智浦半導體(天津)有限公司)) from May 2006 to October 2011.

Mr. Lai obtained a bachelor's and a master's degree in communication engineering in July 2003 and March 2006, respectively, from Xidian University (西安電子科技大學) in the PRC.

Employee Director

Mr. Zhang Yi (張毅), aged 53, has been serving as deputy general manager of the Company since October 2021. Mr. Zhang is also serving as executive vice president of the Company's Intelligent Manufacturing Business Group and general manager of PATEO Intelligent Manufacturing (Lu'an) Co., Ltd. (博泰智能製造(六安)有限公司). He is responsible for the management of manufacturing and business development. Mr. Zhang served as the manager of PATEO CONNECT (Ruian) Co., Ltd. (博泰車聯網(瑞安)有限公司) from November 2022 to November 2024 and as the manager of PATEO CONNECT Equipment Manufacturing (Xinchang) Co., Ltd. (博泰車聯網設備製造(新昌)有限公司) from February 2024 to September 2025. Prior to joining the Group, Mr. Zhang had extensive working experience in electronic technology industry, including serving as the deputy general manager of Nanjing Borong Electronics Co., Ltd. (南京博融電子有限公司) from September 2007 to June 2015. Mr. Zhang obtained a bachelor's degree in industrial foreign trade in June 1994 and a master's degree in business administration in May 2001, both from Southeast University in the PRC. Mr. Zhang is a senior business engineer.

Non-executive Directors

Mr. Wang Bihui (王碧輝), aged 39, was appointed as a non-executive Director in August 2024. He is responsible for providing guidance and advice on corporate and business strategies.

Mr. Wang once held various media-related positions at Xinchang County Media Convergence Center (新昌縣融媒體中心) (formerly known as Xinchang County Radio and Television Station (新昌縣廣播電視台)) from July 2010 to May 2021. He served as a staff member in the administration department at Xinchang County Industrial Park Investment Development Group Co., Ltd. (新昌縣工業園區投資發展集團有限公司) from July 2020 to April 2024. He has been serving as the director and deputy manager at Xinchang Gaochuang Business Service Co., Ltd. (新昌高創商務服務有限公司) since April 2024, responsible for management-related work.

Mr. Wang obtained a college's diploma in business and enterprise management from Zhejiang Changzheng Vocational and Technical College (浙江長征職業技術學院) in the PRC in July 2011.

Mr. Ma Xiaoyong (馬曉詠), aged 52, was appointed as a Director in September 2022 and was re-designated as a non-executive Director in June 2024. He is responsible for providing guidance and advice on corporate and business strategies.

Mr. Ma has over 20 years of work experience. Prior to joining the Group, he worked in Jiangsu Agricultural Machinery Research Institute Co., Ltd. (江蘇省農業機械研究所有限公司) from August 1996 to August 2004. He once worked at Suning.com Co., Ltd. (蘇寧易購集團股份有限公司) (a company listed on Shenzhen Stock Exchange (stock code: 002024)) from August 2010 to January 2011. He then served as the vice president of Suning Real Estate Group Co., Ltd. (蘇寧置業集團有限公司) from January 2011 to October 2014. He then worked in China Minsheng Jiaye Investment Co., Ltd. (中民嘉業投資有限公司) from April 2015 to December 2019. He currently serves as the assistant to president of Suning Holdings Group Co., Ltd. (蘇寧控股集團有限公司).

Mr. Ma obtained a bachelor's degree in engineering from Nanjing University of Science and Technology (南京理工大學) in the PRC in July 1996.

Mr. Gu Yuekun (顧月坤), aged 36, holds a master's degree in finance from Fudan University and holds a fund industry qualification. Mr. Gu has previously worked for Shanghai International Trust Corp., Ltd. (上海國際信託有限公司), Lujiazui International Trust Corporation Limited (陸家嘴國際信託有限公司) and Shanghai Sunrise Equity Investment Fund Management Co., Ltd (上海晨曦股權投資基金管理有限公司). Mr. Gu is proficient in equity and debt investments as well as financial innovation business, with rich experience in industrial investment, and is familiar with corporate operations and capital market operations. Mr. Gu joined Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司) as a deputy investment director in 2021, and has since participated in multiple investment projects. He is currently serving as the department general manager of the Third Investment Division.

Independent Non-executive Directors

Dr. Li Yuanpeng (李遠鵬), aged 48, was elected as an independent non-executive Director in October 2021. He is responsible for supervising and providing independent judgement to the Board.

Prior to joining the Group, Dr. Li once worked in the management department of Fudan University from 2006 to 2012 and has been serving as an associate professor in the accounting department of Fudan University since January 2012. Dr. Li previously served or currently serves as a director in the following companies:

Company name	Position	Date of appointment and resignation
Shanghai Lily&Beauty Cosmetics Co., Ltd. (上海麗人麗妝化妝品股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 605136))	Independent Director	May 2016 to March 2022
Goldcard Smart Group Co., Ltd. (金卡智能集團股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300349))	Independent director	December 2018 to present
Changzhou Zhongheng New Material Co., Ltd. (常州鐘恒新材料股份有限公司)	Independent director	July 2020 to July 2023
Hangzhou SDIC Microelectronics Inc. (杭州晶華微電子股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688130))	Independent director	December 2020 to December 2023
Henan Goroe Electronic Technology Co., Ltd. (河南國容電子科技股份有限公司)	Independent director	November 2021 to present

Dr. Li obtained a bachelor's degree in financial management from Jilin University (吉林大學) in the PRC in July 1999, a master's degree in accounting from Tianjin Business School (天津商學院,currently known as Tianjin University of Commerce (天津商業大學)) in the PRC in June 2002. He obtained a doctorate in accounting from Fudan University (復旦大學) in the PRC in June 2006.

Mr. Pang Chunlin (龐春霖), aged 55, was elected as an independent non-executive Director in October 2021. He is responsible for supervising and providing independent judgment to the Board.

Prior to joining the Group, Mr. Pang had several working experience in electronic technology industry, including serving as a director at Shenzhen Qingyi Photomask Limited (深圳清溢光電股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688138)) from January 2015 to March 2023. From December 2016 to June 2024, he served as a general secretary of the Zhongguancun Telematics Industry Application Alliance (中關村車載信息服務產業應用聯盟).Since January 2021, he has been serving as an independent director at Zkteco Co., Ltd. (熵基科技股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 301330)).

Mr. Pang obtained a master's degree in business administration from Kunming University of Science and Technology (昆明理工大學) in the PRC in June 2008. He has been pursuing his doctoral studies at the University of Electronic Science and Technology of China (電子科技大學) in the PRC since 2018.

Mr. Zhang Xiaoliang (張曉亮), aged 46, was elected as an independent non-executive Director in October 2021. He is responsible for supervising and providing independent judgment to the Board.

Prior to joining the Group, Mr. Zhang held various positions throughout his career, including information management specialist at Beijing Hualian Yafei Automobile Chain Sales Co., Ltd. (北京華聯亞飛汽車連鎖銷售有限公司) from August 2002 to November 2002, project manager of automobile market research institute at HC International Inc. (北京慧聰國際資訊有限公司) from November 2002 to July 2006, partner of consulting department at Beijing Qingju Culture Media Co., Ltd. (北京青橘文化傳媒有限公司) (formerly known as Beijing Maiwei Consulting Co., Ltd. (北京麥威信息諮詢有限公司)) from July 2006 to December 2013, and partner and deputy general manager of consulting department at Beijing Mairuisi Management Consulting Co., Ltd. (北京麥鋭思管理諮詢有限公司)(currently known as Beijing Anjin Supply Chain Management Co., Ltd. (北京安錦供應鏈管理有限公司)) from January 2014 to December 2016. He has been serving as the executive officer of Shanghai Mingzhihe Technology Co., Ltd. (上海名之赫科技有限公司) and SoCar Consulting Beijing Co., Ltd. (北京哲石科技諮詢有限公司) since January 2017.

Mr. Zhang obtained a bachelor's degree in economic information management from Beijing Technology and Business University (北京工商大學) in the PRC in July 2002.

Dr. Liu Gongshen (劉功申), aged 52, was elected as an independent non-executive Director in June 2022. He is responsible for supervising and providing independent judgment to the Board.

Dr. Liu has been engaged in teaching and research at the School of Cyber Science and Engineering of Shanghai Jiao Tong University (上海交通大學網絡空間安全學院) since 2004 and currently serves as a professor.

Dr. Liu obtained a bachelor's degree in computer software and a master's degree in computer applications in July 1997 and January 2000, respectively, both from Shandong University (山東大學) in the PRC. He then obtained a doctorate in computer applications from Shanghai Jiao Tong University (上海交通大學) in the PRC in December 2003.

Ms. Xu Lili (徐黎黎), aged 44, was elected as an independent non-executive Director in June 2024. She is responsible for supervising the Group's financial position and providing independent judgement to the Board.

Ms. Xu has extensive experience in financial leadership. She has been serving as the chief financial officer of ClouDr Group Limited (智雲健康科技集團) (a company listed on the Stock Exchange (stock code: 9955)) since October 2020 and is primarily responsible for overseeing corporate financial position. From March 2014 to September 2020, Ms. Xu held positions at Tongdao Liepin Group (同道獵聘集團) (a company listed on the Stock Exchange (stock code: 6100)), including as the chief financial officer and executive director. From January 2005 to March 2014, Ms. Xu held various positions at General Electric Company (a company listed on the New York Stock Exchange (stock code: GE)), including as the chief financial officer of GE Power Generation Services China.

Ms. Xu currently serves as the independent director of WEILONG Delicious Global Holdings Ltd. (衛龍美味全球控股有限公司) (a company listed on the Stock Exchange (stock code: 9985)), MINISO Group Holding Limited (名創優品集團控股有限公司) (a company listed on the Stock Exchange (stock code: 9896) and the New York Stock Exchange (stock code: MNSO)) and Yalla Group Limited (a company listed on the New York Stock Exchange (stock code: YALA)).

Ms. Xu obtained a bachelor's degree in international business from Nanjing University (南京大學) in the PRC in June 2003 and a master's degree in science from the London School of Economics and Political Science in the UK in November 2004. Ms. Xu also obtained a master's degree in business administration from Tsinghua University (清華大學) in the PRC in June 2023. Ms. Xu is a public accountant certified by the Board of Accountancy of Washington State of the United States since June 2012.

Dr. Gu Jinyu (古金宇), aged 31, obtained a doctoral degree from Shanghai Jiao Tong University. He is currently an associate professor and doctoral supervisor at the School of Computer Science of Shanghai Jiao Tong University. Dr. Gu currently serves as the chairman of the Program Management Committee (PMC) of Open Harmony Embodied Intelligence (開源鴻蒙具身智能), the director of the Kernel Laboratory of Engineering Research Center for Domain-specific Operating Systems (Ministry of Education) (教育部領域操作系統工程中心內核實驗室), an executive committee member of the CCF Technical Committee of System Software (CCF系統軟件專委) and an executive committee member of the CCF Open Source Development Committee (CCF開源發展技術委員會). Dr. Gu's main research areas include operating systems and embodied intelligence systems. Dr. Gu has been awarded honors including, among others, the Top Ten Key Software Technology Achievements by the Exemplary Software Colleges Alliance (示範性軟件學院聯盟十大關鍵軟件技術成果), the second prize of the China Industry-University-Research Cooperation and Innovation Award (中國產學研合作創新獎), Special Contribution Award of the Top Ten Technical Challenges of Intelligent Terminal Operating Systems (終端操作系統十大技術挑戰特別貢獻獎) and the Open Harmony Leading Project (Open Harmony 領航課題).

Dr. Huang Xiaolin (黃曉霖), aged 42, obtained a bachelor's degree in engineering and a bachelor's degree in science from Xi'an Jiaotong University in 2006, and a doctorate degree in engineering from Tsinghua University in 2012. Dr. Huang is currently a professor and doctoral supervisor at the School of Automation and Intelligent Sensing of Shanghai Jiao Tong University. From 2012 to 2015, Dr. Huang served as a postdoctoral researcher at the KU Leuven, Belgium; from 2015 to 2016, Dr. Huang was a Humboldt Scholar at the University of Erlangen-Nuremberg, Germany. Since 2016, he has been teaching at Shanghai Jiao Tong University and was promoted to professor in 2023. During this period, Dr. Huang was selected as a National Distinguished Expert (Youth Project) in 2017.

SENIOR MANAGEMENT

For the biographical details of Mr. Ying, Mr. Zhang Fukai, Ms. Xu Zhenhui, Mr. Lai Weilin and Mr. Zhang Yi, please see the paragraphs headed "-Directors" in this section.

COMPANY SECRETARY

Ms. Leung Hoi Yan (梁暟欣) was appointed as one of our joint company secretaries in September 2025, with effect from the Listing Date. Ms. Leung brings over 14 years of experience in company secretarial services and corporate governance for listed companies in Hong Kong. She currently serves as the Assistant Manager of Entity Solutions at Computershare Hong Kong Investor Services Limited.

Ms. Leung holds a degree of Bachelor of Commerce (Honours) in Accounting from Hong Kong Shue Yan University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed in this Annual Report, there have been no changes to the information of Directors and chief executive required to be disclosed under Rule 13.51B(1) of the Listing Rules since the publication of the Prospectus.

The Board is pleased to present this Directors' report and the audited consolidated financial statements of our Group for the year ended December 31, 2025. Other sections, reports or notes of this Annual Report that are referred to in this Directors' Report all form part of this Directors' Report.

LIST OF DIRECTORS

The Directors of our Company during the Reporting Period and up to the Latest Practicable Date were as follows:

Executive Directors

Mr. Ying Zhenkai (應臻愷)
Mr. Zhang Fukai (張富凱)
Ms. Xu Zhenhui (徐真慧)
Mr. Lai Weilin (賴偉林)
Mr. Gao Yinghui (高穎輝) *(resigned on December 31, 2025)*

Employee Director

Mr. Zhang Yi (張毅) *(appointed on December 31, 2025)*

Non-executive Directors

Mr. Wang Bihui (王碧輝)
Mr. Wang Yue (王越) *(resigned on December 23, 2025)*
Mr. Ma Xiaoyong (馬曉詠)
Mr. Gu Yuekun (顧月坤) *(appointed on January 29, 2026)*

Independent Non-executive Directors

Dr. Li Yuanpeng (李遠鵬)
Dr. Wang Yanfeng (王延峰) *(resigned on December 23, 2025)*
Mr. Pang Chunlin (龐春霖)
Mr. Zhang Xiaoliang (張曉亮)
Dr. Liu Gongshen (劉功申)
Ms. Xu Lili (徐黎黎)
Dr. Gu Jinyu (古金宇) *(appointed on January 29, 2026)*
Dr. Huang Xiaolin (黃曉霖) *(appointed on January 29, 2026)*

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" in this Annual Report.

PRINCIPAL ACTIVITIES

We are a leading smart cockpit solution provider in China. According to CIC, we stand among the few enterprises that first developed smart cockpit solutions, ahead of most of our peers. While other smart cockpit solution providers primarily focus on hardware, we differentiate ourselves by offering smart cockpit solutions that integrate software, hardware and cloud-based vehicle connectivity. This approach ensures an integrated solution tailored to meet diverse customer needs.

The analysis of the Group's principal business for the Reporting Period is set out in the section headed "Management Discussion and Analysis" in this Annual Report.

MAJOR RISKS

Although the Group has established a risk management system to identify, assess and mitigate risks, our business remains exposed to a certain number of risks which may affect the Group's strategy, operation, compliance and financial position. Major risks and uncertainties the Group facing are as follows: (i) chips and modules integrated into our products are sourced from single or limited source of suppliers, we are susceptible to supply shortages, long lead times for chips and modules, supply changes, and changes in business relationship, any of which could disrupt our supply chain and could delay deliveries of our products to customers. Leveraging our long-term cooperative relationships with multiple chip manufacturers and distributors, the Company has improved its mechanisms for procurement management and supplier entry through its strategic procurement department. Our supply chain center would formulate procurement plans and secure orders in advance, whilst continuing to expand our network of suppliers and promote domestic manufactured chip, thereby enabling us to effectively mitigate the risk of supply chain disruptions and ensure product delivery; and (ii) demand for our smart cockpit solutions depends on the success and market acceptance of the vehicles produced by our OEM customers, which is beyond our control, and any negative development could materially and adversely affect our business, financial condition and results of operations. The Company will focus on deepening cooperation with its leading OEM clients and continue to increase investments in research and development to enrich its smart cockpit product portfolio, enhance the adaptability and competitiveness of its solutions, and mitigate the adverse impact of fluctuations in the market performance of individual vehicle models.

In addition to the major risks above, there may be other risks and uncertainties. Please refer to the section headed "Risk Factors" of the Prospectus for the relevant content.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Our Group maintains good relationships with its employees, customers, and suppliers.

The Group provides employees with a good working environment to protect their health and safety, and competitive remuneration and benefits and fair competition and development opportunities based on their merits and performance. The Group also makes constant efforts to provide employees with adequate training and development resources to keep them up to date with the latest developments in the market and industry, and improve their work performance and promote their self-actualization at the same time.

The Group seeks to provide the best services for customers and fully protect their rights and interests by continuously optimizing its service system, integrating its information systems and building multiple communication channels to learn about the needs and opinions of customers.

The Group maintains good business relationships with suppliers, manages suppliers in a fair, just and open manner, and achieves a win-win situation with them through honest operation.

Our customers primarily consist of Chinese OEMs, sino-foreign joint venture OEMs, and international OEMs that install our smart cockpit solutions and products on their vehicles or purchase our vehicle connectivity support services. The aggregate revenue generated from our top five customers for the year ended December 31, 2025 amounted to RMB2,022.8 million, which accounted for 57.6% of our total revenue for the year. Revenue from the largest customer of for the year ended December 31, 2025 amounted to RMB834.4 million, which accounted for 23.8% of our total revenue for the year.

Our suppliers primarily consist of SoC solution providers, providers of smart cockpits parts and components and software providers. The aggregate purchases from our top five suppliers for the year ended December 31, 2025 amounted to RMB2,031.5 million, which accounted for 60.5% of our total purchases for the year. Purchases from our largest supplier for the year ended December 31, 2025 amounted to RMB714.7 million, which accounted for 21.3% of our total purchases for the year.

During the Reporting Period, none of our Directors and, to the knowledge of our Directors, their respective close associates or any Shareholders holding more than 5% of our issued share capital (excluding treasury shares) had any interests in any of our five largest customers or suppliers.

RESULTS

The operating results of our Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 122 of this Annual Report.

SHARES ISSUED

Details of changes in the share capital of our Company during the year are set out in note 30 to the consolidated financial statements.

FINAL DIVIDENDS

We did not pay or declare any dividends for the year ended December 31, 2025. The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

RESERVES

Details of the changes in reserves of our Group and our Company for the year ended December 31, 2025 are set out in the Consolidated Statement of Changes in Equity on page 125 of this Annual Report and note 40 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Group did not have distributable reserves.

EQUIPMENT

Details of changes in equipment of our Company and our Group for the year ended December 31, 2025 are set out in note 15 to the consolidated financial statements.

BANK BORROWINGS

Details of the Group's bank borrowings as of December 31, 2025 are set out in note 26 to the consolidated financial statements.

ISSUE OF DEBENTURE

Our Group did not issue any debenture for the year ended December 31, 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's securities (including the sale of treasury shares) during the period from the Listing Date to December 31, 2025. Our Company did not hold any treasury shares as of December 31, 2025.

USE OF PROCEEDS FROM THE LISTING

Our Company was listed on the Main Board of the Stock Exchange on September 30, 2025 (the "**Listing**"), issuing 10,436,900 H Shares at an offer price of HK$102.23 per share, with net proceeds from the Listing of approximately RMB815 million (approximately HK$894 million) after deducting underwriting commissions, fees and other expenses related to the Global Offering. The aggregate nominal value of H Shares amounted to RMB10,436,900 and the net price of each H Share was approximately RMB78.09. The net proceeds from the Listing will be utilized in accordance with the plans disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, namely:

Item	Percentage	Net proceeds from the Listing *(RMB in millions)*	Utilized proceeds during the period from the Listing Date to the end of the Reporting Period *(RMB in millions)*	Unutilized proceeds as of the end of the Reporting Period *(RMB in millions)*	Expected timetable for the fully utilizing of unutilized proceeds(1)
Expanding our portfolio of products and solutions and enhancing our technology, further strengthening our comprehensive in-house capabilities spanning software, hardware, and cloud-based vehicle connectivity	30%	245	27	218	December 31, 2027
Enhancing our production, testing, and validation capabilities	30%	245	127	118	December 31, 2027
Expanding our sales and services network and raising our brand awareness	20%	163	3	160	December 31, 2027
Strategic investments aimed at further integrating industry resources	10%	81	16	65	December 31, 2027
Working capital and general corporate purposes	10%	81	81	0	—
Total	100%	815	254	561	

Note:

(1) The expected timetable for the fully utilizing of unutilized proceeds was based on the estimate of the Group, which is subject to the current and future development of the market conditions.

The Company has placed the net proceeds that have not yet been utilized in short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions. The Company will comply with PRC laws regarding foreign exchange registration and remittance of proceeds.

PRE-IPO SHARE OPTION SCHEME

The Group adopted a Pre-IPO Share Option Scheme (the "**Scheme**") on August 4, 2025 to further establish and improve the Company's long-term incentive mechanism, attract and retain outstanding talents, fully motivate Directors, senior management, core technical and business personnel, as well as other employees of the Company who have a direct impact on the Company's business performance and future development. As the Scheme will not involve the grant of new Shares or the grant of options by our Company to subscribe for the Shares after the Listing, the terms of the Scheme are not subject to the provisions of Chapter 17 of the Listing Rules.

As of the Latest Practicable Date, the number of underlying Shares pursuant to the outstanding Options amounted to 13,955,434 Shares, representing approximately 9.30% of the issued Shares, which have been granted to eligible participants before Listing. No further Shares will be granted under the Scheme after the Listing. Please refer to the Prospectus for further details regarding the Scheme.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As of December 31, 2025, so far as the Directors are aware, the interests or short positions of the Directors, Supervisors and chief executive of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company or otherwise were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name	Position	Nature of Interest	Number and description of Shares held (L)[1]	Approximate percentage of shareholding in the total share capital of the Company[2]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)
Mr. Ying	Founder of the Group, chairman of the Board, executive Director, and general manager of the Company	Beneficial interest	32,295,581 Domestic Shares	21.53%	40.88% (Domestic Shares)
		Interest in controlled corporation[3]	15,350,000 H Shares	10.23%	21.62% (H Shares)
Zhang Fukai (張富凱)[4]	Executive Director, chief financial officer of the Company and secretary to the Board	Beneficial interest	58,148 H Shares	0.04%	0.08% (H Shares)
Xu Zhenhui (徐真慧)[5]	Executive Director and deputy general manager of the Company	Beneficial interest	58,148 H Shares	0.04%	0.08% (H Shares)
Lai Weilin (賴偉林)[6]	Executive Director and deputy general manager of the Company	Beneficial interest	58,148 H Shares	0.04%	0.08% (H Shares)
Gao Yinghui (高穎輝)[7][8]	Executive Director	Beneficial interest	69,777 H Shares	0.05%	0.10% (H Shares)

Notes:

(1) The letter "L" denotes the long positions in the Shares.

(2) The calculation is based on the total number of 149,991,249 Shares, comprising 78,993,402 Domestic Shares and 70,997,847 H Shares, in issue as of December 31, 2025.

(3) As of December 31, 2025, Mr. Ying was the general partner of our Employee Incentive Platforms. As a result, Mr. Ying was deemed to be interested in the 15,350,000 Shares held by these Employee Incentive Platforms under the SFO.

(4) As of December 31, 2025, Zhang Fukai was granted 58,148 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(5) As of December 31, 2025, Xu Zhenhui was granted 58,148 options by our Company, upon the exercise of which the same number of H Shares will be issued to her.

(6) As of December 31, 2025, Lai Weilin was granted 58,148 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(7) As of December 31, 2025, Gao Yinghui was granted 69,777 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(8) Mr. Gao Yinghui resigned as an executive Director, with effect from December 31, 2025.

Save as disclosed above, as of December 31, 2025, none of the Directors, Supervisors or chief executive of the Company have an interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which: (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO); (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of December 31, 2025, so far as the Directors are aware, other than the Directors, Supervisors and chief executive of the Company, the following persons had or were taken or deemed to have interests and/or short positions (as applicable) in the shares or underlying shares of the Company that fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number and description of the Shares (L)[1]	Approximate percentage of interest in the total share capital of the Company[2]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[2]
Jiangsu Jiequan Suning Rundong New Consumer Service Industry M&A Fund (Limited Partnership) (江蘇疌泉蘇寧潤東新消費服務產業併購基金(有限合夥)) ("**Jiequan Rundong**")[3]	Beneficial owner	10,069,203 H Shares	6.71%	14.18% (H Shares)
Nanjing Suning Rundong Equity Investment Management Center (Limited Partnership) (南京蘇寧潤東股權投資管理中心(有限合夥)) ("**Nanjing Rundong**")[3]	Interest in controlled corporation	10,069,203 H Shares	6.71%	14.18% (H Shares)
Suning Rundong Equity Investment Management Co., Ltd. (蘇寧潤東股權投資管理有限公司) ("**Suning Rundong**")[3]	Interest in controlled corporation	10,069,203 H Shares	6.71%	14.18% (H Shares)
Suning Holdings Group Co., Ltd. (蘇寧控股集團有限公司) ("**Suning Holdings**")[3]	Interest in controlled corporation	10,069,203 H Shares	6.71%	14.18% (H Shares)
Chen Yan (陳艷)[3]	Interest in controlled corporation	10,069,203 H Shares	6.71%	14.18% (H Shares)
Zhang Jindong (張近東)[3]	Interest in controlled corporation	10,069,203 H Shares	6.71%	14.18% (H Shares)
Zhang Kangyang (張康陽)[3]	Interest in controlled corporation	10,069,203 H Shares	6.71%	14.18% (H Shares)
Xinchang Hi-Tech Venture Capital Co., Ltd. (新昌高投創業投資有限公司) ("**Xinchang VC**")[4]	Beneficial owner	7,864,556 Domestic Shares	5.24%	9.96% (Domestic Shares)
Xinchang County Financial Holdings Investment Development Co., Ltd. (新昌縣金控投資發展有限公司) ("**Xinchang Financial Holdings**")[4]	Interest in controlled corporation	7,864,556 Domestic Shares	5.24%	9.96% (Domestic Shares)
Xinchang County Industrial Investment Group Co., Ltd. (新昌縣產業投資集團有限公司) ("**Xinchang Industrial Investment**")[4]	Interest in controlled corporation	7,864,556 Domestic Shares	5.24%	9.96% (Domestic Shares)
Tianjin Jinmi Investment Partnership (Limited Partnership) (天津金米投資合夥企業(有限合夥)) ("**Tianjin Jinmi**")[5]	Beneficial owner	7,758,489 H Shares	5.17%	10.93% (H Shares)

Name of Shareholder	Nature of Interest	Number and description of the Shares (L)[1]	Approximate percentage of interest in the total share capital of the Company[2]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[2]
Tianjin Jinxing Investment Co., Ltd. (天津金星創業投資有限公司) ("**Tianjin Jinxing**")[5]	Interest in controlled corporation	7,758,489 H Shares	5.17%	10.93% (H Shares)
Xiaomi Inc. (小米科技有限責任公司)[5]	Interest in controlled corporation	7,758,489 H Shares	5.17%	10.93% (H Shares)
Xiaomi Corporation[5]	Interest in controlled corporation	7,758,489 H Shares	5.17%	10.93% (H Shares)
Guangzhou Ping An Consumer Equity Investment Partnership (Limited Partnership) (廣州市平安消費股權投資合夥企業(有限合夥)) ("**Guangzhou Ping An**")[6]	Beneficial owner	5,840,017 Domestic Shares	3.89%	7.39% (Domestic Shares)
Ping An Capital[6]	Interest in controlled corporation	5,840,017 Domestic Shares	3.89%	7.39% (Domestic Shares)
Shenzhen Ping An Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) ("**Ping An Yuanxin**")[6]	Interest in controlled corporation	5,840,017 Domestic Shares	3.89%	7.39% (Domestic Shares)
Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司) ("**Ping An Financial Technology Consulting**")[6]	Interest in controlled corporation	5,840,017 Domestic Shares	3.89%	7.39% (Domestic Shares)
Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) ("**Ping An Insurance Group**")[6]	Interest in controlled corporation	5,840,017 Domestic Shares	3.89%	7.39% (Domestic Shares)
Gongqingcheng Shanyuan Innovation Investment Center (Limited Partnership) (共青城善源創新投資中心(有限合夥)) ("**Gongqingcheng Shanyuan**")[7][8]	Beneficial owner	5,440,017 Domestic Shares	3.63%	6.89% (Domestic Shares)
Xi'an Shanmei Industrial Investment Fund Partnership (Limited Partnership) (西安善美產業投資基金合夥企業(有限合夥)) ("**Shanmei Fund**")[7]	Interest in controlled corporation	5,440,017 Domestic Shares	3.63%	6.89% (Domestic Shares)
Shanxi Coal Chemical Group Co., Ltd. (陝西煤業化工集團有限責任公司) ("**Shanxi Coal**")[7]	Interest in controlled corporation	5,440,017 Domestic Shares	3.63%	6.89% (Domestic Shares)
Xi'an Shanmei Fund Management Co., Ltd. (西安善美基金管理有限公司) ("**Shanmei Fund Management**")[7]	Interest in controlled corporation	5,440,017 Domestic Shares	3.63%	6.89% (Domestic Shares)
Hangzhou Shanqian Enterprise Management Partnership (General Partnership) (杭州善遷企業管理合夥企業(普通合夥)) ("**Hangzhou Shanqian**")[8]	Interest in controlled corporation	5,440,017 Domestic Shares	3.63%	6.89% (Domestic Shares)
Jinggangshan Beiyuan Venture Capital Management Co., Ltd. (江西省井岡山北源創業投資管理有限公司) ("**Jinggangshan Beiyuan VC**")[8]	Interest in controlled corporation	5,440,017 Domestic Shares	3.63%	6.89% (Domestic Shares)

Name of Shareholder	Nature of Interest	Number and description of the Shares (L)[1]	Approximate percentage of interest in the total share capital of the Company[2]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[2]
Hangzhou Gaojun Enterprise Management Partnership (Limited Partnership) (杭州高峻企業管理合夥企業(有限合夥)) ("**Hangzhou Gaojun**")[8]	Interest in controlled corporation	5,440,017 Domestic Shares	3.63%	6.89% (Domestic Shares)
Hangzhou Gaotuo Enterprise Management Co., Ltd. (杭州高拓企業管理有限責任公司) ("**Hangzhou Gaotuo**")[8]	Interest in controlled corporation	5,440,017 Domestic Shares	3.63%	6.89% (Domestic Shares)
Jin Yunqin (金允勤)[8]	Interest in controlled corporation	5,440,017 Domestic Shares	3.63%	6.89% (Domestic Shares)
Shengying (Xiamen) Venture Capital Partnership (Limited Partnership) (盛盈(廈門)創業投資合夥企業(有限合夥)) ("**Shengying VC**")[9]	Beneficial owner	5,246,553 H Shares	3.50%	7.39% (H Shares)
Shanghai State-owned Enterprise Reform and Development Equity Investment Fund Partnership (Limited Partnership) (上海國企改革發展股權投資基金合夥企業(有限合夥)) ("**Shanghai Reform Fund**")[9]	Interest in controlled corporation	5,246,553 H Shares	3.50%	7.39% (H Shares)
Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司) ("**Shanghai Guosheng**")[9]	Interest in controlled corporation	5,246,553 H Shares	3.50%	7.39% (H Shares)
Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) ("**Shanghai Guosheng Group**")[9]	Interest in controlled corporation	5,246,553 H Shares	3.50%	7.39% (H Shares)
Ruian Fuhai Equity Investment Fund Partnership (Limited Partnership) (瑞安市富海股權投資基金合夥企業(有限合夥)) ("**Ruian Fuhai**")[10][11]	Beneficial owner	5,005,729 Domestic Shares	3.34%	6.34% (Domestic Shares)
Ruian State-owned Assets Investment Group Co., Ltd. (瑞安市國有資產投資集團有限公司)[10]	Interest in controlled corporation	5,005,729 Domestic Shares	3.34%	6.34% (Domestic Shares)
Ruian City Urban Construction and Development Group Co., Ltd. (瑞安市城市建設發展集團有限公司) [10]	Interest in controlled corporation	5,005,729 Domestic Shares	3.34%	6.34% (Domestic Shares)
Ruian Municipal Finance Bureau (瑞安市財政局)[10]	Interest in controlled corporation	5,005,729 Domestic Shares	3.34%	6.34% (Domestic Shares)
Shenzhen Oriental Fortune Venture Capital Investment Co., Ltd. (深圳市東方富海創業投資管理有限公司) ("**Oriental Fortune**")[11]	Interest in controlled corporation	5,005,729 Domestic Shares	3.34%	6.34% (Domestic Shares)
Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司) ("**Shenzhen Oriental Fortune**")[11]	Interest in controlled corporation	5,005,729 Domestic Shares	3.34%	6.34% (Domestic Shares)
Chen Wei (陳瑋)[11]	Interest in controlled corporation	5,005,729 Domestic Shares	3.34%	6.34% (Domestic Shares)

Name of Shareholder	Nature of Interest	Number and description of the Shares (L)[1]	Approximate percentage of interest in the total share capital of the Company[2]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[2]
Shanghai Rujia Enterprise Management Partnership (Limited Partnership) (上海汝佳企業管理合夥企業(有限合夥)) ("**Shanghai Rujia**")[16]	Beneficial owner	4,300,000 H Shares	2.87%	6.06% (H Shares)
Zhuhai Shengguang Yisong No. 1 Culture Media Partnership (Limited Partnership) (珠海市省廣益松壹號文化傳媒合夥企業(有限合夥)) ("**Zhuhai Shengguang**")[12]	Beneficial owner	4,256,977 Domestic Shares	2.84%	5.39% (Domestic Shares)
Zhuhai Shengguang Yisong New Power Investment Partnership (Limited Partnership) (珠海市省廣益松新動力投資合夥企業(有限合夥)) ("**Zhuhai Shengguang Yisong New Power**")[12]	Interest in controlled corporation	4,256,977 Domestic Shares	2.84%	5.39% (Domestic Shares)
Guangdong Advertising Group Co., Ltd. (廣東省廣告集團股份有限公司)[12]	Interest in controlled corporation	4,256,977 Domestic Shares	2.84%	5.39% (Domestic Shares)
Shanghai Yisong Investment Management Co., Ltd. (上海益松投資管理有限公司) ("**Shanghai Yisong**")[12]	Interest in controlled corporation	4,256,977 Domestic Shares	2.84%	5.39% (Domestic Shares)
Shanghai Jinlin Enterprise Management Partnership (Limited Partnership) (上海晉鄰企業管理合夥企業(有限合夥)) ("**Shanghai Jinlin**")[16]	Beneficial owner	3,750,000 H Shares	2.50%	5.28% (H Shares)
Wu Lingdong (吳凌東)	Beneficial owner	750,000 Domestic Shares	0.50%	0.95% (Domestic Shares)
	Interest in controlled corporation[12]	4,256,977 Domestic Shares	2.84%	5.39% (Domestic Shares)
Wuxi Huicuihengyi Jinwutong Phase II Venture Capital Partnership (Limited Partnership) (無錫惠萃恒益金梧桐貳期創業投資合夥企業(有限合夥)) ("**Wuxi Huicuihengyi**")[13]	Beneficial owner	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Wuxi Huicuihengyi Private Equity Fund Management Co., Ltd. (無錫惠萃恒益私募基金管理有限公司) ("**Wuxi Huicuihengyi Management**")[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Wuxi Huicuihengyi Management Consulting Co., Ltd. (無錫惠萃恒益管理諮詢有限公司)[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Pu Jiong (浦炯)[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Wuxi Huicuihengyihui New Venture Capital Partnership (Limited Partnership) (無錫惠萃恒益惠新創業投資合夥企業(有限合夥)) ("**Wuxi Huicuihengyihui New VC**")[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)

Name of Shareholder	Nature of Interest	Number and description of the Shares (L)[1]	Approximate percentage of interest in the total share capital of the Company[2]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[2]
Wuxi Huimao Investment Co., Ltd. (無錫惠茂投資有限公司) ("**Wuxi Huimao**")[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Wuxi Huiyun Investment Co., Ltd. (無錫惠運投資有限公司) ("**Wuxi Huiyun**")[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Wuxi Huixi Urban Development and Construction Co., Ltd. (無錫惠西城市開發建設有限公司) ("**Wuxi Huixi**")[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Wuxi Huishan High Tech Industrial Development Zone Development and Construction Co., Ltd. (無錫惠山高新技術產業開發區開發建設有限公司) ("**Wuxi Huishan**")[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Wuxi Luoshe Asset Investment and Operation Co., Ltd. (無錫洛社資產投資經營有限公司) ("**Wuxi Luoshe**")[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Wuxi Huiluo Investment Development Co., Ltd. (無錫惠洛投資發展有限公司) ("**Wuxi Huiluo**")[13]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Sichuan Regional Cooperative Development Investment Guiding Fund Partnership Enterprise (Limited Partnership) (四川區域協同發展投資引導基金合夥企業(有限合夥)) ("**Sichuan Regional Cooperative Fund**")	Beneficial owner	314,582 Domestic Shares	0.21%	0.40% (Domestic Shares)
	Interest in controlled corporation[14]	4,404,152 Domestic Shares	2.94%	5.58% (Domestic Shares)
Sichuan Manufacturing Collaborative Development Fund Partnership (Limited Partnership) (四川製造業協同發展基金合夥企業(有限合夥)) ("**Sichuan Manufacturing Fund**")[14]	Beneficial owner	4,404,152 Domestic Shares	2.94%	5.58% (Domestic Shares)
Sichuan Xietong Zhenxing Private Equity Investment Fund Management Co., Ltd. (四川協同振興私募股權投資基金管理有限公司) ("**Sichuan Xietong**")[14]	Interest in controlled corporation	4,404,152 Domestic Shares	2.94%	5.58% (Domestic Shares)
Sichuan Xingchuan Key Project Equity Investment Fund Management Co., Ltd. (四川興川重點項目股權投資基金管理有限公司) ("**Sichuan Xingchuan**")[14][15]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Sichuan Industrial Revitalization Fund Investment Group Co., Ltd. (四川產業振興基金投資集團有限公司) ("**Sichuan Industrial Fund**")[14][15]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Department of Finance of Sichuan Province (四川省財政廳)[14][15]	Interest in controlled corporation	4,718,734 Domestic Shares	3.15%	5.97% (Domestic Shares)
Dongfeng Motor Group Co., Ltd. (東風汽車集團股份有限公司) ("**Dongfeng Group**")	Beneficial owner	3,622,560 H Shares	2.42%	5.10% (H Shares)

Notes:

(1) The letter "L" denotes the long positions in the Shares.

(2) The calculation is based on the total number of 149,991,249 Shares, comprising 78,993,402 Domestic Shares and 70,997,847 H Shares, in issue as of December 31, 2025.

(3) As of December 31, 2025, Nanjing Rundong was the general partner of Jiequan Rundong. Nanjing Rundong had two limited partners (Suning Holdings and Chen Yan, holding 59.00% and 40.00% of the limited partnership interest, respectively) and was managed by its general partner Suning Rundong, which was in turn owned as to 80.00% by Suning Holdings. Suning Holdings was owned as to 51.00% by Zhang Jindong and as to 39.00% by Zhang Kangyang. As a result, each of Nanjing Rundong, Chen Yan, Suning Rundong, Suning Holdings, Zhang Jindong and Zhang Kangyang is deemed to be interested in the 10,069,203 Shares held by Jiequan Rundong under the SFO.

(4) As of December 31, 2025, Xinchang VC was owned as to 49.00% by Xinchang Financial Holdings, which was in turn wholly-owned by Xinchang Industrial Investment. Xinchang Industrial Investment was wholly-owned by Xinchang SASAO. As a result, each of Xinchang Financial Holdings and Xinchang Industrial Investment is deemed to be interested in the 7,864,556 Shares held by Xinchang VC under the SFO.

(5) As of December 31, 2025, Tianjin Jinmi was owned as to approximately 86.20% by its general partner, namely, Tianjin Jinxing. Tianjin Jinxing was wholly-owned by Xiaomi Inc., which was controlled by Xiaomi Corporation (a company listed on the Main Board of the Stock Exchange (stock code: 1810)). As a result, each of Tianjin Jinxing, Xiaomi Inc. and Xiaomi Corporation is deemed to be interested in the 7,758,489 Shares held by Tianjin Jinmi under the SFO.

(6) As of December 31, 2025, Guangzhou Ping An was managed by its general partner Ping An Capital. Ping An Capital was wholly-owned by Ping An Yuanxin, which was in turn wholly-owned by Ping An Financial Technology Consulting. Ping An Financial Technology Consulting was wholly-owned by Ping An Insurance Group (a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 02318) and the Shanghai Stock Exchange (stock code: 601318)). As a result, each of Ping An Capital, Ping An Yuanxin, Ping An Financial Technology Consulting and Ping An Insurance Group is deemed to be interested in the 5,840,017 Shares held by Guangzhou Ping An under the SFO.

(7) As of December 31, 2025, Shanmei Fund held approximately 98.90% limited partnership interest in Gongqingcheng Shanyuan. Shanmei Fund was managed by its general partner Shanmei Fund Management, which was in turn owned as to 98.00% by Shanxi Coal. Shanxi Coal also held 99.98% limited partnership interest in Shanmei Fund. Shanxi Coal was wholly-owned by State-owned Assets Supervision and Administration Commission of Shanxi Province. As a result, each of Shanmei Fund, Shanxi Coal and Shanmei Fund Management is deemed to be interested in the 5,440,017 Shares held by Gongqingcheng Shanyuan under the SFO.

(8) As of December 31, 2025, Gongqingcheng Shanyuan was managed by its general partner Hangzhou Shanqian. Hangzhou Shanqian was owned as to 50% and 50% by its general partners, Jinggangshan Beiyuan VC and Hangzhou Gaojun, respectively. Hangzhou Gaojun was managed by Hangzhou Gaotuo as its general partner, which was in turn owned as to 60.00% by Jin Yunqin. Jin Yunqin also held approximately 56.00% limited partnership interest in Hangzhou Gaojun. As a result, each of Hangzhou Shanqian, Jinggangshan Beiyuan VC, Hangzhou Gaojun, Hangzhou Gaotuo and Jin Yunqin is deemed to be interested in the 5,440,017 Shares held by Gongqingcheng Shanyuan under the SFO.

(9) As of December 31, 2025, Shengying VC was managed by its general partner Shanghai Guosheng. Shanghai Reform Fund held approximately 65.56% limited partnership interest in Shengying VC. Shanghai Guosheng was owned as to approximately 49.80% by State-owned Assets Supervision and Administration Commission of Shanghai through its wholly controlled entities. Shanghai Reform Fund was managed by Shanghai Guosheng as its general partner. Shanghai Guosheng Group held approximately 40.27% limited partnership interest in Shanghai Reform Fund. Shanghai Guosheng Group was wholly-owned by State-owned Assets Supervision and Administration Commission of Shanghai. As a result, each of Shanghai Reform Fund, Shanghai Guosheng and Shanghai Guosheng Group is deemed to be interested in the 5,246,553 Shares held by Shengying VC under the SFO.

(10) As of December 31, 2025, Ruian Fuhai was owned as to 69.00% by Ruian State-owned Assets Investment Group Co., Ltd. as one of its limited partners, which was in turn owned as to 51.00% by Ruian Municipal Finance Bureau and 49.00% by Ruian City Urban Construction and Development Group Co., Ltd., which was in turn owned as to approximately 97.54% by Ruian Municipal Finance Bureau. As a result, each of Ruian State-owned Assets Investment Group Co., Ltd., Ruian Municipal Finance Bureau and Ruian City Urban Construction and Development Group Co., Ltd. is deemed to be interested in the 5,005,729 Shares held by Ruian Fuhai under the SFO.

(11) As of December 31, 2025, Ruian Fuhai was managed by its general partner Oriental Fortune, which was in turn wholly-owned by Shenzhen Oriental Fortune. Shenzhen Oriental Fortune was owned as to approximately 41.67% by Chen Wei (directly as to approximately 12.89% by himself and indirectly as to approximately 28.78% through his controlled corporation). As a result, each of Oriental Fortune, Shenzhen Oriental Fortune and Chen Wei is deemed to be interested in the 5,005,729 Shares held by Ruian Fuhai under the SFO.

(12) As of December 31, 2025, Zhuhai Shengguang Yisong New Power held approximately 99.90% limited partnership interests in Zhuhai Shengguang. Guangdong Advertising Group Co., Ltd., a joint stock limited company established in the PRC and listed on the Shenzhen Stock Exchange (stock code: 002400), held approximately 99.98% limited partnership interests in Zhuhai Shengguang Yisong New Power. Zhuhai Shengguang Yisong New Power was managed by Shanghai Yisong, which was in turn owned as to 80.00% by Wu Lingdong. Shanghai Yisong was also the general partner of Zhuhai Shengguang. As a result, each of Zhuhai Shengguang Yisong New Power, Guangdong Advertising Group Co., Ltd., Shanghai Yisong and Wu Lingdong is deemed to be interested in the 4,256,977 Shares held by Zhuhai Shengguang under the SFO.

(13) As of December 31, 2025, Wuxi Huicuihengyi was managed by its general partner Wuxi Huicuihengyi Management, which was in turn owned as to 80.00% by Wuxi Huicuihengyi Management Consulting Co., Ltd. (an entity wholly-owned by Pu Jiong). As a result, each of Wuxi Huicuihengyi Management, Wuxi Huicuihengyi Management Consulting Co., Ltd. and Pu Jiong is deemed to be interested in the 4,718,734 Shares held by Wuxi Huicuihengyi under the SFO.

As of December 31, 2025, Wuxi Huicuihengyihui New VC held 79.999% limited partnership interest in Wuxi Huicuihengyi. Wuxi Huicuihengyihui New VC was managed by its general partner Wuxi Huicuihengyi Management. Wuxi Huimao and Wuxi Huiyun owned approximately 50.00% and 49.9995% limited partnership interest in Wuxi Huicuihengyihui New VC, respectively. Wuxi Huimao and Wuxi Huiyun were both wholly-owned by Wuxi Huixi, which was in turn wholly-owned by Wuxi Huishan. State-owned Assets Administration Office of Wuxi City Huishan District (無錫市惠山區國有資產管理辦公室) and Wuxi Luoshe owned approximately 55.56% and 44.44% equity interest of Wuxi Huishan, respectively. Wuxi Luoshe was wholly-owned by Wuxi Huiluo, which was in turn owned as to 80.00% by Wuxi Huishan. As a result, each of Wuxi Huicuihenghui New VC, Wuxi Huimao, Wuxi Huiyun, Wuxi Huixi, Wuxi Huishan, Wuxi Luoshe and Wuxi Huiluo is deemed to be interested in the 4,718,734 Shares held by Wuxi Huicuihengyi under the SFO.

(14) As of December 31, 2025, Sichuan Regional Cooperative Fund held approximately 69.83% limited partnership interest in Sichuan Manufacturing Fund. Sichuan Manufacturing Fund was managed by Sichuan Xietong, which was in turn owned as to 68.00% by Sichuan Xingchuan. As a result, each of Sichuan Regional Cooperative Fund, Sichuan Xietong and Sichuan Xingchuan is deemed to be interested in the 4,404,152 Shares held by Sichuan Manufacturing Fund under the SFO.

(15) As of December 31, 2025, Sichuan Regional Cooperative Fund was managed by Sichuan Xingchuan as its general partner, which was in turn wholly-owned by Sichuan Industrial Fund. Sichuan Industrial Fund was owned as to 83.00% by Department of Finance of Sichuan Province. As a result, each of the Sichuan Xingchuan, Sichuan Industrial Fund and Department of Finance of Sichuan Province is deemed to be interested in the 4,718,734 Shares that Sichuan Regional Cooperative Fund interested in under the SFO.

(16) As of December 31, 2025, Mr. Ying was the general partner of our Employee Incentive Platforms. As a result, Mr. Ying was deemed to be interested in the 15,350,000 Shares held by these Employee Incentive Platforms under the SFO.

Save as disclosed above, as of December 31, 2025, so far as the Directors are aware, no other person (other than the Directors and chief executive of the Company) or corporation had any interests or short positions in the shares or underlying Shares of the Company which fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

For the year ended December 31, 2025, none of the Directors or their respective associates had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of our Group and requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

For the year ended or as at December 31, 2025, no Director, Supervisor or any entity connected with them had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to our business to which our Company or any of its subsidiaries or fellow subsidiaries was a party.

CONTRACTS WITH CONTROLLING SHAREHOLDER

For the year ended December 31, 2025, no contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholder or any of their subsidiaries.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Save as disclosed in this Annual Report, at no time during the Reporting Period was our Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors, Supervisors and chief executive to acquire benefits by means of the acquisition of shares in or debentures (including debt securities) of our Company or any other corporation.

DIRECTORS', SUPERVISORS', SENIOR MANAGEMENT'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

For details of the remuneration of the Directors, Supervisors, senior management and the five highest paid individuals, please refer to notes 12 and 35 to the consolidated financial statements.

No Director waived or agreed to waive any emoluments, and no emoluments were paid by our Group to any Director or the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for loss of office.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

During the Reporting Period, none of the Directors or Supervisors has any service contract of Directors or Supervisors with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

CONNECTED TRANSACTION

Details of the related party transactions for the year ended December 31, 2025 are set out in Note 35 to the consolidated financial statements. None of such related party transactions constitutes a "connected transaction" or a "continuing connected transaction" which is required to be disclosed in this Annual Report in accordance with Chapter 14A of the Listing Rules.

During the Reporting Period, the Group had no connected transaction or continuing connected transaction which was required to be disclosed in accordance with the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

PERMITTED INDEMNITY PROVISION

The Company has taken out Directors' liability insurance to provide protection to the Directors in respect of any losses they may incur as a result of their acts or alleged acts of misconduct.

During the Reporting Period and up to the Latest Practicable Date, permitted indemnity provisions (as defined in section 9 of the Companies (Directors' Report) Regulation under Chapter 622D of the Laws of Hong Kong) were in force or are in force to provide appropriate protection for the Directors.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme are set out in note 39 to the consolidated financial statements. There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

MATERIAL LITIGATION AND ARBITRATION MATTERS

During the Reporting Period, our Group did not have any litigation or arbitration matters that had a material impact on our operating activities.

PUBLIC FLOAT

As at the date of this Annual Report, based on the information currently available and to the best knowledge of the Directors, the public float of the Company complies with the minimum public float requirement under Rule 19A.28B of the Listing Rules.

PRINCIPAL SUBSIDIARIES

Details of the names, principal places of operation, places of incorporation and issued share capital of our Company's principal subsidiaries are set out in note 38 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We attach great importance to environmental protection and commit to reduce air pollution, water usage, energy consumption, and reduce carbon emissions. EHS management committee actively supports all departments to comply with standards of the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System in establishing and optimizing the corresponding management system. We have been awarded the ISO 14001 and ISO 45001 management system certifications. We have issued EHS Training Management Regulations and provided employees with training on our environmental policies to enhance their awareness of environmental protection.

During the Reporting Period, we have taken effective measures to ensure compliance with exhaust gas emission standards and the responsible disposal of hazardous waste. For instance, we have introduced Environmental Safety and Health Accountability Policy and integrated environmental protection commitment into our sourcing policy. In addition to complying with statutory requirements, we are dedicated to continuously strengthening our environmental and energy management systems, improving our environmental practices, and increasing energy efficiency. We promote a green office culture, aiming to reduce water and paper usage, and seek to balance sustainable development with business growth. We closely monitor key indicators to reduce environmental risks in our business activities and implement measures to reduce resource consumption and waste generation. We have set a target to reduce GHG intensity emissions by 2% in 2026.

MANAGEMENT CONTRACTS

Save for the Directors' service contracts, no contracts concerning the management or administration of the whole or any substantial part of the business of our Company were entered into or existed during the year ended December 31, 2025.

TAX RELIEF

The Company is not aware of any tax relief available to holders of the Company's securities by reason of their holding such securities.

PRE-EMPTIVE RIGHTS

There are no pre-emptive right provisions under the Articles of Association or PRC laws which would oblige our Company to offer new Shares pro rata to existing Shareholders.

MATERIAL CONTRACTS

During the Reporting Period, (i) neither our Company nor any of its subsidiaries entered into and/or had any material contract with our Controlling Shareholder or any of its subsidiaries; and (ii) there were no material contracts for the provision of services to our Group by our Controlling Shareholder or any of its subsidiaries.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this Annual Report, our Group did not enter into nor were there any equity-linked agreements in existence for the year ended December 31, 2025.

AUDITOR

Deloitte Touche Tohmatsu served as the independent auditor of our Company for the year ended December 31, 2025. The financial statements set out in this Annual Report have been audited by Deloitte Touche Tohmatsu, and there has been no change in the auditors of our Company since the Listing Date.

DONATIONS

During the year ended December 31, 2025, our Group's donation expenses amounted to approximately RMB617,000.

COMPLIANCE WITH LAWS AND REGULATIONS

The business operated by our Company is primarily regulated by the laws, rules and regulations of the PRC. The Group shall comply with a number of laws and regulations, mainly including the Company Law, the Civil Code of the People's Republic of China, the Labor Law of the People's Republic of China, the Product Quality Law of the People's Republic of China and the Environmental Protection Law of the People's Republic of China. During the Reporting Period, our Company has complied with the relevant laws, rules and regulations that have a material impact on our Company.

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

As of 31 December 2025, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

SUBSEQUENT EVENTS

On January 29, 2026, the 2026 first extraordinary general meeting of the Company approved the resolutions regarding the election of Dr. Gu Jinyu, Dr. Huang Xiaolin and Mr. Gu Yuekun as Directors. For further details, please refer to the announcements of the Company dated January 9, 2026 and January 29, 2026 and the circular dated January 9, 2026.

On March 26, 2026, the principal place of business of the Company in Hong Kong has been changed to Suite 1202, 12/F, East Tower, Cheung Kong Center II, 10 Harcourt Road, Central, Hong Kong. For further details, please refer to the announcement of the Company dated March 26, 2026.

On March 30, 2026, the Board resolved to propose the adoption of the H Share Incentive Scheme. The H Share Incentive Scheme will constitute a share scheme under Chapter 17 of the Listing Rules, and will comply with the applicable requirements thereunder. The adoption of the H Share Incentive Scheme will require the approval of the Shareholders by way of special resolution(s) at a shareholders' meeting of the Company. For further details, please refer to the announcement of the Company dated March 30, 2026.

Save as disclosed in this Annual Report, there were no material events that have occurred in our Group from the end of the Reporting Period to the Latest Practicable Date.

PATEO CONNECT Technology (Shanghai) Corporation
Ying Zhenkai
Chairman of the Board

March 30, 2026

The Board is pleased to present this corporate governance report of the Company for the period from the Listing Date to December 31, 2025.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures, to enhance transparency of the work of the Board, and to strengthen accountability of the Board to all the Shareholders.

Since the H Shares of the Company were listed on the Main Board of the Stock Exchange on September 30, 2025, the Company has adopted the CG Code as its own code of corporate governance since the Listing Date.

Save as disclosed below, as of the date of this Annual Report, the Company has complied with all applicable code provisions set out in the CG Code. The Board will continue to regularly review the effectiveness of our corporate governance structure and practices.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman of the Board and the chief executive should be separate and should not be performed by the same individual. The Company does not have a separate chairman and general manager and Mr. Ying currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and the general manager in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the general manager of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

BOARD OF DIRECTORS

The Board is responsible for the overall leadership of the Group, supervises the Group's strategic decisions and development plans, and monitors our business and performance.

The Board has a broad array of expertise across various sectors, such as overall management, technology, investment accounting and financial management, as well as industry knowledge and experience relevant to our business operations, which equips the Board with a rich tapestry of perspectives and skills.

BOARD COMPOSITION

During the Reporting Period and as of the date of this Annual Report, the Board composition is set out below:

Executive Directors

Mr. Ying Zhenkai *(Chairman of the Board and general manager of the Company)*
Mr. Zhang Fukai
Ms. Xu Zhenhui
Mr. Lai Weilin
Mr. Gao Yinghui *(resigned on December 31, 2025)*

Employee Director

Mr. Zhang Yi *(appointed on December 31, 2025)*

Non-executive Directors

Mr. Wang Bihui
Mr. Wang Yue *(resigned on December 23, 2025)*
Mr. Ma Xiaoyong
Mr. Gu Yuekun *(appointed on January 29, 2026)*

Independent Non-executive Directors

Dr. Li Yuanpeng
Dr. Wang Yanfeng *(resigned on December 23, 2025)*
Mr. Pang Chunlin
Mr. Zhang Xiaoliang
Dr. Liu Gongshen
Ms. Xu Lili
Dr. Gu Jinyu *(appointed on January 29, 2026)*
Dr. Huang Xiaolin *(appointed on January 29, 2026)*

The biographical details of the Directors are set out in the section of "Directors and Senior Management" of this report.

None of the Directors has any relationship (including financial, business, family or other material/relevant relationship) with any other Directors or Supervisors.

DIRECTORS' RESPONSIBILITIES AND ACCOUNTABILITIES

All Directors should carry out their duties as a Director of our Company in good faith and in compliance with applicable laws and regulations, and act in the interests of the Company and the Shareholders at all times. The Board assumes a collective responsibility for the leadership of the Company and for directing and supervising the Company's affairs as appropriate.

All Directors shall have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors are requested to disclose the number and nature of offices held in public companies or organizations and other significant commitments, as well as their identities and the times involved in the issuer, the Directors agreed to disclose their commitments to the Company in a timely manner. The Directors, including independent non-executive Directors, have demonstrated strong commitment and ability to devote sufficient time to discharge their responsibilities at the Board.

Furthermore, the Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis. The reporting responsibilities of the Company's external auditor on the financial statements of the Group are set out in the section of "Independent Auditor's Report" in this Annual Report.

DELEGATION BY THE BOARD

The management, consisting of executive Directors along with other senior management members, is delegated with responsibilities for conducting the daily operations of our Group and for implementing our strategies and business plans from time to time. Executive Directors and senior management members meet regularly to review our business operations and performance, coordinate resources and make operational and financial decisions. The Board also provides directions and supervises the management including circumstances where senior management report to and follow up on matters that are considered by the Board, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

To oversee certain specific aspects of the Company's affairs, the Board has established three Board Committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated responsibilities to the Board Committees as set out in their respective written terms of reference. The terms of reference and rules of procedure of each Board Committee are published on the Company's website and the Stock Exchange's website.

BOARD MEETINGS AND SHAREHOLDERS' MEETINGS

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications.

The Board should meet regularly and Board meetings should be held at least four times a year. At least 14 days' notice of all regular Board meetings should be given to the Directors who are given the opportunity to include other matters in the agenda of meetings. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and relevant information are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

In addition, the chairman of the Board should at least annually hold a meeting with the independent non-executive Directors without the presence of the other Directors. Such meetings provide an effective forum for the Chairman to listen to the views of the independent non-executive Directors on issues including corporate governance improvement, effectiveness of the Board, and such other issues they may wish to raise in the absence of other Directors and senior management of the Company.

The Company's H Shares have been listed on the Main Board of the Stock Exchange since September 30, 2025. During the period from the Listing Date to December 31, 2025, the Audit Committee held 2 meetings, the Nomination Committee held 1 meeting, the Remuneration Committee held 1 meeting, the Board held 5 Board meetings, and 1 Shareholders' meeting was held. The attendance records of each Director at the above meetings are set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Board meeting**	**Shareholders' meeting**
Executive Directors					
Mr. Ying Zhenkai				5/5	1/1
Mr. Zhang Fukai			1/1	5/5	1/1
Ms. Xu Zhenhui		1/1		5/5	1/1
Mr. Lai Weilin				5/5	1/1
Mr. Gao Yinghui *(resigned on December 31, 2025)*				5/5	N/A
Employee Director					
Mr. Zhang Yi *(appointed on December 31, 2025)*				1/5	N/A
Non-executive Directors					
Mr. Wang Bihui				5/5	1/1
Mr. Wang Yue *(resigned on December 23, 2025)*				3/5	N/A
Mr. Ma Xiaoyong				5/5	1/1
Independent non-executive Directors					
Dr. Li Yuanpeng	2/2		1/1	5/5	1/1
Dr. Wang Yanfeng *(resigned on December 23, 2025)*			N/A	3/5	N/A
Mr. Pang Chunlin		1/1		5/5	1/1
Mr. Zhang Xiaoliang	2/2	1/1		5/5	1/1
Dr. Liu Gongshen			1/1	5/5	1/1
Ms. Xu Lili	2/2			5/5	1/1

Appointment of Directors

The Directors are appointed for a fixed term through the service contracts. Each Director (excluding employee Directors) shall serve a term of three years and is eligible for re-election upon expiration of the term. Independent non-executive Directors shall serve a term of three years and are eligible for re-election upon expiration of the term, but such a term shall not exceed nine years. The Board shall include one employee Director. The employee Director shall be democratically elected by the Company's employees through the employee representative meeting, employee meeting or other forms without the need to submit it to the Shareholders' Meeting for consideration. The term of office of Directors shall last from the date on which the Directors take office to the expiration of the term of office of the current Board. Where a new elect is not yet available upon expiration of a director's term, such director, before the new elect takes his office, shall continue the performance of his/her duties in accordance with the requirements under the laws, administrative regulations, departmental rules, the Listing Rules and the Articles of Association.

The procedures and processes for appointment, re-election and removal of Directors are all set out in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board and makes recommendations to the Board on the appointment, re-election and succession of Directors.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors have been given relevant guideline materials regarding the responsibilities and obligations of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Company and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors to ensure that he or she has a proper understanding of the operation and business of the Company and full awareness of Directors' responsibilities and obligation under the Listing Rules and relevant statutory requirements.

All Directors are also updated from time to time on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

Each of Directors confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 12, 2024, June 13, 2024, June 14, 2024, June 17, 2024 or January 28, 2026 (as the case may be); and (ii) understood his or her obligations as a director of a listed issuer under the Listing Rules.

During the Reporting Period and as at the date of this Annual Report, the Company has organized training sessions conducted by legal advisers for all Directors. Prior to the Listing Date and up to the date of this Annual Report, all Directors had participated in continuous professional development in the following manner in compliance with the Listing Rules:

	Types of training
Executive Directors	
Mr. Ying Zhenkai	A, B
Mr. Zhang Fukai	A, B
Ms. Xu Zhenhui	A, B
Mr. Lai Weilin	A, B
Mr. Gao Yinghui *(resigned on December 31, 2025)*	A, B
Employee Director	
Mr. Zhang Yi *(appointed on December 31, 2025)*	A, B
Non-executive Directors	
Mr. Wang Bihui	A, B
Mr. Wang Yue *(resigned on December 23, 2025)*	A, B
Mr. Ma Xiaoyong	A, B
Mr. Gu Yuekun *(appointed on January 29, 2026)*	A, B
Independent non-executive Directors	
Dr. Li Yuanpeng	A, B
Dr. Wang Yanfeng *(resigned on December 23, 2025)*	A, B
Mr. Pang Chunlin	A, B
Mr. Zhang Xiaoliang	A, B
Dr. Liu Gongshen	A, B
Ms. Xu Lili	A, B
Dr. Gu Jinyu *(appointed on January 29, 2026)*	A, B
Dr. Huang Xiaolin *(appointed on January 29, 2026)*	A, B

Types of Training

A. Attending training sessions on various topics, such as Listing Rules, directors' duties under applicable laws and regulations, financial reporting, internal control, risk management, etc.

B. Reading relevant newsletters, articles, journals and relevant publications.

BOARD COMMITTEES

The Board has established three Board Committees (namely, the Audit Committee, the Remuneration Committee and the Nomination Committee) and has delegated various responsibilities to the Board Committees. All the Board Committees perform their distinct roles in accordance with their respective written terms of reference, which are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

During the Reporting Period and as of the date of this Annual Report, the Audit Committee composition is set out below:

Mr. Li Yuanpeng *(chairman)*
Mr. Zhang Xiaoliang
Ms. Xu Lili.

During Reporting Period and up to the Latest Practicable Date, the Audit Committee has performed the following major tasks:

- reviewed the interim financial statements and the interim report for the six months ended June 30, 2025;
- reviewed the audited annual results and annual report of the Group for the year ended December 31, 2025;
- reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, financial reporting and internal audit function;
- reviewed the risk management and internal control systems of the Group;
- discussed and reviewed the Auditor's independence and terms of engagement for the year ended December 31, 2025, and made recommendations on the re-appointment of the Auditor; and
- reviewed the Auditor's independence and terms of engagement for the year ending December 31, 2026.

The Audit Committee had reviewed the Group's annual results and consolidated financial statements for the year ended 31 December 2025.

The primary duties of the Audit Committee include, but are not limited to, the following:

1. Relationship with the External Auditor of the Company

    a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any issues of resignation or dismissal of such external auditor;

    b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

    c) to develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an external auditor includes any entity that is under common control, ownership or management with the audit firm or any entity that an informed third party reasonably knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally; and

    d) to report to the Board and make recommendations on any matters where action or improvement is needed.

2. Review of the Financial Information of the Company

    a) to monitor the integrity of the Company's financial statements and the Company's annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant opinion on financial reporting set out therein. Prior to submitting the relevant statements and reports to the Board, the Audit Committee shall specifically review the following matters:

        i. any changes in accounting policies and practices;

        ii. areas that involve major judgments;

        iii. significant adjustments resulting from the audit;

        iv. the going concern assumptions and any qualifications;

        v. compliance with accounting standards; and

        vi. compliance with the Listing Rules and legal requirements in relation to financial reporting.

b) regarding the paragraph a) above:

   i. members of the Audit Committee shall liaise with the Board and senior management of the Company and the Audit Committee must meet, at least twice a year, with the Company's external auditor; and

   ii. the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function or compliance officer or external auditors.

3. Oversight of the Company's financial reporting system, risk management and internal control systems

   a) to review the Company's financial controls, and unless expressly addressed by a separate risk committee of the Board, or by the Board itself, to review the Company's risk management and internal control systems;

   b) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to establish effective systems. Such discussion shall include the adequacy of resources, staff qualifications and experience, staff training programs and relevant budget of the Company's accounting and financial reporting function;

   c) to consider major investigation findings on risk management and internal control matters and the management's response to these findings on its own initiative or as delegated by the Board;

   d) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

   e) to review the financial and accounting policies and practices of the Group;

   f) to review the external auditor's Letter on Audit Findings to the management, any material queries raised by the external auditor to the management about accounting records, financial accounts or risk management or systems of control and the management's response;

   g) to ensure that the Board will provide a timely response to the issues raised in the external auditor's Letter on Audit Findings to the management;

   h) to act as the key representative body for overseeing the Company's relation with the external auditor;

i) to review arrangements where employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

j) to report to the Board on the matters related to the code provisions under Appendix C1 to the Listing Rules;

k) to consider other topics, as defined by the Board; and

l) where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

4. Performing the Company's corporate governance procedures;

a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

b) to review and monitor the training and continuous professional development of the directors and senior management of the Company;

c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the directors of the Company;

e) to review the Company's compliance with the code provisions and disclosure in the Corporate Governance Report of the Company; and

f) responsibilities and powers prescribed by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange of the place where the Company's shares are listed, the Articles of Association, and other matters authorized by the Board.

5. The Audit Committee shall perform the following duties in supervising and evaluating the Company's internal controls:

   a) to assess the appropriateness of the design of the Company's internal control system;

   b) to review the internal control self-assessment report;

   c) to review the internal control audit report issued by the external auditor, and communicate with the external auditor on the issues identified and ways to improve them; and

   d) to assess the results of internal control evaluations and audits and supervise the rectification of internal control deficiencies.

6. The Audit Committee shall coordinate the communication between the management, the internal audit department and relevant departments and the external auditor, and shall perform the following duties:

   a) to coordinate the management's communication with the external auditor on significant audit issues; and

   b) to coordinate the communication between the internal audit department and the external auditor and the cooperation with the external audit work.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of individual Directors and senior management, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment During Reporting Period and up to the Latest Practicable Date, the Remuneration Committee has performed the following major tasks:

- reviewed and assessed performance of executive Directors; and

- reviewed and recommended on the terms of remuneration packages of the Directors and senior management of the Company;

During the Reporting Period and as of the date of this Annual Report, the Remuneration Committee composition is set out below:

Dr. Wang Yanfeng *(chairman, resigned on December 23, 2025)*
Dr. Liu Gongshen *(chairman, appointed on December 23, 2025)*
Dr. Li Yuanpeng
Mr. Ying Zhenkai

The primary duties of the Remuneration Committee include, but are not limited to, the following:

1. to make recommendations to the Board on the Company's remuneration policy and structure for all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration with reference to the Board's corporate goals and objectives;

3. to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive directors;

5. to supervise the implementation of the remuneration system of the Company. Generally, equity-based remuneration (e.g. share options or share grants etc.) with performance-related elements shall not be granted to independent non-executive directors;

6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

7. to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;

8. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

9. to ensure that no directors or any of their associates is involved in deciding their own remuneration;

10. to study on the Company's equity incentive program and put forward suggestions;

11. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;

12. to ensure that the share options or awards (if any) offered by the Company to its directors or senior management are in compliance with the requirements under Chapter 17 of the Listing Rules (as amended and supplemented from time to time), as applicable, including without limitation:

    a) where share options or awards are granted to directors and/or senior management with a vesting period of less than 12 months, forming views on why a shorter vesting period is appropriate and how such grants align with the purpose of the relevant share incentive scheme;

    b) where share options or awards are granted to directors and/or senior management without performance targets and/or clawback mechanism, forming views as to why performance targets and/or a clawback mechanism is/are not necessary and how such grants align with the purpose of the relevant share incentive scheme.

13. to comply with other requirements in relation to the scope of work for the committee under the listing rules, as amended from time to time, of the stock exchange where the shares of the Company are listed; and

14. to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

Nomination Committee

During the Reporting Period and up to the Latest Practicable Date, the Nomination Committee has performed the following major tasks:

- reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group;

- assessed the independence of all the independent non-executive Directors;

- reviewed the implementation and effectiveness of the Board Diversity Policy (as defined below); and

- reviewed and recommended on the amendment of terms of reference of Nomination Committee.

During the Reporting Period and as of the date of this Annual Report, the Nomination Committee composition is set out below:

Mr. Pang Chunlin *(chairman)*
Mr. Zhang Xiaoliang
Ms. Xu Zhenhui

The primary duties of the Nomination Committee include, but are not limited to, the following:

1. to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually, assist the Board in maintaining a Board skills matrix and make recommendations on any proposed changes to the Board to complement the Company's strategy;

2. to identify individuals suitably qualified to become directors and select or make recommendations to the Board on the selection of individuals from relevant departments nominated for directorships;

3. to identify candidates qualified to become senior management, review and make recommendations on candidates for senior management of the Company;

4. to assess the independence of independent non-executive directors;

5. to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors (in particular the chairman and the chief executive officer);

6. to support the Company's regular evaluation of the Board's performance;

7. to review the policy on Board diversity (the "**Board Diversity Policy**") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosures of its review results in the annual report of the Company annually; and

8. Where the Board proposes a resolution to elect an individual as an independent non-executive director at the shareholders' meeting, it shall set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant shareholders' meeting:

    a) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent;

    b) if the proposed independent non-executive director will be holding its seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;

    c) the perspectives, skills and experience that the individual can bring to the Board;

    d) how the individual contributes to the diversity of the Board.

9. to assume duties and authorities prescribed by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange where the shares of the Company are listed, the Articles of Association, and other matters authorized by the Board.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE FUNCTION

The Board recognizes the importance of corporate governance and is responsible for performing the following corporate governance duties:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the code provisions of the CG Code and disclosure in the corporate governance report.

After its Listing, the Board will continue to review the Company's corporate governance policies and practices on compliance with the Listing Rules and other applicable legal and regulatory requirements; review the code of conduct and compliance manual (if any) applicable to employees and Directors; review the records of training and continuous professional development of Directors and senior management; and review the Company's compliance with the code provisions of the CG Code and disclosure in the corporate governance report.

All Directors actively promote the implementation of corporate culture. At the same time, they diligently perform their duties in strict accordance with relevant laws and regulations, the Listing Rules and the Articles of Association, ensuring that the Company's development strategy remains highly aligned with its corporate culture philosophy.

BOARD DIVERSITY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as accounting and engineering. They obtained degrees in various areas including psychology, economics, accounting and computer applications. Furthermore, our Board has a diverse age and gender representation. Our Board currently comprises 2 female Directors and 13 male Directors, ranging from 31 years old to 55 years old.

With regard to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at our Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. The Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by Nomination Committee periodically to maintain gender diversity of our Board. 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.

The Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective.

Employee Diversity

As at December 31, 2025, the gender ratio in our Board and our employees are as follows:

Category	Male	Female
Board	86.67%	13.33%
Senior management	80.00%	20.00%
Total employee (including executive Directors and senior management)	64.07%	35.93%

In order to promote the gender diversity in the composition of the Company's management and workforce, all employees enjoy equal employment, training and career development opportunities. The Company also strives to create an environment and culture which is friendly to our staff of different gender and background. The Company will continue to work towards enhancing gender diversity in the Board and our senior management and overall workforce.

BOARD INDEPENDENCE

The Company has established a mechanism for the Board to obtain independent views and opinions (including but not limited to the Articles of Association, terms of reference of Board committees) to ensure the Board has an independent element as a key measure to improve the efficiency of the Board.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties to the Company. The Board has reviewed the implementation and effectiveness of the mechanism and believed that the mechanism can ensure the Board obtains independent views and opinions.

During the period from the Listing Date to December 31, 2025 and up to the date of this Annual Report, the Board has at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive Directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, and the Company considers each of them to be independent.

SUPERVISORY COMMITTEE

The Supervisory Committee of the Company was accountable to the shareholders' meeting of the Company. The Supervisory Committee comprised 5 Supervisors (Mr. Liang Chen (梁晨), Ms. Xu Tingting (徐婷婷), Ms. Wu Yunyun (吳蕓蕓), Mr. Shi Wan (施萬), and Ms. Li Zijie (李自潔)). At the extraordinary general meeting held on December 31, 2025, a resolution in relation to the proposed amendments to the Articles of Association was considered and approved. Pursuant to the amended Articles of Association, the Company will no longer have the Supervisory Committee and the Supervisors. During 2025, the Supervisory Committee held 2 meetings. On behalf of the Shareholders of the Company, the Supervisory Committee supervised the financial position of the Group, the legality and compliance of the performance of duties by the Directors and senior management of the Company, attended the Board meetings and Shareholders' meetings and fulfilled its duties diligently.

REMUNERATION POLICY

The Group's remuneration policy and structure for remuneration of the Directors and senior management of the Group are based on their responsibilities, qualification, position and seniority, and is reviewed by the Remuneration Committee periodically.

To attract and retain talents and to provide incentives to our employees for long-term development of our Company, our Company adopted the Pre-IPO Share Option Scheme. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules, as it does not involve any grant of share options or awards or issuance of new Shares by our Company after Listing. Details of the Pre-IPO Share Option Scheme are set out in the section headed "— Further Information about the Directors, Supervisors and Substantial Shareholders — Pre-IPO Share Option Scheme" in Appendix VI to the Prospectus.

Remuneration of Directors and Senior Management

Details of the remuneration of each of the Directors during the Reporting Period are set out in note 12 to the consolidated financial statements in this Annual Report.

Remuneration paid to the senior management members by band during the Reporting Period is within the range below:

Range of Remuneration	Number of Individuals
HK$6,000,001–HK$9,000,000	2
HK$9,000,001–HK$12,000,000	0
HK$12,000,001–HK$15,000,000	3

JOINT COMPANY SECRETARIES

During the Reporting Period, the Company has appointed Dr. Liu Yicheng (劉意成) ("**Dr. Liu**"), who is the secretary of the Company, as one of its joint company secretaries. The Company believes that Dr. Liu has extensive experience in business management and corporate governance matters, as well as a thorough understanding of the daily operations, internal administration and financial management of the Group accumulated since his joining the Group in September 2024. However, Dr. Liu 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 during the Reporting Period, the Company appointed Ms. Leung Hoi Yan (梁暟欣) ("**Ms. Leung**"), an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute 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 Dr. Liu for an initial period of three years from the Listing Date to enable Dr. Liu 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. Dr. Liu has been designated as the primary contact person of the Company who would work and communicate with Ms. Leung on the Company's corporate governance and secretarial and administrative matters. For details of the qualifications and experience of Dr. Liu and Ms. Leung, please refer to the Prospectus and the section headed "Directors and Senior Management" in this Annual Report, respectively.

In accordance with the requirements under Rule 3.29 of the Listing Rules, each of Dr. Liu and Ms. Leung confirmed that he/she has undertaken not less than 15 hours of relevant professional training during the year ended December 31, 2025.

On March 16, 2026, Dr. Liu tendered his resignation as a joint company secretary of the Company due to work adjustment. For further details, please refer to the announcement of the Company dated March 16, 2026.

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

Since its Listing, the Company has adopted the Model Code as the code of conduct regulating dealings in securities of the Company by its Directors, Supervisors and employees who are in possession of inside information in relation to the Group or the Company's securities.

In response to specific enquiries made by the Board, all Directors and Supervisors confirmed that they have complied with the provisions of the Model Code since the Listing Date and up to the end of the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

We are subject to various risks during our operations. As risk management is essential to our growth and success, we have established a comprehensive risk management system and relevant policies and procedures which we consider suitable for our business operations. Our policies and procedures are aimed at managing and monitoring our business performance.

Financial Reporting Risk Management

We have put in place a set of accounting policies in connection with our financial reporting risk management, such as accounting manual and treasury management policies. We have designed and maintained consistent procedures for implementation of accounting policies and our finance department reviews our management accounts based on such procedures.

Legal and Compliance Risk Management

We have implemented a comprehensive framework for compliance risk management, which encompasses our Board, senior management, legal department and internal control & compliance department, as well as various other operational departments.

To ensure ongoing compliance with laws, regulations, and industry standards, we have further improved our internal control system by adopting the following measures:

- Monitoring regulatory changes. We continually monitor changes in regulations and industry standards, assessing their potential impact on our business operations.
- Policy and procedure maintenance. We maintain well-defined policies and procedures, providing regular and specific training to employees to ensure understanding and adherence to compliance matters.
- Internal risk assessment. Before launching new products or services or making significant changes to existing ones, we conduct internal risk assessments to identify and mitigate potential compliance risks.
- Oversight and assistance. Our legal department and internal control & compliance department oversee each department's compliance duties, identifying potential compliance risks and addressing them to ensure compliance with applicable laws and regulations.

We are committed to continually improving our internal policies according to changes in laws, regulations, and industry standards to better manage any regulatory compliance risks.

Intellectual Property Risk Management

We have developed and implemented stringent internal procedures aimed at upholding compliance with relevant regulations and safeguarding our valuable intellectual property rights. Our legal department and internal control & compliance department meticulously examine contract terms and scrutinize all pertinent documents, including licenses, permits, and due diligence materials related to intellectual property rights during our operation of business. During the Track Record Period and as of the Latest Practicable Date, our rigorous adherence to these procedures has ensured that there have been no instances of material or systemic noncompliance.

Furthermore, we have established detailed internal protocols to ensure that every aspect of our solutions and services undergoes comprehensive regulatory compliance reviews by our legal department. Our legal department and internal control & compliance department are also responsible for obtaining any requisite governmental pre-approvals or consent, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines and ensuring all necessary application, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities.

Internal Audit

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee consists of three members, namely Mr. Li Yuanpeng, Mr. Zhang Xiaoliang and Ms. Xu Lili, all being independent non-executive Directors. For the professional qualifications and experience of the members of our Audit Committee, please refer to the section headed "Directors and Senior Management" in this Annual Report.

We also maintain an internal control & compliance department that is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal control & compliance department holds meetings with the management from time to time to discuss any internal control issues we face and the corresponding measures.

The Audit Committee, internal control & compliance department and senior management together monitor the implementation of our risk management policies on an ongoing basis at least annually to ensure our policies and their implementation are effective and sufficient. As of the date of this Annual Report, the Company is not aware of any material deficiency on the effectiveness or adequacy of its risk management and internal control mechanisms.

The Information Disclosure Management Measures and other systems of the Group have in place a policy on disclosure of inside information which sets out the procedures and internal control measures for handling and dissemination of inside information.

The policy provides guidelines to the Directors and all relevant employees of the Group to ensure proper safeguard measures exist to prevent the Company from breaching the statutory disclosure requirements. Key procedures of the policy in place include:

1. definition of the requirements of periodic financial and operational reporting to the Board and the secretary of the Board to enable them to assess inside information and make timely disclosures, if necessary;

2. control access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to the public; and

3. procedures of communicating with the Group's stakeholders, including Shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

The Board acknowledges its responsibilities for maintaining an appropriate risk management and internal control system and reviewing its effectiveness to secure Shareholders' investments and the Company's assets. With the support of the Audit Committee, the Board reviews the effectiveness of the system annually. The risk management and internal control system is designed to identify, assess and report on potential risks and implement control measures to manage, rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the Reporting Period, the Board, through the Audit Committee, conducted an annual review over the Group's risk management including financial monitoring, operational monitoring, compliance monitoring and risk management system, as well as the effectiveness and adequacy of internal control system, where neither material issues nor errors were identified. The Board believes that the current risk management and internal control system of the Company is effective and adequate, and that the Company has sufficient resources, staff qualifications and experience, training programme and budget for the accounting, internal audit and financial reporting functions, as well as those relating to the ESG performance and reporting.

AUDITOR'S REMUNERATION

For the year ended December 31, 2025, the fee paid/payable to the external auditor of the Company, Deloitte Touche Tohmatsu, in respect of audit and non-audit services is set out below. The remuneration for the audit services only include the service fees in connection with annual audit for the year ended December 31, 2025. The remuneration for non-audit services mainly include service fees in connection with Listing and financial due diligence consultation services.

Type of Services	*RMB('000)*
Audit services	4,780
Non-audit services	5,900
Total	10,680

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") on payment of dividends. Pursuant to the Articles of Association, subject to the approval of the Board and Shareholders, the Company may distribute dividends to Shareholders when the Company has distributable profits and after ensuring sufficient working capital for the Company and making required statutory reserves until the aggregate amount of such reserves reach 50% of its registered capital, which are not available for distribution as cash dividends. Any future determination to pay dividends will be made at the discretion of Directors and may be based on a number of factors, including the Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant.

The Board shall review and reassess the Dividend Policy and its effectiveness in its sole and absolute discretion on a regular basis or as required.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and investors is essential for enhancing investor relations and investor understanding of the Group's business operations, performance and strategies. The Company has established a shareholders communication policy (the "**Shareholders Communication Policy**") which aims at establishing a two-way relationship and communication channels with its Shareholders, investors and other stakeholders. These include the annual general meeting, and other shareholders' meetings of the Company to allow Shareholders to speak and as a platform for communication and interaction; the annual and interim reports, notices, announcements and circulars and the Company's website at www.pateo.com.cn, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The annual general meeting of the Company provides opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Board Committees will attend the annual general meetings to answer Shareholders' questions to the extent possible. The Company's external auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

As the Company was listed on the Stock Exchange on September 30, 2025, the Board shall conduct the annual review of the implementation and effectiveness of the Shareholders Communication Policy of the Company in 2026.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Articles 49 of the Articles of Association, any Shareholder(s) individually or jointly holding 10% or more of shares in the Company may submit a written requisition to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the provisions of laws, administrative regulations, the Listing Rules and these Articles of Association, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

If the Board agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days after the resolution is passed by the Board. Any changes to the original requests in the notice shall be subject to the consent of the relevant Shareholders.

If the Board does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the request, the Shareholders individually or jointly holding 10% or more of the shares of the Company with voting rights shall have the right to propose to the Audit Committee to convene an extraordinary general meeting. Requests shall be submitted to the Audit Committee in writing.

If the Audit Committee agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days upon receipt of the request. Any changes to the original proposals in the notice shall be subject to the consent of the relevant Shareholders.

If the Audit Committee fails to issue a notice of the shareholders' meeting within the prescribed time limit, the Audit Committee shall be deemed not to convene and preside over the shareholders' meeting, and Shareholders individually or jointly holding 10% or more of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting on their own.

Putting Forward Proposals at General Meetings

Pursuant to Articles 54 of the Articles of Association, Shareholders who individually or collectively hold 1% or more of the Company's shares may submit a written interim proposal to the meeting convener no later than 10 days prior to the date of the shareholders' meeting. Such proposals shall include clearly defined agenda items and specific matters for resolution. The convener shall, within two days of receiving the proposal, issue a supplementary notice of the shareholders' meeting, unless the proposal violates laws, administrative regulations, or these Articles of Association, or falls outside the scope of functions of the shareholders' meeting.

Putting Forward Enquiries to the Board

Shareholders who wish to put forward any enquiries to the Board may send their enquiries in writing to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may at any time send their enquiries and concerns to the Board in writing, the contact details are as follows:

Address:	Room 3701, 866 East Changzhi Road Hongkou District Shanghai, PRC (For the attention of the Board)
Email:	IR@pateo.com.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Articles of Association

Pursuant to Article 121 of the Company Law of the People's Republic of China (the "**Company Law**"), a joint stock limited company can, in accordance with its articles of association, instead of setting up a supervisory committee or having supervisor(s), establish an audit committee comprising the directors of the board of directors to exercise the power of the supervisory committee as prescribed under the Company Law. In accordance with the above provisions and taking into account the actual circumstances of the Company, the Company amended the Articles of Association on December 31, 2025 to abolish the Supervisory Committee, and the power and functions of the Supervisory Committee have since been exercised by the Audit Committee. For details of the amendments of the Articles of Associations, please refer to announcement of the Company dated December 9, 2025 and the circular of the Company dated December 15, 2025. The latest version of the Articles of Association was published on the websites of the Company and the Hong Kong Stock Exchange on December 31, 2025.

About This Report

(1) Reporting Scope

This report covers "PATEO CONNECT Technology (Shanghai) Corporation". Unless otherwise specified, the organizational boundary of this report includes PATEO CONNECT Technology (Shanghai) Corporation and its subsidiaries. The report covers the period from January 1, 2025 to December 31, 2025 (the "**Reporting Period**").

(2) Abbreviations

For ease of expression and reading, the Company and its subsidiaries are collectively referred to as "PATEO", "the Company" or "we" in this report.

(3) References

This report is prepared in accordance with the Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Listing Rules published by the Hong Kong Stock Exchange.

(4) Reporting Principles

- Materiality: The Company focuses on the concerns of its core stakeholders and analyzes the impact of its operational activities on the environment, society, and the economy to identify material ESG issues, which are disclosed in the annual Environmental, Social and Governance Report.

- Quantitative: The data disclosed in this report is derived from the Company's internal official documents, statistical data, and relevant public information. In relevant sections, this report provides explanations of the calculation standards and methods for key performance indicators.

- Balance: The Company adheres to the principle of balance, presenting PATEO's ESG performance impartially to avoid statements that might inappropriately influence stakeholder decisions.

- Consistency: The Company follows the principle of consistency, using uniform statistical methods in the report to ensure the comparability of the information presented.

(5) External Assurance

We have engaged Shanghai QingshanWay Technology Co., Ltd. (an external independent assurance body) to verify this report, to ensure that the information and data provided herein are accurate and comply with the reporting standards. In accordance with the AA1000AS v3, it has been confirmed that the scope of the report and the information and data presented therein comply with the aforementioned standard. The independent assurance statement is available on our company's official website.

(6) Disclaimer

Certain statements in this report may be forward-looking. Due to the influence of external variable factors, actual future developments and results may differ from those statements. PATEO assumes no obligation to update any forward-looking statements contained in this report.

ESG Governance

Statement of the Board

The Company complies with the listing regulatory requirements of the Hong Kong Stock Exchange and has established an ESG governance structure supervised and led by the Board of Directors. The Board of Directors oversees management in conducting assessments of material ESG issues, prioritizes these issues based on stakeholder concerns and the Company's environmental, social, and economic impacts, formulates the Company's ESG strategy, and continuously improves the Company's ESG management system.

The Board of Directors reviews the Company's annual Environmental, Social, and Governance (ESG) report, assesses the progress of the Company's annual ESG initiatives and the implementation of its ESG objectives, provides guidance to management on the development and adjustment of ESG work plans, actively promotes the integration of ESG principles with business operations, and facilitates the Company's sustainable development.

ESG Governance Structure

PATEO understands its responsibilities in areas such as pollution control and resource conservation, climate change response, occupational health and safety, employee rights protection, compliance operation, and social responsibility. The Board of Directors is responsible for formulating the Company's overall ESG vision, goals, and strategy; annually reviewing the Company's ESG policies to ensure their effectiveness; fostering a corporate culture that adheres to core ESG values and principles; and overseeing and identifying environment-and society-related risks and opportunities affecting the Company, guiding management in formulating the Company's environmental, social, and governance policies, strategies, and targets.

Our management is responsible for formulating the Company's ESG strategy, policies, and initiatives, including assessing and managing environment-and climate-related risks, under the supervision of the Board of Directors. Our management is specifically responsible for: (i) appointing a representative to define the responsibilities and authorities of department heads regarding ESG matters; (ii) approving our environmental targets and employee training plans; (iii) ensuring adequate resources are available for establishing, implementing, and maintaining the environmental management system; (iv) regularly assessing and reducing our ESG risks; and (v) taking action to address potential environmental incidents.

We have established an Environment, Health and Safety Management Committee (hereinafter referred to as the "**EHS Management Committee**") at the business level, responsible for formulating the Company's EHS decisions, convening EHS Management Committee meetings, discussing and approving personnel changes, revisions to responsibilities, and the establishment of policies within the EHS Committee.

Stakeholder Engagement

We place great importance on engaging with a wide range of stakeholders, establishing effective communication channels for different stakeholders. We regularly analyze the ESG issues and concerns raised by key stakeholders, regarding the opinions of key stakeholders as an important reference for enhancing the Company's ESG governance in the future, promoting the optimization of ESG decision-making, and achieving sustainable development.

Key Stakeholders	Expectations and Concerns	Communication and Response
Shareholders and Investors	• Communication and transparent governance • Compliance and business ethics • Effective risk management • Sustainable development strategy	• Regular reports • Company annual and quarterly results briefings • Shareholder meetings • Investor engagement activities
Government and Regulatory Authorities	• Tax compliance • Compliance operation • Economic development	• Paying taxes according to law • Conducting information disclosure according to law • Receiving visits from senior officials • Daily management • Supervision and inspection
Customers	• Product and service quality • Product compliance • Research and development (R&D) and innovation • Information and data security	• Conducting customer relationship management • Establishing quality management procedures • Establishing information security management systems • Signing confidentiality agreements
Suppliers	• Fair and transparent procurement • Fair competition • Building Sustainable Supply Chains	• Meetings and exchanges • Establishing business ethics management systems • Establishing fair supplier evaluation mechanisms • Performing contracts according to law
Employees	• Employee rights and benefits • Fair promotion and training • Occupational health and safety	• Employee representative meetings • Employee exchange meetings • Corporate culture activities • Occupational health and safety training • Fair career development mechanisms

Key Stakeholders	Expectations and Concerns	Communication and Response
Community	• Supporting local economy • Community investment	• Community charity • Local employment and local procurement • News and reports

Materiality Assessment

We have established an assessment process for material ESG issues based on the requirements of the Environmental, Social and Governance Reporting Code as set out in Appendix C2 Listing Rules published by the Hong Kong Stock Exchange. The Company regularly prioritizes the significance of ESG issues based on this materiality assessment process, subsequently formulating and adjusting ESG strategies to effectively manage potential environmental, social, and governance risks.

Our material ESG issue analysis process is as follows:

Step 1	Identification of ESG issues	• Research and analyze market trends in the automotive industry, including dynamics of peers and upstream/downstream players; • Analyze the Company's financial performance, assess future business strategies; • Analyze the impact of policy regulation, climate change, and ecological environment based on the geographical location of the Company's operations; • Construct a list of ESG issues referencing the Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Listing Rules published by the Hong Kong Stock Exchange; • Collect ESG issues of concern to internal and external stakeholders through surveys and various communication channels.

Step 2	Assessment of issue materiality	• Conduct impact materiality assessment, aggregating and analyzing key stakeholders' ESG concerns. Assessment factors include the scale of impact, scope of impact, and likelihood of the impact occurring; • Conduct financial materiality assessment, analyzing the degree of impact of ESG issues on financial performance and the likelihood of occurrence. Financial performance includes operating expenses, capital expenditures, financing costs, operating income, market capitalization, stock price, and other metrics; • Combine the conclusions of impact materiality and financial materiality assessments to comprehensively rank the materiality of ESG issues.
Step 3	Confirmation of assessment results	• Management confirms and verifies the analysis results of material ESG issues; • The Board of Directors supervises and reviews the prioritization of ESG issues, determining those that have a material impact on the Company's sustainable development.

In 2025, the Company identified the following material ESG issues across the environmental, social, and governance dimensions.

Material Environmental Issues	**Material Social Issues**	**Material Governance Issues**
• Climate change management • Environmental compliance management • Pollution control and resource protection	• Occupational health and safety • Employee rights • Product quality management • Information security and customer privacy protection • Innovation and R&D • Intellectual property protection	• Business ethics • ESG governance

During the reporting period, through continuous investment and active practice in environmental, social, and governance areas, the Company received the following honors and recognition. These honors affirm the Company's commitment to sustainable development and inspire us to assume greater social responsibility in the future, actively supporting community development and the industry's low-carbon transition to achieve high-quality development.

List of Honors Received by the Company in 2025

Shanghai Design Innovation Center
Top 100 Shanghai Manufacturing Enterprises
Top 100 Most Influential Brands in the Yangtze River Delta
Top 100 Shanghai Core Technology Enterprises
Top 100 Shanghai Emerging Industry Enterprises
Most Valuable Artificial Intelligence Company
Forbes China Family Office Investment Value Enterprise
Global AI Most Valuable Investment Enterprise Top 50
2025 Fujian Provincial Advanced-Level Smart Factory
CMMM Smart Manufacturing Capability Maturity Level 3 Certification
Top 50 Xiamen Private Manufacturing Enterprises

Shanghai Design Innovation Center

Global AI Most Valuable Investment Enterprise Top 50

Most Valuable Artificial Intelligence Company

Forbes China Family Office Investment Value Enterprise

Top 50 Xiamen Private Manufacturing Enterprises

Risk Management

The Company attaches great importance to enterprise risk management. We have formulated the "Risk Management System" based on regulatory requirements and established a "three-tire" risk management framework.

The Board of Directors continuously oversees the Company's risk management and internal control systems, assesses and determines the nature and level of risk the Company is willing to accept in achieving its strategic objectives, and ensures that the effectiveness of the risk management and internal control systems is reviewed at least once a year. The review covers management's design, implementation, and oversight of the risk management and internal control systems, significant control failures or weaknesses that occurred during the reporting period, and the corrective actions taken in response to such failures or weaknesses, thereby facilitating a closed-loop management procedure and continuously enhancing the Company's risk management standards.

PATEO Risk Management System

- **First Line of Defense: Business Departments**
  - Each relevant department and business unit within the Company is directly responsible for risk management. They must regularly conduct risk assessments and self-inspections related to their own operations, promptly identify and address any deficiencies, and report any changes in risk to the Company's Internal Audit and Internal Control Department.

- **Second Line of Defense: Internal Audit and Control Department**
  - The Company's Internal Audit and Control Department oversees and evaluates the risk management activities and performance of relevant departments and business units, conducts internal audits on key business processes, and monitors the implementation of corrective measures by the relevant departments.

- **Third Line of Defense: Board Audit Committee**
  - The Audit Committee of the Board reviews key investigation reports on risk management and internal control matters, discusses risk management and internal control system with management, and ensures that management has fulfilled its responsibilities in establishing effective systems.

Risk Management Process

To effectively implement various control measures for risk management, we have established a closed-loop management process comprising risk identification, assessment, management response, and monitoring and improvement. The Board of Directors and management regularly review the applicability of the risk management process, making dynamic adjustments based on regulatory requirements and business planning scenarios to continuously strengthen the Company's risk management level.

PATEO Risk Management Process

Risk Identification	Business departments extensively and continuously collect internal and external information related to risk management, focusing particularly on information associated with the Company's business strategy, development plans, and investment and financing plans.
Risk Assessment	Establish the Company's business objectives and risk appetite. Analyze and prioritize identified risks from two perspectives: the likelihood of their occurrence and their impact on company objectives, determining key areas of focus and priority risks for control. Implement dynamic assessments and management of risks, continuously monitor risk changes, and ensure risk matters remain within acceptable ranges.
Risk Management Response	Formulate risk management measures based on risk assessment results, employing nine major control measures to effectively manage risk matters: incompatible duty segregation controls, authorization and approval controls, accounting system controls, asset protection controls, budget controls, operational analysis controls, performance evaluation controls, audit and inspection controls, and major risk early warning mechanisms and emergency response mechanisms for sudden incidents.
Risk Monitoring and Improvement	Embed risk monitoring and improvement into the entire risk management process. Maintain timely communication and reporting among all business departments and across organizational hierarchies, using unimpeded communication channels to promptly identify deficiencies, implement corrective actions, and continuously enhance the enterprise's risk management capabilities.

ESG Risk Management

The Company integrates environmental, social and governance risks into its enterprise risk management system. We assess potential and actual ESG risks based on the ESG materiality assessment process and formulate corresponding measures. We regularly review the applicability of the ESG risk list, adjusting ESG risk response strategies promptly based on stakeholder feedback and actual operational conditions to ensure the effectiveness of ESG risk management.

PATEO has identified the following ESG risks during the reporting period and has formulated corresponding response measures:

ESG Risk Issues	Potential Risks and Impacts	ESG Risk Response Measures
Energy Usage	The Company's energy consumption is primarily from electricity. To better save energy, we may face increased costs associated with upgrading new equipment and processes, as well as technological reforms.	The Company actively implements various energy-saving measures, utilizes new energy sources such as photovoltaics, adopts diverse cost-reduction and efficiency-enhancing initiatives, improves production efficiency while reducing unnecessary energy consumption.

ESG Risk Issues	Potential Risks and Impacts	ESG Risk Response Measures
Climate Change	Climate change is a significant factor affecting the Company's short-, medium-, and long-term value. It can cause acute or chronic physical risks to operations, potentially leading to asset devaluation or significant losses. Furthermore, the Company may face transitional risks in areas such as technology and policy during their move towards low-carbon production, and also encounter challenges. For instance, immature technologies pose challenges to low-carbon transformation, and increasingly stringent carbon emission regulations leading to higher compliance costs.	PATEO's Board of Directors oversees climate change management strategies, integrating climate change into the enterprise risk management system, guiding management in formulating action plans to adapt to and mitigate climate change, continuously improving energy management efficiency during production, monitoring GHG emissions, and setting corresponding emission reduction targets based on short-, medium-, and long-term climate risk analysis. The Company closely monitors policy updates and strictly adheres to regulatory requirements for information disclosure.
Emissions Management	The Company's emissions mainly consist of exhaust gases and hazardous waste. The Company may face penalties for non-compliance with pollutant emissions, including warnings, fines, establishing deadlines for pollution remediation, orders to suspend production or use, orders to reinstall pollution prevention and treatment facilities, administrative actions against responsible individuals, or orders to close such entities. Production facilities may be suspended for rectification, potentially incurring additional costs.	The Company strictly adheres to regulatory requirements, national standards, and industry standards. We have established management systems for exhaust gases and waste, regularly monitor various indicators of emissions, and strictly implement all environmental protection measures to avoid the risk of non-compliant emissions.
Environmental Compliance Management	The Company incurs operational costs related to complying with environmental protection laws, regulations, and standards, primarily from the purchase and installation of environmental protection equipment and facilities, environmental impact monitoring, and hazardous waste disposal. As environmental regulations in China continue to evolve, the Company may also face fines and penalties for violating environmental compliance requirements.	The Company closely monitors various requirements related to environmental compliance, regularly assesses the applicability of internal management systems, revises internal environmental management systems promptly, regularly monitors emission indicators for exhaust gases, general waste, and hazardous waste, implements optimization measures based on monitoring results, and continuously reduces the risk of environmental non-compliance.

ESG Risk Issues	Potential Risks and Impacts	ESG Risk Response Measures
Occupational Health and Safety	The Company's production operations may expose employees to potential workplace injury risks, negatively impacting employee health and safety. Safety incidents could expose the Company to risks such as fines.	The Company prioritizes production safety and occupational health in its operations, establishing safety management systems and conducting safety hazard inspections, hazard source management, and risk assessments. To ensure the effective implementation of this approach, the Company has developed safety plans and management manuals, committing to providing a safe and healthy work environment for employees to minimize safety incidents. Regarding occupational disease hazards, PATEO sets up occupational hazard warning signs, arranges occupational health examinations, and carries out occupational disease prevention and control work to mitigate the harm caused by occupational diseases to employees.
Employee Rights Protection	The Company's sustainable development relies on its talent pool. Employee turnover can negatively impact the Company's competitiveness and employer image, exposing it to risks such as insufficient innovation, operational instability, and loss of intellectual assets. In addition, employee disputes may expose the Company to regulatory penalties, economic losses, and reputational damage.	The Company provides employees with equal training and promotion opportunities, as well as competitive compensation and benefits packages. We value communication with employees, collecting their feedback through various channels such as employee representative meetings and exchange meetings, involving them in company management, and enhancing their sense of belonging. PATEO respects the legal employment relationships and rights established with each employee through labor contracts, strictly complying with regulatory requirements to safeguard all legitimate employee rights and interests.
Data Security Risk	Data security is crucial for protecting user rights. Data security vulnerabilities and privacy breaches can lead to risks such as revenue decline and reputational damage for the Company. Information security violations can result in fines and other penalties. Effective management of data security risks is a crucial guarantee for company operations.	In our operations, we strictly comply with a series of laws and regulations related to cybersecurity, data privacy, and protection, including the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Several Provisions on the Administration of Automotive Data Security, and the Provisions on Promoting and Regulating Cross-Border Flow of Data. We have established strict internal policies and processes for each stage of data collection, storage, and use, striving to strengthen data security protection, effectively mitigate data security risks, and protect user privacy.

ESG Risk Issues	Potential Risks and Impacts	ESG Risk Response Measures
Intellectual Property Protection	Intellectual property is the foundation for the Company's business development and growth. However, certain uncontrollable events or factors may pose risks to PATEO's intellectual property, potentially compromising our competitive advantages. Intellectual property violations or disputes/litigation could expose the Company to risks such as reputational damage and economic losses.	The Company has implemented strict internal procedures and adheres to relevant laws and regulations to protect its valuable intellectual property. The Company enters into confidentiality employment agreements, non-compete agreements, and intellectual property ownership clauses with its employees. During business operations, the Company's legal department, internal control, and compliance departments carefully review contract terms and meticulously examine all relevant documents, including authorizations, licenses, and materials related to intellectual property due diligence.

Business Ethics

PATEO maintains a zero-tolerance policy towards any form of bribery involving its employees. To further standardize the Company's business operations and promote integrity and self-discipline among all employees, PATEO has established a series of anti-bribery policies under the supervision and approval of management.

We implement anti-corruption and anti-bribery due diligence procedures in supplier management. During the supplier qualification verification stage, we require suppliers to sign the "Supplier Integrity Management and Self-Discipline Agreement," which strictly prohibits bribery and other corrupt practices, rigorously standardizes the management of business entertainment and gift acceptance, fostering a sound business environment for compliant operations.

Furthermore, we attach great importance to the Company's compliant operation, strictly adhering to all laws and regulations concerning environmental protection, occupational health and safety, intellectual property protection, data security, and privacy protection. In 2025, all employees received training on legal compliance and business ethics regarding anti-corruption and anti-bribery. During the reporting period, the Company had no litigation incidents related to corruption or bribery and incurred no fines.

Protect the Environment

Climate Change Management

PATEO regards climate change as a core issue affecting the Company's short-, medium-, and long-term value. We have established a coordinated closed-loop management system across multiple dimensions, including top-level governance, strategic planning, risk management, and performance monitoring. By integrating climate risks and opportunities into decision-making processes from the top down, and through dynamic assessment and continuous optimization, the Company ensures that it achieves business resilience and sustainable growth while addressing climate challenges.

Climate Change Governance

PATEO has fully integrated climate change response into the Board's sustainable development governance framework and deeply embedded them within the Company's existing ESG management functions. Based on policy analysis, industry benchmarking, and external expert opinions, the Board regularly reviews macro-level regulations and industry trends to identify climate risks and opportunities closely related to PATEO's operations. Concurrently, the Environment, Health and Safety Management Committee (EHS Management Committee) and relevant business departments are responsible for data aggregation and assessment, ensuring that the environmental and social performance of each business unit is promptly reported back to the governance level. We are improving our ESG governance structure and will consider linking the compensationpolicies with relevant indicators of climate change when appropriate.

To address identified risks and opportunities, the company adopts a four-step closed-loop management approach: "Current Situation Review — Strategy Formulation — Risk Management — Indicator/Target Setting." This includes developing opportunities such as cost control through internal energy efficiency improvements, low-power cockpit solutions, and green supply chain collaborations, forming a comprehensive, end-to-end mechanism from identification to execution and monitoring. Through this systematic governance structure, PATEO achieves top-down monitoring and management of climate-related risks and opportunities, enhancing the forward-looking nature of decision-making and providing a solid foundation for the Company's steady progress on the path to low-carbon transformation.

Climate Change Response Strategy

PATEO regards climate change as a core issue affecting the Company's short-, medium-, and long-term value. The Company not only identifies and assesses the potential operational and financial impacts of physical and transition risks but also focuses on opportunities such as low-carbon intelligent cockpits, green supply chains, and digital energy management. Based on policy analysis, industry benchmarking, and external expert consultation, and through continuous monitoring and periodic reviews, the Company continuously refines its mitigation and adaptation strategies, ensuring that business development progresses in tandem with climate goals. The business and asset layout of our company is relatively scattered. The uncertainty and cost of quantitatively assessing the expected financial impact of climate-related risks or opportunities are both high at the moment. Once our future capabilities are in place to assess, we will disclose relevant information.

PATEO Climate Change Risk and Opportunity Management

Risk Category	Specific Type	Risk Description	Potential Impact	Response Measures
Physical Risk	Acute Physical Risk	Typhoons, heavy rainfall, or flooding causing disruption to production bases and supply chains.	**Operational Impact:** Production line stoppages, logistics disruptions, delays in delivery of key components, reduced delivery capability. **Expected Financial Impact:** Asset loss, accelerated asset depreciation, increased insurance costs.	• Develop and practice extreme weather emergency plans, including "Typhoon, Flood, Thunderstorm Emergency Plan," "Earthquake-Specific Emergency Plan," and strengthen hazard inspections. • Establish safety stock levels and multiple production bases, identify backup suppliers. • Strengthen regular maintenance of factory drainage and flood control facilities.

Risk Category	Specific Type	Risk Description	Potential Impact	Response Measures
	Chronic Physical Risk	Persistent high temperatures, drought, or changing climate patterns leading to energy and water scarcity.	**Operational Impact:** Increased operational costs for cooling, heating, etc.; increased occupational health and safety risks for employees working in high temperatures. **Expected Financial Impact:** Increased operational costs.	• Implement various energy management measures to reduce waste through energy-saving initiatives, actively introduce new energy sources, and ensure the stability of energy supply. • Implement water-saving measures to enhance water resource utilization efficiency.
Transition Risk	Policy and Legal Risk	Increasingly stringent carbon pricing, carbon trading, or ESG/ disclosure regulations domestically and internationally.	**Operational Impact:** Increased burden of information disclosure and compliance; products need to meet more low-carbon certification standards. **Expected Financial Impact:** Increased compliance costs.	• Conduct information disclosure strictly according to regulatory requirements, undertake independent low-carbon certifications as requested by customers. • Monitor carbon market trends to actively explore opportunities in green energy and carbon assets in the future.
	Technology Risk	Immature low-carbon technologies may impact the automotive industry's low-carbon transition, posing challenges to the company's environmental innovation.	**Operational Impact:** Weakened market competitiveness; difficulty for the company to achieve low-carbon transformation. **Expected Financial Impact:** Reduced revenue; increased R&D demands.	• Continuously improve the energy management system, actively carry out emission reduction work to reduce costs and increase efficiency. • Formulate R&D strategies based on customer needs, providing customers with more environmentally friendly and intelligent cockpit solutions to support the green and low-carbon transition of the automotive industry.

Risk Category	Specific Type	Risk Description	Potential Impact	Response Measures
	Market and Reputation Risk	Increasing demand from downstream OEMs and end consumers for low-carbon, sustainable products; insufficient disclosure or lack of green capabilities may affect partnerships.	**Operational Impact:** Reduced orders; damage to brand image; impact on the Company's business expansion. **Expected Financial Impact:** Reduced revenue; challenges in building a green brand.	• Continuously improve ESG disclosure, communicating the Company's practices and efforts in areas such as product carbon footprint reduction and other sustainability aspects to stakeholders. • Integrate circular economy principles throughout the product lifecycle, continuously assisting customers in reducing the carbon footprint of vehicles throughout their lifecycle through innovative R&D. • Closely monitor customer needs, incorporate market demands into product R&D, and continuously improve the market fit of solutions.

Opportunity Category	Opportunity Description	Potential Impact	Response Measures
Market Opportunity	Continued rapid growth of the new energy and intelligent connected vehicle market, with increasing demand for low-carbon, highly intelligent cockpit systems.	Expand core OEM partnerships, increase market share, and generate service revenue.	• Deepen collaboration with new energy vehicle companies and co-establish demonstration fleets. • Leverage multiple R&D centers across the country and deep collaboration with key OEMs to deepen market expansion for new energy vehicles by providing more energy-efficient smart cockpit solutions to help enhance overall vehicle energy efficiency and driving range, assisting the automotive industry in achieving its low-carbon transition. • Actively promote the construction of green factories, using the green brand to empower market expansion and continuously enhance the Company's competitiveness.

Opportunity Category	Opportunity Description	Potential Impact	Response Measures
Resource Efficiency	Improve energy and water use efficiency through process and equipment upgrades.	Reduce operational costs, increase production efficiency, develop a circular economy.	• Actively introduce new energy sources like photovoltaics to enhance energy efficiency. • Continuously optimize energy consumption indicators, deploy smart energy management monitoring technologies. • Carry out energy-saving equipment retrofits, such as upgrading industrial frequency air compressors to variable frequency air compressors. • Explore pathways for circular utilization of resources like packaging materials, raw materials, and waste, collaborating with upstream and downstream partners to build a circular economy and explore mutually beneficial development models.
Product and Service Opportunity	Based on cloud platforms and OTA capabilities, we develop green software and remote OTA low-carbon optimization services covering the entire lifecycle.	Generate stable subscription/ service revenue, enhance customer loyalty; create a green brand, gain recognition and trust from international markets or high-end customers.	• Pilot "cloud energy optimization" value-added services, delivering energy-saving algorithms to in-production models via OTA. • Strengthen technological R&D capabilities, continuously introduce products that meet market transition demands.
Resilience Enhancement Opportunity	Improve emergency response and backup mechanisms for cross-regional factories and data centers.	Reduce downtime and data risks during extreme weather events like typhoons and floods; minimize asset and revenue losses.	• Prepare emergency resources for extreme climate events, regularly conduct flood prevention and emergency drills to enhance the Company's emergency management capabilities. • Deeply integrate disaster recovery planning into climate strategy.
Energy Source Diversification Opportunity	Explore photovoltaics, green electricity procurement, and other clean energy alternatives.	Reduce dependence on fossil fuels and exposure to cost volatility; access policy subsidies; explore revenue opportunities from mechanisms like green power, carbon credits, and carbon markets.	• Continue advancing photovoltaic installation projects in core factories like Xiamen to increase renewable energy usage. • Appropriately incorporate green electricity into future business plans, capturing potential revenue opportunities from energy diversification through green power transactions.

Risk Management

PATEO integrates climate change risks into its overall enterprise risk management system. Under the coordination of the Board's sustainable development governance structure and the EHS Management Committee, we are gradually establishing adaptive assessment and response mechanisms. The Company references relevant domestic and international policy trends, industry developments, and expert advice to encourage various business units to identify and monitor climate-related physical and transition risks, enhancing risk awareness and management capabilities. Cross-departmental working mechanisms support senior management in obtaining crucial information and assisting in assessing potential impacts and response directions. Concurrently, the Company continuously monitors policy directions (such as carbon regulations, adjustments to international trade rules), technological advancements, and market changes, exploring potential pathways for green procurement, low-carbon innovation, and resilience enhancement. This supports the core business in achieving long-term, stable development in the intelligent cockpit and connected vehicle sectors while seizing potential opportunities in the sustainable transition.

Metrics and Targets

PATEO is committed to data-driven climate-related performance management. By focusing on key areas such as energy, waste, and GHG emissions, we are gradually establishing monitoring and improvement mechanisms to enhance the systematic nature and responsiveness of environmental management. Referencing internationally recognized standards, the Company has begun calculating emissions from its main operational activities and is exploring feasible pathways to expand this to value chain-related emissions. Through regular review and analysis of energy, water consumption, waste, and emissions data, we continuously identify optimization opportunities and improve environmental performance transparency.

PATEO supports China's 2035 Nationally Determined Contribution (NDC) goals and the national "dual carbon" goals of striving to achieve carbon peak by 2030 and carbon neutrality by 2060. To facilitate the gradual realization of carbon reduction targets, the Company is targeting to reduce Scope 1 and Scope 2 GHG intensity emissions by 2% by 2026. The Company continuously focuses on directions such as optimizing its energy structure, resource recycling, and process improvements, actively exploring carbon reduction potential. Target setting and advancement strategies will be adjusted in due course based on business development pace and external conditions. Internally, a company-wide tracking and feedback mechanism has been established, with progress regularly reported to management, ensuring that environmental management and corporate sustainable development complement each other.

In our production and operational activities, electricity consumption is the major source of GHG emissions. PATEO will fully leverage information management methods to further enhance electricity consumption management and use every kilowatt-hour efficiently. In addition, we will improve equipment operational efficiency through management measures such as standardized inspections and periodic equipment maintenance, reducing wasteful energy consumption, avoiding equipment idling, and lowering energy use.

The following table sets forth the GHG emission data of the Company from 2023 to 2025. PATEO is still in the process of comprehensively assessing its GHG emissions. We prioritize the recording of GHG emissions of Scope 1 and Scope 2 emissions in our production facilities, as the main source of GHG emissions in our production activities is related to the usage of electricity. The Company plans to gradually expand and improve the Scope 3 emission data calculation and formulate a feasible low-carbon transition pathway as appropriate.

Category	**Unit**	2023	2024	**2025**
Scope 1 Emissions	tonnes of CO_2 equivalents	8.92	14.78	**6.34**
Fossil Fuel Emissions	tonnes of CO_2 equivalents	8.86	14.52	**6.33**
Vehicle emissions of methane and nitrous oxide carbon dioxide	tonnes of CO_2 equivalents	0.07	0.26	**0.02**
Scope 2 Emissions	tonnes of CO_2 equivalents	2,394.30	3,513.62	**4,966.62**
Electricity Emissions	tonnes of CO_2 equivalents	2,394.30	3,513.62	**4,966.62**
Scope 1 + 2 Emissions	tonnes of CO_2 equivalents	2,403.22	3,528.40	**4,972.97**

Note: Due to rounding to two decimal places, minor discrepancies may exist between the sum of individual items and the disclosed totals of Scope 1 and Scope 2 Emissions; the disclosed totals shall prevail. The Company's Xiamen factory completed its expansion in 2024, and the Liuzhou factory commenced production in 2025; consequently, total GHG emissions have increased. The Company's GHG emission calculation methods and emission factors are based on the following standards:

1. Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)

2. Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting for Electronic Equipment Manufacturers (Trial)

3. ISO 14064-1: 2018 Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

4. Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting for Land Transport Enterprises (Trial)

5. 2021 Power Carbon Dioxide Emission Factors, 2022 Power Carbon Dioxide Emission Factors, and 2023 Power Carbon Dioxide Emission Factors published by Ministry of Ecology and Environment

6. Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Listing Rules published by the Hong Kong Stock Exchange.

Environmental Sustainability

PATEO deeply recognizes the importance of protecting the Earth. As a for-profit technology company, we adhere to sustainable development as our guiding principle, balancing business success with the long-term well-being of the environment and society, and fully responding to carbon peaking and carbon neutrality policies. To this end, we have established management systems including the "Three Wastes and Noise Management Regulations" and the "EHS Training Management Regulations."The EHS Management Committee actively assists various departments in establishing and improving corresponding management systems in accordance with the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System, guides various business departments in implementing environmental pollution prevention work, provides employees with training on the Company's environmental policies, and strengthens and enhances employee environmental awareness.

Currently, our core production base, the Xiamen factory, has obtained ISO 14001 and ISO 45001 Management System certifications. Different production bases are actively carrying out energy-saving and consumption-reducing retrofits. Some production workshops have introduced photovoltaic power; upgrading industrial frequency air compressors to variable frequency air compressors, saving approximately 15,000 kWh of electricity per month.


CQM
China Quality Mark

Environmental Management System Certificate

Certificate Number:00224E34568R1M

CQM hereby certifies that

PATEO CONNECT+ (Xiamen) Co., Ltd.

Unified Social Credit Identifier: 91350200MA33D7DF0L

Domicile:Room 208-3, Hengye Building, No.100, Xiangxing Road, (Xiang'an) Industrial Area, Xiamen Torch Hi-Tech Zone, P.R.China

Certification Add.:No.11-29, Fangyang West Road, Maxiang Street, Xiang'an District, Xiamen City, Fujian, P.R.China

the management system conform to

GB/T 24001-2016/ISO 14001:2015

This certificate is valid to the following scope:

Design and manufacture and related management activities of In-Vehicle Infotainment system

(The information of this certificate can be inquired on www.cnca.gov.cn or website of CQM. The continual validity of the certificate can be checked by Certificate Confirmation of surveillance.)

Issued on: 2024-10-29
Expires on: 2027-10-26
Reissue on: 2025-11-04

签发人:

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China Quality Mark Certification Group

ISO 14001 Environmental Management System Certification

In addition to complying with statutory requirements, we are committed to continuously strengthening our environmental and energy management systems and improving environmental protection measures and energy efficiency. PATEO closely monitors multiple indicators, implements environmental monitoring measures in accordance with the "Environment, Health, and Safety Monitoring and Measurement Procedure, "conducts regular environmental audits following the "Environmental, Safety, and Health Inspection and Hazard Rectification Management Regulations," continuously reduces environmental risks during production and operations, and takes measures to reduce resource consumption and waste generation.

PATEO promotes green office practices, water conservation, and reduction of office paper consumption, committed to balancing environmental sustainability with business growth.

During the reporting period, the Company had no major environmental incidents, nor were there any instances of environmental non-compliance or fines.

Pollution Control and Resource Protection

PATEO places high importance on environmental protection, committing to reducing air pollution, water consumption, energy consumption, and carbon emissions.

Waste Gas Emissions

Given the nature of the Company's business, PATEO does not generate significant amounts of waste gas, heavy pollutants, or wastes. Our main type of waste gas is non-methane total hydrocarbons (NMTHC). The Company strictly adheres to standards, including the Integrated Emission Standard of Air Pollutants GB 16297-1996 and the Xiamen Air Pollutant Emission Standard DB35/323-2018, to implement waste gas emission management. We have established the "Waste Gas Treatment Tower Operation and Maintenance Work Instructions" and regularly inspect waste gas treatment facilities and equipment to ensure their normal operation. The Company consistently strives to optimize product production processes to reduce tail gas emissions and enhance waste gas absorption.

The Company also engages third-party organizations to monitor the environment of its production areas. As our Xiamen factory completed its expansion in 2024 and the Liuzhou factory commenced production in 2025, NMTHC emissions showed a significant increase.

The following table sets forth the waste gas emission data of the Company from 2023 to 2025.

Category	Unit	2023	2024	**2025**
Non-methane total hydrocarbon	ton	0.37	0.14	**0.35**

Energy Consumption

PATEO is committed to energy conservation, responding to initiatives for green production and low-carbon office practices. We have obtained ISO 50001 Energy Management System certification, comply with legal requirements as the Law of the People's Republic of China on Energy Conservation and the Energy Law of the People's Republic of China, and have established internal energy management systems. We are gradually expanding the use of renewable energy in our operations, actively implementing energy-saving and consumption-reduction initiatives, increasing the use of electric vehicles in our daily office activities, and embracing a low-carbon, energy-efficient lifestyle.

The following table sets forth the electricity consumption data from 2023 to 2025.

Category	Unit	2023	2024	**2025**
Electricity Consumption	kW•h	4,300,099.00	7,364,135.20	**11,734,371.25**

Note: The scope of the company's energy consumption statistics covers only its core production and operational activities. Our Xiamen factory completed its expansion in 2024, and our Liuzhou factory is set to commence production in 2025. Consequently, electricity consumption continues to increase.

Waste Management

PATEO continuously standardizes the management and comprehensive utilization of solid waste and the harmless disposal of hazardous waste to ensure clean production and sustainable development. We have developed a "Solid Waste List," classifying waste into categories such as general solid waste, hazardous waste, household waste, and waste electrical and electronic products, with different classification labels for each type. Household waste is disposed of in compliance with regulations by a qualified sanitation company commissioned by the Human Resources and Administration Department, while waste electrical and electronic products are disposed of in compliance with regulations by an institution qualified to handle such waste, commissioned by the Administration Department and Information Services Department.

For general solid waste management, we classify general solid waste from production operations into recyclable waste and other waste, establish temporary storage warehouses for general solid waste, maintain management records for general solid waste, and entrust qualified third parties for the transfer and disposal of general solid waste.

Regarding hazardous waste disposal, the Company has set up corresponding dedicated collection bins and temporary storage warehouses based on the types of hazardous waste. Leak-proof and waterproof measures are implemented during the transfer and temporary storage of hazardous waste. We have developed the "Hazardous Waste Generation Record Form" and the "Hazardous Waste Storage Record Form" to record and track the storage and transfer of hazardous waste, ensuring compliance with hazardous waste disposal. The Company will also strengthen the daily operation and maintenance of online monitoring facilities to achieve compliant emissions and reduce hazardous waste discharge.

From 2023 to 2025, PATEO's hazardous waste generation was as follows:

Category	**Unit**	2023	2024	**2025**
Hazardous Waste	ton	6.84	25.42	**33.54**

Note: The Company's hazardous waste mainly includes waste circuit boards, contaminated waste, waste activated carbon, waste organic solvents, and waste containing organic solvents, circuit board cutting powder made from organic resin waste, and oil/water, hydrocarbon/water mixtures or emulsions (waste cutting fluid) generated during production.

Water Resource Management

PATEO's water consumption is mainly from tap water, primarily for domestic use, our production processes do not involve significant water usage. The Company will continue to implement a series of measures to promote the recycling of water resources in production.

Regarding wastewater discharge management, we comply with relevant regulatory requirements in managing wastewater discharge. Our Xiamen factory does not generate industrial wastewater during production. Going forward, we will continue to enhance the efficiency of water resource management and continuously reduce wastewater generation.

From 2023 to 2025, PATEO's water usage was as follows:

Category	Unit	2023	2024	2025
Tap Water	ton	10,703.00	19,941.00	**46,454.00**

Note: The company's water consumption mainly comes from office and employee living water use, and the statistical scope only covers the company's core production and operation activities. In 2024, the Xiamen factory completed its expansion. In 2025, the Liuzhou factory started production, resulting in a significant increase in water consumption.

Social Responsibility Practices

PATEO is keenly aware of its social responsibilities and mission. We continuously fulfil our commitments in areas such as employee management, production safety and occupational health, supplier ESG management, and privacy protection, pursuing a "win-win" outcome between commercial success and social responsibility. The Company is dedicated to providing high-quality services, actively participating in industry collaboration and community building, and contributing to the prosperity and progress of society.

Employee Management and Labor Practices

The Company strictly complies with laws and regulations, including the Labour Law of the People's Republic of China and the Employment Promotion Law of the People's Republic of China. Accordingly, we have established policies such as the "Recruitment Management System" and the "Human Resources Management System," conducting open and equal recruitment for both internal and external candidates, and implementing a candidate qualification review process (including age, education, major, work experience, rewards and punishments, etc.). The Company prohibits child labor and forced labor, signs labor contracts with employees, strictly arranges working hours in accordance with standard working hour systems, and pays social insurance premiums (including medical, work-related injury, and maternity insurance) for employees on time each month.

The Company has formulated and implemented the "Employee Diversity Policy," establishing diversity and inclusion as core values and committing to creating a work environment that respects individual differences and safeguards employee dignity. The Company adheres to the principle of equality in recruitment, training and development, compensation management, and promotion opportunities. We actively promote gender equality and diversity development, maintaining a balanced workforce structure in terms of gender, age, cultural and educational background, skills, and experience, while maintaining an appropriate proportion of female employees. The Company discloses information related to employee diversity in its annual corporate governance report, and the Nomination Committee reviews and monitors the effectiveness of policy implementation and progress towards objectives annually. When necessary, the Committee proposes revisions and submits them to the Board of Directors for review and approval to ensure the continued effective implementation of the diversity policy.

PATEO has always adhered to a people-oriented talent philosophy, respecting and valuing every employee and striving to create a diverse, equal, and inclusive working environment. In recent years, the Company has widely recruited talent, built a talent pipeline, and established comprehensive career development paths for employees. In 2023, 2024, and 2025, the total number of employees was 1,695, 2,155, and 2,119, respectively. The total number of employees by employment type and gender is as follows:

Category		**Unit**	2023	2024	**2025**
Total Workforce		Person	1,695	2,155	**2,119**
By Employment Type	Full-time	Person	1,682	2,145	**2,115**
	Part-time	Person	13	10	**4**
By Gender	Male	Person	1,024	1,342	**1,358**
	Female	Person	671	813	**761**

Note 1: The total number of employees is as of the end of the year.

Note 2: Total number of employees includes full-time employees, part-time employees, and re-employment of retirees, excluding interns.

Workplace Safety and Occupational Health

PATEO places great emphasis on ensuring employee health and safety, providing a work environment where safety is paramount. To this end, the Company has established a series of rules, standard operating procedures, and measures aimed at safeguarding employees' occupational health and safety and ensuring a safe operating environment. The Company has developed a comprehensive set of workplace safety management systems to provide a systematic framework for safety management. These measures cover multiple aspects, including implementing strict safety guidelines, detailing potential hazards and appropriate response strategies, and establishing workplace hygiene standards.

To implement relevant laws, regulations, and regulatory requirements such as the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Environmental Protection Law of the People's Republic of China, and the Fire Control Law of the People's Republic of China, the Company has formulated and implemented the "Environmental, Health, and Safety (EHS) Responsibility System and Management Regulations." This system clearly defines the responsibilities of personnel at all levels regarding safety, fire protection, environmental protection, and occupational hygiene, effectively ensuring employee safety and health during production and operations. The Company's EHS Management Committee continuously updates management systems related to labor and workplace safety, and monitors changes in environmental laws, regulations, and industry requirements.

The Company has established a Workplace Safety Committee as the leading organizational body for safety production (i.e., Environment, Safety, Health — EHS). The General Manager of the Company serves as the primary responsible person for workplace safety, and the Director of the Workplace Safety Committee, responsible for the overall management of PATEO's safety affairs. The EHS Officer acts as the executive officer, specifically responsible for the daily management of safety matters. Department heads serve as members of the Workplace Safety Committee, responsible for implementing and executing safety production matters within their respective departments. The Company has established a dedicated EHS department for safety management and has assigned full-time safety management personnel. Each department has designated part-time EHS personnel (safety officers) responsible for supervising, inspecting, and reporting safety issues. The Safety Committee holds a regular safety meeting quarterly to review workplace safety performance and promptly resolve existing safety issues.

The Company has formulated the "EHS Training Management Regulations," requiring all new employees to undergo rigorous safety training courses. A three-level workplace safety education and training system has been established. All new employees must undergo company-level (Level 1), department-level (Level 2), and team-level (Level 3) safety education upon entry, completing the "Three-Level Safety Education Card" to ensure new employees fully understand all safety protocols and procedures specific to PATEO's operations. The EHS team annually develops an EHS annual training plan, organizes training sessions on safety, fire protection, occupational hygiene, and environmental protection knowledge, and provides training to employees in these areas. Each department regularly conducts safety awareness, job operation procedures, and compliance education for employees based on the special training provided by the EHS team, thereby enhancing employee safety awareness and improving their safe operation skills. Simultaneously, the Company provides safety education for contractors. The contractor's organizing unit schedules training time based on the contractor's on-site work hours, which are then organized by the EHS unit. The EHS unit is responsible for developing Contractor safety training materials and providing instructions, and an assessment is required after training. Cleanroom Safety precautions are organized by the production department. Furthermore, to comply with relevant laws and regulations, the Company's Human Resources department proactively collaborates closely with legal counsel, closely monitors developments, and adjusts policies when necessary, ensuring the Company consistently adheres to legal requirements and best practices regarding workplace safety.

PATEO's Three-Level Safety Training System

Company Level (Level 1 Training): Organized by the Company's Human Resources and Administration Department, with safety education conducted by the EHS department. Trainees can only be assigned to departments after passing the assessment; one make-up exam is allowed for those who fail; those who fail the re-examination will not be retained for employment by the Human Resources and Administration Department. The comprehensive assessment paper is set by the EHS department. Upon completion, the "Three-Level Safety Education Card" is transferred with the employee to the department.	• Overview of the unit's workplace safety situation and basic safety knowledge; • The unit's workplace safety rules, regulations, and labor discipline; • Rights and obligations of employees regarding workplace safety; • Accident emergency rescue, emergency plan drills, and preventive measures, etc.; • Identification and use of firefighting equipment; • Company environmental policies and environmental awareness training; • Various warning signs and signal devices set up within the enterprise; Relevant accident cases, etc.; • Other training content.
Department/Workshop Level (Level 2 Training): Organized by the respective department, with safety education conducted by the department. Trainees can only be assigned to teams after passing the assessment; one make-up exam is allowed for those who fail; those who fail the make-up exam are reassigned to a suitable department by the Human Resources and Administration Department. Upon completion, the "Three-Level Safety Education Card" is transferred to the employee by the team.	• Work environment and hazard factors of the department; • Potential occupational injuries and fatal accidents associated with the job type; • Safety responsibilities, operational skills, and mandatory standards for the job type; • Self-rescue, mutual rescue, first aid methods, evacuation, and on-site emergency handling; • Use and maintenance of safety equipment, facilities, and personal protective equipment; • Safety production status and regulations of the department; • Measures to prevent accidents and occupational hazards, and safety precautions to be observed; • Significant work-related injuries that have occurred in the department, lessons learned, and preventive measures; • Other content requiring training.

Team/Position Level (Level 3 Training): Conducted by the team; work permitted after passing the assessment; one make-up exam is allowed for those who fail; those who fail the make-up exam are returned to the department for reassignment to a suitable position. Trainers and trainees sign the "Three-Level Safety Education Card" for confirmation. The team/department files the "Three-Level Safety Education Card."

- Production characteristics, working environment, location of hazardous sources, equipment status, and safety precautions of the team;
- Safe operating procedures and job responsibilities for the position;
- Requirements for wearing and correct use of personal protective equipment for the position;
- Work-related injuries that have occurred in the position, lessons learned, and preventive measures;
- Safety and occupational hygiene matters concerning work coordination between positions;
- Waste classification and disposal procedures for the position;
- Other content requiring training.

Regarding occupational disease risk control, the Company has formulated the "Occupational Health Management Regulations." The leader of the Occupational Health Leading Group is the General Manager, with department heads serving as members. Based on the Company's organizational structure, the EHS unit serves as the occupational health management body, with EHS personnel designated as full-time occupational health management staff; part-time safety officers designated by each department serve as part-time occupational health management staff. The Occupational Health Leading Group is fully responsible for and leads PATEO's occupational health work. The EHS unit is responsible for formulating specific regulations and plans for implementation, departments are responsible for specific execution, and the labor union exercises supervision over labor matters.

As of the reporting date, the Company has not received any significant complaints, investigations, warnings, or penalties from government authorities or other relevant institutions concerning labor and production safety. There were no work-related fatalities in 2025.

Employee Training and Development

PATEO actively provides learning and training opportunities for its employees, establishing a comprehensive training management system that includes courses for new employee orientation, professional competency development, and leadership development. The Company is committed to maintaining an equal, diverse, and inclusive work environment, adhering to the principle of non-discrimination and implementing an equal employment policy. We pledge not to discriminate based on gender, region, nationality, religion, age, pregnancy or marital status, disability, etc., in processes such as recruitment, promotion, and termination. PATEO respects employee rights, fosters an equal and diverse employment environment, effectively safeguards the rights of ethnic minorities, and encourages female employees to exert their influence in the workplace.

The Company has launched an online training platform for employees, providing equal access to a diverse range of training courses covering all positions, including market sales, the Human Resources and Administration Department, production management, financial management, warehouse logistics, quality management, and Environment, Health, and Safety (EHS) management. The training content includes modules on professional skills, leadership training, strategic management, and self-improvement. In 2025, we conducted training activities for general staff, middle management, and senior management, with average training hours of 9.91 hours, 10.92 hours, and 10.07 hours, respectively. The average training hours for male and female employees were essentially similar, at 9.35 hours and 9.50 hours, respectively.

Furthermore, we understand employee needs through channels such as employee exchange meetings and employee representative congresses. By considering industry development trends, we timely adjust the content of employee training to support individual growth and promote the mutual advancement of employees and the Company.

Product Quality Management

Guided by the quality policy "Quality is Life, Innovation is Foundation," the Company strictly complies with the requirements of laws, regulations, and industry standards in its operating locations, including the Product Quality Law of the People's Republic of China, and has established a rigorous quality management system. We systematically carry out quality management work through internal systems such as the "Quality Manual," "Quality System Audit Procedure," "Product Manufacturing Process Development Control Procedure," "ESD Protection Management and Technical Specifications," "Product Safety Management Procedure," "Hazardous Substance Management Manual," and "Management Review Procedure," providing customers with safe and intelligent products and services. Leveraging its comprehensive management systems and continuous improvement efforts, the Company has obtained ISO 9001, QC 080000, ANSI. ESDS. 20.20, and IATF 16949 certifications.

IEC QUALITY ASSESSMENT SYSTEM (IECQ)

For rules and details of the IECQ visit www.iecq.org

IECQ Certificate of Conformity

IECQ ESD (Electro Static Discharge)

IECQ Certificate No.:	IECQ-P SGSCN 25.0036	Issue No.:	1	Status:	Current
Supersedes:		Issue Date:	2025/09/27	Org Issue:	2025/09/27
CB Reference No.:	CN25/00006682	Expiration:	2028/09/26		

PATEO CONNECT (Xiamen) Co., Ltd.
No. 11-29 Fangyang West Road, Xiang'an District, Xiamen City, Fujian Province, P.R. China

The organization has developed and implemented procedures and related processes that have been assessed by the IECQ Certification Body in accordance with IECQ 03-1 and IECQ 03-2 for issuance of this certificate and found to be in conformity with the applicable requirements of the IECQ Approved Process Scheme and in respect of standard(s) or specification(s):

- IEC 61340-5-1:2024 {Ed 3.0} Electrostatics – Part 5-1: Protection of electronic devices from electrostatic phenomena – General requirements
- ANSI ESD S20.20 {2021} ESD Association Standard for the Development of an Electrostatic Discharge Control Program for Protection of Electrical and Electronic Parts, Assemblies and Equipment (Excluding Electrically Initiated Explosive Devices)

Process Manual Reference: IEC61340-5-1:2024 (ED3.0)

Scope of Activity:

Manufacture of In-Vehicle Infotainment Systems and Elastic Wave Sensors and Controllers

Issued by the Certification Body: SGS-CSTC Standards Technical Services Co. Ltd.

16F Century YuHui Mansion,
73 Fucheng Road, Beijing
China

Authorized person:
Tsang Ben

The validity of this certificate is maintained through on-going surveillance audits by the IECQ CB issuing this certificate.
This Certificate of Conformity may be suspended or withdrawn in accordance with the Rules of Procedure of the IECQ System and its Schemes.
This certificate and any schedule(s) may only be reproduced in full.
This certificate is not transferable and remains the property of the issuing IECQ CB.
The Status and authenticity of this certificate may be verified by visiting www.iecq.org

-- Attached Translation: - None --

IECQ-P Rev. 07 EN

ESD Certification

IEC QUALITY ASSESSMENT SYSTEM (IECQ)
covering Electronic Components,
Assemblies, Related Materials and Processes
For rules and details of the IECQ visit www.iecq.org

IECQ Certificate of Conformity

Hazardous Substance Process Management

IECQ Certificate No.:	IECQ-H SGSCN 23.0011	Issue No.:	1	Status:	Current
Supersedes:		Issue Date:	2023/03/17	Org Issue:	2023/03/17
CB Reference No.:	CN23/00001241	Expiration:	2026/03/16		

Applicable to:

- European Directive 2011/65/EU ("RoHS – Restriction of the use Of certain Hazardous Substances") in electrical and electronic equipment. Including all published amendments

PATEO CONNECT (Xiamen) Co., Ltd.
No.8, Longku East Road, Xiangan District,
Xiamen City, Fujian Province,
China

The organization has developed and implemented Hazardous Substance Process Management procedures and related processes which have been assessed and found to comply with the applicable requirements for IECQ HSPM organization approval which is in accordance with the Basic Rules IECQ 01 and Rules of Procedure IECQ 03-5 "IECQ Hazardous Substances Process Management" of the IEC Quality Assessment System for Electronic Components (IECQ), and with respect to the IECQ Specification:

- IECQ QC 080000:2017 - Hazardous Substance Process Management System Requirements

This Certificate is applicable to all electronic components, assemblies, related materials and processes for the following scope of activities:
Manufacture of in-vehicle infotainment systems

Issued by the Certification Body: SGS-CSTC Standards Technical Services Co. Ltd.

16F Century YuHui Mansion,
73 Fucheng Road, Beijing
China

Authorized person:
Tsang Ben

QC080000 Certification


Certificate IATF 0553797
Certificate CN24/00007038
The management system of
PATEO CONNECT (Xiamen) Co., Ltd.

IATF USI: YZTAX3
No. 8, East Longku Road, Torch (Xiang'an) Industrial Park, Xiang'an District, Xiamen City, Fujian Province ,P.R.China
PATEO CONNECT (Xiamen) Co., Ltd.
IATF USI: YWLRME
No. 11-29, Fangyang West Road, Xiang'an District, Xiamen City, Fujian Province, P.R. China

has been assessed and certified as meeting the requirements of
IATF 16949:2016
Edition 1

For the following Scope
Design and manufacturing of in-vehicle infotainment (IVI) system

EXCLUSIONS : None

3 Year certification is valid from 07 November 2024 until 06 November 2027 and remains valid subject to satisfactory surveillance audits.
Version no. 2. Current version updated 29 March 2025

Authorised by
Dwyane YANG
Technical reviewer
Contracted Office : SGS United Kingdom Ltd. Station Road, Oldbury, B69 4LN, UK.
Email : Neil.Hall@sgs.com

IATF 16949 Certification


Certificate CN24/00007040
The management system of
PATEO CONNECT (Xiamen) Co., Ltd.

Unified Social Credit Code: 91350200MA33D7DF0L
Business Registration Address: Room 208-3, Hengye Building, No. 100 Xiangxing Road, Torch (Xiang'an) Industrial Area, Xiamen Torch Hi-Tech Industrial Development Zone,
Business Operation Address: No. 8, East Longku Road, Torch (Xiang'an) Industrial Park, Xiang'an District, Xiamen City, Fujian Province ,P.R.China
has been assessed and certified as meeting the requirements of
ISO 9001:2015
For the following activities
Design and manufacturing of in-vehicle infotainment (IVI) system

This certificate is valid from 01 April 2025 until 06 November 2027 and remains valid subject to satisfactory surveillance audits.
Issue 2. Certified since 07 November 2024
Certified activities performed by additional sites are listed on subsequent pages.

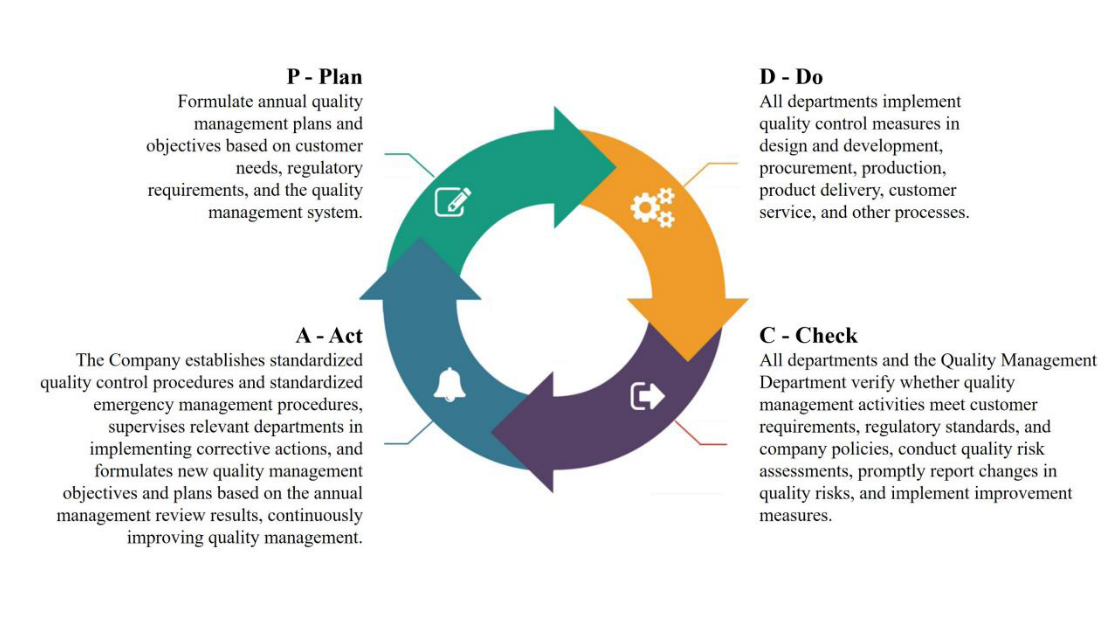
L. Moran

Authorised by
Liz Moran
Business Manager
SGS United Kingdom Ltd
Rosamore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
t +44 (0)151 350-6666 - www.sgs.com
The certification information can be verified on the web site of Certification and Accreditation Administration of the People's Republic of China www.cnca.gov.cn

ISO9001 Certification

The Company's General Manager is responsible for establishing, implementing, and continuously improving the quality management system, formulating the quality management policy, and breaking down quality objectives and process indicators for each functional department. We have established a comprehensive quality management system covering customer-oriented processes, management processes, and support processes for various in-vehicle infotainment systems. Focusing on customer needs and regulatory requirements, and using a process approach as the core framework, the Company decomposes quality responsibilities and objectives from management to each department, team, and individual, incorporating the PDCA cycle and risk prevention principles. The General Manager revises the annual quality management objectives and plans through annual management reviews, promoting continuous improvement in quality management.

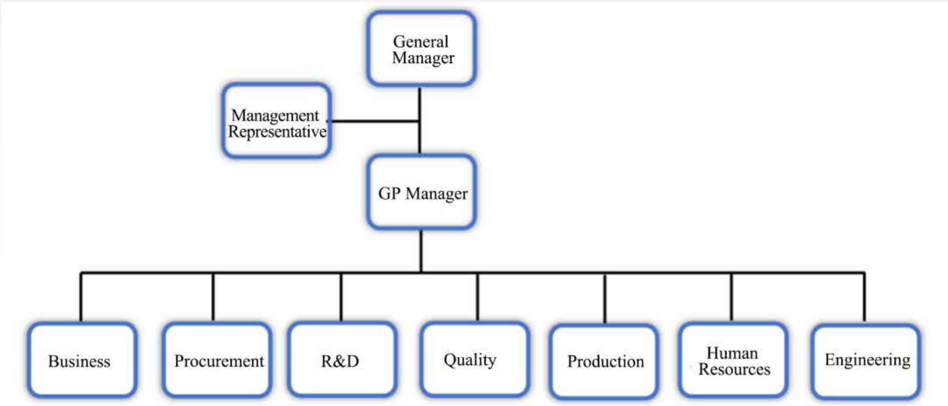
PDCA Procedure for Quality Management



Based on product characteristics, we have formulated the "ESD Protection Management and Technical Specifications" to reduce or eliminate damage to electronic products caused by electrostatic discharge, and ensure product quality. We equip operators with work clothes and anti-static shoes that meet anti-static technical requirements. In work areas, we install anti-static flooring, anti-static mats, anti-static table mats, anti-static shelves, and other facilities. In accordance with internal regulations, including the "ESD Protection Facilities Daily Inspection Guidelines," "Qualification Inspection Specification for Anti-static Facilities and Supplies," and "Specification for Use of Personal Anti-static Products and Inspection Before Entering EPA," we implement conformity control measures for ESD equipment and facilities. Inspections are carried out at two critical points: sample confirmation before procurement and inspection before warehousing. We routinely monitor the humidity of the working environment and promptly address anomalies to ensure the effectiveness of ESD measures. Furthermore, we provide annual anti-static technical training for employees in relevant positions. The training content includes identification of sensitive components, operating procedures for ESD control measures, etc., continuously enhancing employees' technical and management capabilities.

Simultaneously, we place high importance on product safety and customer health and safety. Guided by the green product philosophy of "green safety, clean efficiency, low carbon, and circular economy," we have formulated and implemented the "Hazardous Substance Management Control Procedure." We have established a management structure with the General Manager serving as the highest responsible person, integrating the responsibility for hazardous substance management into the daily work of departments such as business, R&D, procurement, quality, production, engineering, and human resources.

The Company's Hazardous Substance Management Structure



The Company conducts hazardous substance reviews during the product development phase and implements substitution plans for hazardous substances, to minimize the risks posed by such substances at source. In the procurement stage, we inspect and test raw and auxiliary materials according to the "Hazardous Substance Incoming Inspection Specification." During production, we conduct process analysis and implement preventive measures for processes where hazardous substances may be present or potentially introduced. We assign a unique number to each product to facilitate traceability management. The Quality Management department is responsible for the measurement and analysis of hazardous substances, setting up inspection points for key processes in production, conducting testing and inspections on finished products. Only products that pass inspection are allowed to proceed to the delivery stage.

Non-conforming products identified during procurement, production, and finished product inspection are strictly handled in accordance with the "Non-conforming Product Control Procedure." The Quality Management department issues a "Corrective Action Request" based on the type of non-conforming products and identifies the responsible department. The responsible department is tasked with analyzing the cause of the non-conformity, evaluating the need for measures to prevent recurrence, and implementing corrective actions if necessary. Dedicated personnel track, evaluate, and record the implementation of corrective actions, forming a closed-loop management system. The Company conducts an annual internal audit of the hazardous substance management system, develops improvement plans, and establishes management objectives to reduce the negative impact of hazardous substances, ensuring the effectiveness of the hazardous substance management system.

In 2025, the Company had no significant incidents of product quality non-compliance and incurred no fines.

High-Quality Service

We adhere to a customer-first philosophy, leveraging our 3I DNA — Insight, Innovation, and Integration — to continuously provide customers with products and services of premium quality, excellence, and intelligence innovation. We have established systems such as the "Customer Returned Product Handling Procedure," "Customer Complaint Management Procedure," and "Customer Satisfaction Survey Procedure" to promptly respond to customer complaints and feedback, and to improve product quality and service methods based on customer needs.

The Company conducts annual customer satisfaction surveys. The Business Department distributes the "Customer Satisfaction Survey Questionnaire" to customers, using questionnaires to gather information on customer needs and satisfaction levels. The conclusions from the customer satisfaction analysis serve as a key reference for the annual quality management review. Based on data such as customer complaint rates, customer satisfaction levels, customer feedback suggestions, and sales figures, we identify areas for improvement in product quality and customer service, formulate optimization plans, and continuously enhance service quality.

With high quality customer service and strict quality management, we have received accolades such as the "Best Partner Award" from Dongfeng Yipai, and recognition as "Excellent Supply Assurance Partner" and "Supplier Quality Excellence Business Partner" at the VOYAH Partner Conference.

"Best Partner Award" from Dongfeng Yipai "Excellent Supply Assurance Partner" and "Supplier Quality Excellence Business Partner" from VOYAH

Supplier ESG Management

The Company has established standardized and transparent supplier development and qualification management processes. Supplier development is initiated by a request from the demand department. The Strategic Procurement department is responsible for collecting basic supplier information and conducting preliminary qualification assessments, creating the "Supplier Capability Survey Form." After completing the preliminary document review, a joint on-site audit is organized involving relevant functional departments such as SQE, Strategic Procurement, R&D, and Finance. This audit comprehensively evaluates suppliers from multiple dimensions, including the quality management system, hazardous substance control capability, and financial risk. Upon passing the audit, the Strategic Procurement Department initiates the admission approval process in the OA system. After step-by-step review and confirmation by the heads of relevant departments, qualified suppliers are officially added to the supplier list. Through multi-departmental collaborative audits and a tiered approval mechanism, the Company effectively ensures the compliance, professionalism, and sustainability of supplier admission, enhancing the overall risk management level of the supply chain. In 2025, the Company had a total of 338 major suppliers.

When selecting suppliers, the Company considers their performance in social responsibility and environmental management, evaluating whether suppliers prioritize the use of environmentally friendly materials and whether they have obtained relevant system certifications. When screening qualified suppliers and conducting due diligence and supplier onboarding, PATEO requires suppliers to sign the "Environmental Compliance Declaration," "Environmental Protection Guarantee Agreement," "Supplier Development Procedure," "Supplier Labor Protection Commitment Letter," and "Supplier Environment, Occupational Health and Safety (EHS) Commitment Letter." The "Environmental Compliance Declaration" and "Environmental Protection Guarantee Agreement" explicitly require suppliers to restrict and manage hazardous substances, reduce the content of hazardous substances in products, and ensure products comply with the "Measures for the Administration of the Restriction of Hazardous Substances in Electrical and Electronic Products" (China RoHS), the RoHS Directive, and the REACH Directive.

The "Supplier Environment, Occupational Health and Safety (EHS) Commitment Letter" explicitly requires suppliers to support green production, protect the environment, and ensure employee safety and health. Specifically, we require suppliers to commit to the following:

- Ensure the identification and control of pollutants that, if released into the environment, could create hazards, ensuring their proper disposal, and conduct regular monitoring to meet legal and regulatory requirements. Strictly comply with applicable laws and regulations, prohibiting the illegal discharge of wastewater, waste gas, waste residues, and other pollutants.

- Ensure the adoption of systematic methods to prevent the illegal discharge and leakage of substances into drainage channels.

- Ensure active pursuit of improvements in energy efficiency and the minimization of energy consumption and GHG emissions.

- Commit to resource conservation during service delivery, avoid environmental damage, and ensure environmental protection.

- Ensure the safety and health of workers, provide safe and healthy working and living facilities, effectively monitor high-risk operations and machinery/equipment, prevent workplace injuries, and prevent occupational poisoning or diseases.

- Ensure the proper management of flammable and explosive materials, effective control of ignition sources, regular maintenance of firefighting equipment and evacuation routes, effective control of fire risks, and prevention of fire and explosion accidents.

- Ensure the control of potential safety hazards that employees may encounter through proper design, engineering and management controls, preventive maintenance and safe work processes, and continuous safety training.

- Ensure effective identification, assessment, and control of impacts on workers from chemical, biological, and physical factors, employing engineering plans or management controls to manage overexposure to hazards. When these methods cannot effectively control hazards, promptly protect employee health through appropriate personal protective equipment programs.

- Ensure the conduct of safety hazard assessments for production equipment and other machinery, providing physical guards, barriers, or interlocking devices for machinery that could cause employee injury, and ensuring their proper maintenance.

- Ensure the provision of clean restroom facilities and drinking water for employees.

- Ensure the provision of appropriate workplace health and safety training to employees in their primary language, and clearly post health and safety-related information in the workplace.

- Ensure effective identification and assessment of emergency situations and events, minimizing their impact through the implementation of emergency plans and response procedures.

The "Supplier Labor Protection Commitment Letter" requires suppliers to respect human rights and safeguard employees' legitimate rights and interests, as follows:

- Prohibition of Child Labor: Ensure the elimination of child labor, and not to employ any person below the minimum legal employment age. Guarantee that minor employees under 18 years of age are not engaged in hazardous work.

- Prohibition of Forced Labor: Ensure the elimination of forced labor. Ensure the prohibition of withholding or retaining any employees' identification documents.

- Respect the Rights to Freedom of Association and Collective Bargaining According to Law: Ensure that employees' right to join or not join trade unions or similar representative bodies is respected in accordance with the law, and respect employees' rights to collective bargaining.

- Prohibition of Discrimination, including but not limited to: race, color, age, gender, pregnancy, language, ethnicity, disability, religion, political affiliation, membership in associations, trade union membership, nationality, medical condition, social origin, social or marital status, and association membership.

- Statutory Minimum Wage Standards: Ensure that all employees (including interns, dispatched workers, and temporary staff) receive their agreed wages on time, and that these wages are not lower than the statutory minimum wage standards stipulated by local laws.

- Working Hours: Ensure that employees' working hours are not excessive, at least complying with the laws and regulations of the country or region where the business is located.

Innovation, R&D and Intellectual Property Protection

The Company's long-term success in the highly competitive intelligent automotive industry depends on its ability to continuously develop and commercialize innovative products and solutions. PATEO remains firmly committed to investing substantial resources in R&D. We have established multiple R&D centers across China, including in Nanjing, Shenzhen, Dalian, Shenyang, Changchun, and Wuhan. These locations enable close collaboration with original equipment manufacturers (OEMs) in different regions while attracting top-tier R&D talent nationwide. Our current R&D efforts focus on core technologies in intelligent cockpit software and hardware, as well as cloud-based service solutions. We actively leverage artificial intelligence (AI) technologies, including generative AI, to optimize coding processes by providing real-time recommendations, improving code accuracy, and enhancing overall R&D efficiency. As of 31 December 2025, our R&D team comprised 709 professionals, representing 33.7% of our total workforce, of whom 86.7% hold a bachelor's degree or higher.

In terms of innovation practices and industry collaboration, PATEO actively participates in industry exchanges and works with upstream and downstream partners to promote the sustainable development of the automotive industry. Under the guidance of the Shanghai Federation of Industry and Commerce and other industry organizations, we co-founded the Yangtze River Delta Intelligent Automotive Components Industry Alliance with more than 20 enterprises. The Alliance aims to integrate regional resources, establish collaboration platforms, and promote the intelligent transformation and competitiveness of the automotive industry. On April 25, 2025, the Alliance organized several industry events, including a symposium on integrated intelligent automotive hardware and software, bringing together nearly 30 industry experts and representatives to discuss the development trends of intelligent components and jointly explore industrial opportunities for coordinated development. In July, the Alliance, in collaboration with the Integrated Circuit Industry Chain Party Organization of Nanjing Jiangbei New Area, jointly organized the event themed "Red Engine Leadership: AI Empowerment for Automotive Electronics Industry Development." Leveraging organizational collaboration as a key enabler, the event brought together diverse resources and stakeholders to promote the high-quality development of the automotive electronics industry chain.

Intellectual property forms a cornerstone of the Company's business strategy and is critical to safeguarding future commercial success. PATEO places strong emphasis on the protection and management of its intellectual property to secure its innovative technologies, inventions, and expertise.

PATEO has become a key intellectual property contributor in the industry. In 2023, the Company was recognized as a "National Intellectual Property Model Enterprise" by the China National Intellectual Property Administration. In the same year, two proprietary technological innovations related to intelligent cockpit and intelligent connectivity solutions were recognized by the National New Energy Vehicle Technology Innovation Center (NEVC) as reaching internationally advanced levels. In 2025, the Company was selected as a candidate for the inaugural "National Intellectual Property Demonstration Enterprise" program, recognized as an advanced-level intelligent factory in Fujian Province, and achieved Level 3 certification under the CMMM Smart Manufacturing Capability Maturity. As of 31 December 2025, the Company had obtained 1,909 authorized patents, including 1,039 invention patents.

CMMM

智能制造能力成熟度

标准符合性证书

依据GB/T 39116-2020《智能制造能力成熟度模型》、GB/T 39117-2020《智能制造能力成熟度评估方法》国家标准，经评估，博泰车联网（厦门）有限公司符合要求，达到智能制造能力成熟度等级 三 级，特发此证书。

证书编号：CMMM-0592-3962-2025-1367
评估范围：智能网联车载终端设备的设计（工艺设计）、生产
评估地址：福建省厦门市翔安区舫阳西路11-29号

发证机构：（公章）
二〇二五 年 八 月 三十日 核发
证书有效期：二〇二八 年 八 月 二十九 日 止

CMMM Smart Manufacturing Capability Maturity Level 3 Certification

Information Security and Customer Privacy Protection

Customer Privacy Protection

The Company strictly complies with applicable laws, regulations, and industry standards, including the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Interim Provisions on the Radio Regulation of Automotive Radar. We have formulated and improved relevant institutional documents, including the "Data Security Management System," the "Personal Privacy Information Management System," and the "Data Classification and Grading Management System," to standardize the processes of collecting, storing, and using personal information, while identifying, assessing, and managing risks related to personal information data processing and reducing the risk of data leakage or unauthorized use of data.

User consent is obtained prior to data collection, and all collection activities are conducted in accordance with applicable regulations. During the collection and processing stages, we strictly implement de-identification and data masking measures to safeguard personal information. For example, while our in-vehicle user interface may collect users' phone numbers for account creation, such information is subsequently replaced with user IDs during processing to minimize the risk of privacy leakage and strengthen data protection practices.

Data Usage and Protection

Data usage within the Company is governed by stringent policies and procedures to ensure regulatory compliance and the protection of personal privacy. We have established an information security management system aligned with international standards and have obtained certifications including IATF 16949 (Automotive Quality Management System), ISO 21434 (Road vehicles — Cybersecurity engineering), ISO/IEC 27001 (Information Security Management Systems), and ISO/IEC 27701 (Privacy Information Management Systems). Through a robust internal approval system, we enforce strict access controls over confidential and important data.

From a governance perspective, we conduct data processing activities in China in accordance with applicable laws and regulations and have implemented comprehensive internal policies, including data security management policies, data classification and grading policies, and personal information protection policies. These measures aim to prevent illegal and/or unauthorized data transmission.

Regarding data collection and usage practices, we adopt encryption technologies at both software and hardware levels to protect data transmission and storage. Data protection measures are applied based on classification levels to ensure data integrity and confidentiality. Employees are granted access only upon approval from authorized personnel and solely to data that is directly relevant and necessary for the performance of their duties, and this access is limited to defined purposes. The Company closely monitors access frequency and usage to ensure compliance with internal data protection protocols. In addition, we have implemented stringent physical access control measures to protect critical data assets. Enhanced security controls are applied to areas where sensitive data is stored, including restricted access to server rooms and related facilities, as well as the implementation of entry control systems and surveillance measures. These practices effectively mitigate risks related to data security and cybersecurity.

Regarding data storage management, we actively utilize advanced technologies to establish a full lifecycle data management framework, covering data input to destruction. User data is encrypted during storage, and we adopt a combination of full and incremental backups to ensure data integrity. Routine backups and periodic maintenance further reduce potential data security risks and enhance operational stability.

As of 31 December 2025, the Company reported no material data breaches or personal information leakage incidents, and no cases of data misuse in violation of individual rights.

Data Security Awareness

The Company requires all employees to sign confidentiality agreements, which impose legal obligations not to disclose, disseminate, or sell confidential information to any third party, including colleagues who are not authorized to access such information. Upon termination of employment, employees must return all confidential materials and continue to be bound by their confidentiality obligations thereafter. Any breach of confidentiality requirements or misconduct resulting in the unauthorized disclosure of confidential information will result in the Company pursuing liability in accordance with applicable laws, regulations, and internal policies. This may include requiring compensation for economic losses, termination of employment contracts, and, where applicable, referral to judicial authorities for further legal action. PATEO places strong emphasis on employee training to enhance compliance with data security policies and to reinforce the importance of responsible data usage. Authorized employees are required to undergo data privacy training and are obligated to promptly report any potential data breaches to the Company.

As of 31 December 2025, the Company had not been subject to any claims or penalties related to unauthorized use and/or transfer of personal data, and no material adverse impact on business operations, financial position, or operating results was identified.

Community Investment

The Company places strong emphasis on fostering harmonious development with local communities and actively participates in charitable and public welfare initiatives. Our community investment efforts focus on areas such as education support, disaster relief, and science and technology education. In 2025, the Company donated RMB36,000 to the Shanghai Charity Foundation in support of the "Hand in Hand" student assistance programme. In addition, we provided donations of musical instruments, including drum and bugle sets, to primary schools in Maguan County, demonstrating our commitment to advancing education and supporting youth development. Looking ahead, we will continue to respond to community needs and contribute to social well-being through diverse community engagement and philanthropic initiatives.

Appendix

ESG Performance

Environmental Performance

Key Indicators		Unit	2023	2024	2025
Waste Gas Emissions	Non-methane total hydrocarbon	ton	0.37	0.14	**0.35**
GHG Emissions	Scope 1 GHG Emissions	tonnes of CO_2 equivalents	8.92	14.78	**6.34**
	Fossil Fuel Emission	tonnes of CO_2 equivalents	8.86	14.52	**6.33**
	Vehicle emissions of methane and nitrous oxide carbon dioxide	tonnes of CO_2 equivalents	0.07	0.26	**0.02**
	Scope 2 GHG Emissions	tonnes of CO_2 equivalents	2,394.30	3,513.62	**4,966.62**
	Scope 1&2 GHG Emissions	tonnes of CO_2 equivalents	2,403.22	3,528.4	**4,972.97**
Hazardous Waste	Total Hazardous Waste	ton	6.84	25.42	**33.54**
Energy Consumption	Electricity Consumption	kWh	4,300,099.00	7,364,135.20	**11,734,371.25**
Water Consumption	Tap Water	ton	10,703.00	19,941.00	**46,454.00**

1. The environmental performance data disclosed in this report only covers the company's core production bases and does not cover all subsidiaries.

2. Due to rounding to two decimal places, minor discrepancies may exist between the sum of individual items and the disclosed totals of Scope 1 and Scope 2 Emissions; the disclosed totals shall prevail. The Company's Xiamen factory completed its expansion in 2024, and the Liuzhou factory commenced production in 2025; consequently, total GHG emissions have increased.

3. The Company's GHG emission calculation methods and emission factors are based on the following standards:

   - Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)
   - Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting for Electronic Equipment Manufacturers (Trial)
   - ISO 14064-1: 2018 Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
   - Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting for Land Transport Enterprises (Trial)
   - 2021 Power Carbon Dioxide Emission Factors, 2022 Power Carbon Dioxide Emission Factors, 2023 Power Carbon Dioxide Emission Factors by Ministry of Ecology and Environment
   - Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Listing Rules published by the Hong Kong Stock Exchange.

4. The company's water consumption mainly comes from office and employee living water use; the production process does not involve large amounts of industrial water use due to the nature of its business.

5. The Company's hazardous waste mainly consists of waste circuit boards, with smaller quantities of waste activated carbon, waste organic solvents, contaminated waste, circuit board cutting powder, and other hazardous waste.

6. The Company's principal business is to provide intelligent cockpit solutions to customers. Our production processes do not involve substantial consumption of industrial water, discharge of industrial wastewater, or use of packaging materials. Hence, water intensity, wastewater discharge volume, and packaging material usage are not disclosed.

Social Performance

Key Indicators		Unit	2023	2024	2025
Total workforce by gender and employment type					
Total employees		person	1,695	2,155	**2,119**
By gender	Male	person	1,024	1,342	**1,358**
	Female	person	671	813	**761**
	Percentage of female employees	%	40	38	**36**
By employment type	Full-time	person	1,682	2,145	**2,115**
	Part-time/Re-employment of retirees	person	13	10	**4**
Gender, age, and regional distribution of employee voluntary turnover rate					
Total Turnover Rate		%	/	/	**6.70**
By gender	Male	%	/	/	**5.76**
	Female	%	/	/	**8.34**
By age	Below 30	%	/	/	**5.21**
	30 ≦ Y < 50	%	/	/	**7.14**
	51 or above	%	/	/	**9.43**
By location	Shanghai	%	/	/	**7.51**
	Rest of China	%	/	/	**6.50**
Employee training coverage rate by gender and employee category					
By gender	Male	%	/	/	**35.59**
	Female	%	/	/	**26.52**
By employee category	Senior management	%	/	/	**50.00**
	Middle management	%	/	/	**29.21**
	General staff	%	/	/	**29.97**
Average training hours by gender and employee category					
By gender	Male	hour	/	/	**9.35**
	Female	hour	/	/	**9.50**
By employee category	Senior management	hour	/	/	**10.07**
	Middle management	hour	/	/	**10.92**
	General staff	hour	/	/	**9.91**
Safety and Occupational Health	Number of work-related fatalities	person	0	0	**0**
Supplier ESG Management	Total Number of Major Suppliers	no. of supplier	/	/	**338**

1. The total number of employees is as of the end of the year.
2. Total number of employees includes full-time, part-time employees and re-employment of retirees, excluding interns.
3. The employee turnover rate is calculated as follows: Number of employees who left during the year/(Number of employees who left during the year + Total number of full-time employees at the end of the period).
4. As the company's training management system is officially launched in early 2025 and the relevant human resources data is integrated online by mid-2025, the employee turnover rate and training hours for 2023 and 2024 are not be disclosed, as well as the data on lost workdays due to work-related injuries over the past three years.

HKEX ESG Reporting Code Content Index

Aspects and Areas	Summary of Disclosure	Report Section
Governance Structure	Board oversight of environmental, social and governance issues	ESG Governance
Reporting Principles	The Report has been prepared in accordance with the principles of materiality, quantitative, balance, and consistency	About This Report
Reporting Boundary	Explanation of reporting boundaries	About This Report
A Environmental	A1: Emissions	Protect the Environment — Pollution Control and Resource Protection
	A2: Use of Resources	Protect the Environment — Pollution Control and Resource Protection
	A3: The Environment and Natural Resources	Protect the Environment — Environmental Sustainability Protect the Environment — Pollution Control and Resource Protection
B Social — Employment and Labour Practices	B1: Employment	Social Responsibility Practices — Employee Management and Labor Practices
	B2: Health and Safety	Social Responsibility Practices — Workplace Safety and Occupational Health
	B3: Development and Training	Social Responsibility Practices — Employee Training and Development
	B4: Labour Standards	Social Responsibility Practices — Employee Management and Labor Practices
B Social — Operating Practices	B5: Supply Chain Management	Social Responsibility Practices — Supplier ESG Management
	B6: Product Responsibility	Social Responsibility Practices — Product Quality Management Social Responsibility Practices — Innovation, R&D and Intellectual Property Protection
	B7: Anti-corruption	ESG Governance — Business Ethics
B Social — Community	B8: Community Investment	Social Responsibility Practices — Community Investment
D Climate-related Disclosures	(I) Governance	Protect the Environment — Climate Change Management
	(II) Strategy	Protect the Environment — Climate Change Management
	(III) Risk Management	Protect the Environment — Climate Change Management
	(IV) Metrics and Targets	Protect the Environment — Climate Change Management

TO THE BOARD OF DIRECTORS OF PATEO CONNECT TECHNOLOGY (SHANGHAI) CORPORATION (博泰車聯網科技(上海)股份有限公司)
(established in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of PATEO CONNECT Technology (Shanghai) Corporation* (博泰車聯網科技(上海)股份有限公司) (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 122 to 205, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

* *English name for identification purpose only.*

Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matters

Share-based payments

During the year, the Group adopted the pre-IPO share option scheme ("**the Pre-IPO Share Option Scheme**"), 13,955,434 options were granted to the directors and employees on August 8, 2025.

The share-based payments expense was measured with reference to the fair values of the share options at the grant date, and was expensed on a straight-line basis over the vesting period without taking into consideration all non-market vesting conditions. The share-based payments expense in relation to the Pre-IPO Share Option Scheme recognised during the year was RMB751,786,000.

The determination of fair values required significant management estimates and was based on assumptions. The key assumptions and estimation on the Pre-IPO Share Option Scheme are disclosed in Notes 4 and 31 to the consolidated financial statements.

Our procedures in relation to share-based payments arising from the Pre-IPO Share Option Scheme included:

- Obtaining and reviewing each of the share option scheme agreements by checking that they are appropriately authorised, consistent with share option scheme plan, and classified correctly as equity or cash settled;
- Evaluating the objectivity, independence, capabilities and competence of the external valuers engaged by the Group;
- Involving the internal valuation specialists to assist us to assess the appropriateness of the methodology, key assumptions and judgements used in the valuation of the Pre-IPO Share Option Scheme;
- Recalculating the share-based payments expense recorded during the year; and
- Evaluating the adequacy of related disclosures in the financial statements.

Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of trade receivables	
As set out in Note 20 to the consolidated financial statements, as at December 31, 2025, the Group has trade receivables amounting to RMB1,668,678,000, net of allowance amounting to RMB187,855,000. As disclosed in Note 33(b) to the consolidated financial statements, other than those with different credit characteristics individually assessed, management of the Group estimates the amount of lifetime expected credit loss ("**ECL**") of the remaining trade receivables based on a provision matrix through grouping of various debtors that have shared risk characteristics, after considering past due exposure for the customers. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial statements and the involvement of management estimates in evaluating the ECL of the Group's trade receivables at the end of the reporting period.	Our procedures in relation to the impairment assessment on trade receivables included: • Obtaining an understanding of the key controls over management's assessment and monitoring of credit risks, and determination of allowance for ECL; • Evaluating the model used by management in determining the allowance for ECL with the support of internal valuation specialists; • Testing the integrity of information used by management to develop the provision matrix, including trade receivables aging analysis as at December 31, 2025, on a sample basis, by comparing individual items in the analysis with the relevant supporting documents; • Evaluating the competence, independence, capability and objectivity of the external valuer engaged by the Group for impairment assessment of trade receivables; and • Challenging management's basis and judgement in determining allowance for ECL on trade receivables as at December 31, 2025, including the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information).

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Shun Yu (practising certificate number: P06543).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 30, 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2025

	NOTES	Year ended December 31, 2025 RMB'000	2024 RMB'000
Revenue	5	**3,509,726**	2,557,003
Cost of sales		**(3,075,535)**	(2,256,001)
Gross profit		**434,191**	301,002
Other income	6	**71,023**	59,884
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	9	**(14,294)**	(149,945)
Other gains and losses	7	**(51,792)**	50,853
Selling expenses		**(200,196)**	(148,891)
Administrative expenses		**(853,450)**	(370,379)
Research and development expenses		**(379,332)**	(207,279)
Share of result of associates		**(7,571)**	(733)
Share of result of a joint venture		**(45)**	(10)
Listing expenses		**(36,098)**	(31,221)
Finance costs	8	**(56,137)**	(44,074)
Loss before tax	11	**(1,093,701)**	(540,793)
Income tax	10	**(10)**	(27)
Loss for the year		**(1,093,711)**	(540,820)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(211)**	(7)
		(211)	(7)
Total comprehensive expense for the year		**(1,093,922)**	(540,827)
(Loss) profit attributable to:			
— Owners of the Company		**(1,093,328)**	(541,238)
— Non-controlling interests		**(383)**	418
		(1,093,711)	(540,820)
Total comprehensive (expense) income attributable to:			
— Owners of the Company		**(1,093,539)**	(541,245)
— Non-controlling interests		**(383)**	418
		(1,093,922)	(540,827)
Loss per share	14		
— Basic (RMB yuan)		**(7.69)**	(4.11)
— Dilutive (RMB yuan)		**(7.69)**	N/A

		As at December 31,	
		2025	2024
	NOTES	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment	15	**812,720**	433,229
Deposits for rental		**9,441**	13,872
Prepayment for acquisition of property, plant and equipment		**108,000**	—
Right-of-use assets	16	**123,523**	167,170
Interest in a joint venture		**9,948**	9,993
Interests in associates	18	**74,696**	102,267
		1,138,328	726,531
Current assets			
Inventories and contract costs	19	**764,266**	503,915
Trade and other receivables	20	**2,147,934**	1,435,432
Contract assets	21	**3,916**	8,684
Financial assets at fair value through profit or loss ("**FVTPL**")	22	**187,814**	487,785
Bills receivables at fair value through other comprehensive income ("**FVTOCI**")	23	**102,881**	95,266
Restricted bank deposits	24	**188**	1,424
Pledged bank deposits	24	**47,913**	71,707
Cash and cash equivalents	24	**1,444,143**	977,006
		4,699,055	3,581,219
Current liabilities			
Bill, trade and other payables	25	**1,222,823**	891,887
Bank borrowings	26	**1,853,587**	1,348,159
Lease liabilities	29	**34,911**	57,076
Contract liabilities	27	**64,158**	34,647
		3,175,479	2,331,769
Net current assets		**1,523,576**	1,249,450
Total assets less current liabilities		**2,661,904**	1,975,981

	NOTES	As at December 31, 2025 RMB'000	2024 RMB'000
Non-current liabilities			
Bank borrowings	26	**328,493**	247,292
Lease liabilities	29	**33,293**	59,859
Provision		**47,885**	39,181
Deferred income	28	**100,460**	83,593
		510,131	429,925
Net assets		**2,151,773**	1,546,056
Capital and reserves			
Share capital	30	**149,991**	139,554
Reserves		**2,002,176**	1,405,223
Equity attributable to owners of the Company		**2,152,167**	1,544,777
Non-controlling interests		**(394)**	1,279
Total equity		**2,151,773**	1,546,056

The consolidated financial statements on pages 122 to 205 were approved and authorised for issue by the board of directors on March 30, 2026 and are signed on its behalf by:

Ying Zhenkai	**Zhang Fukai**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the years ended December 31, 2025

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Share-based payments reserve RMB'000	FVTOCI reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2024	117,968	1,419,864	147,946	(74,365)	104	(1,013,474)	598,043	861	598,904
(Loss) profit for the year	—	—	—	—	—	(541,238)	(541,238)	418	(540,820)
Other comprehensive expense	—	—	—	—	(7)	—	(7)	—	(7)
Total comprehensive (expense) income for the year	—	—	—	—	(7)	(541,238)	(541,245)	418	(540,827)
Equity-settled share-based payments	—	—	157,186	—	—	—	157,186	—	157,186
Issuance of ordinary shares *(Note 30)*	21,586	1,309,207	—	—	—	—	1,330,793	—	1,330,793
At December 31, 2024	139,554	2,729,071	305,132	(74,365)	97	(1,554,712)	1,544,777	1,279	1,546,056
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(1,093,328)**	**(1,093,328)**	**(383)**	**(1,093,711)**
Other comprehensive expense	**–**	**–**	**–**	**–**	**(211)**	**–**	**(211)**	**–**	**(211)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(211)**	**(1,093,328)**	**(1,093,539)**	**(383)**	**(1,093,922)**
Equity-settled share-based payments	**–**	**–**	**817,790**	**–**	**–**	**–**	**817,790**	**–**	**817,790**
Capital deduction to a non-controlling shareholder	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,010)**	**(1,010)**
Dividends paid to a non-controlling shareholder	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(280)**	**(280)**
Transfer of share-based payments reserve upon vesting of restricted ordinary shares *(Note 31)*	**–**	**371,136**	**(371,136)**	**–**	**–**	**–**	**–**	**–**	**–**
Issuance of ordinary shares *(Note 30)*	**10,437**	**872,702**	**–**	**–**	**–**	**–**	**883,139**	**–**	**883,139**
At December 31, 2025	**149,991**	**3,972,909**	**751,786**	**(74,365)**	**(114)**	**(2,648,040)**	**2,152,167**	**(394)**	**2,151,773**

Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Loss before tax	**(1,093,701)**	(540,793)
Adjustments for:		
Finance costs	**56,137**	44,074
Interest income	**(2,794)**	(1,956)
Losses (gains) from changes in fair value of financial assets at FVTPL	**12,382**	(65,646)
Share of result of associates	**7,571**	733
Share of result of a joint venture	**45**	10
Depreciation of property, plant and equipment	**52,440**	35,407
Depreciation of right-of-use assets	**29,908**	44,536
Impairment losses under ECL model, net of reversal	**14,294**	149,945
(Gains) losses on disposals of property, plant and equipment	**(128)**	16
Loss on early termination of lease	**2,105**	3,307
Losses from disposal of financial assets at FVTPL	**55,140**	—
Gain on disposal of investment in an associate	**(30,000)**	—
Equity-settled share-based payment	**817,790**	157,186
Provision for warranty	**25,278**	20,195
Net foreign exchange losses	**6,181**	12,005
Write-down of inventories	**20,397**	50,227
Operating cash flow before movements in working capital	**(26,955)**	(90,754)
Increase in inventories and contract costs	**(261,064)**	(51,019)
Increase in trade and other receivables	**(597,075)**	(769,462)
Increase in bills receivables at FVTOCI	**(1,498)**	(59,801)
Increase in bill, trade and other payables	**326,632**	182,350
Decrease (increase) in contract assets	**4,768**	(5,858)
Increase in contract liabilities	**29,511**	22,569
Decrease in provision	**(16,574)**	(14,695)
Increase in deferred income	**16,867**	80,908
Cash used in operations	**(525,388)**	(705,762)
Income tax paid	**(10)**	(27)
Net cash used in operating activities	**(525,398)**	(705,789)

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
INVESTING ACTIVITIES		
Interest received	**2,794**	1,956
Proceeds from disposal of property, plant and equipment	**4,154**	730
Purchase of property, plant and equipment	**(414,319)**	(161,934)
Purchase of right-of-use assets	**—**	(13,678)
Placement of restricted bank deposits	**(7,682)**	(2,833)
Withdrawal of restricted bank deposits	**8,918**	52,659
Payments for pledged bank deposits	**(416,770)**	(91,396)
Withdrawal of pledged bank deposits	**440,564**	104,719
Purchase of financial assets at FVTPL	**(206,000)**	(85,000)
Proceeds from disposal of financial assets at FVTPL	**353,449**	—
Payments for rental deposits	**(1,209)**	(10,213)
Refund of rental deposits	**5,640**	2,695
Prepayment for acquisition of property, plant and equipment	**(108,000)**	—
Investment in a joint venture	**—**	(10,003)
Investment in associates	**—**	(103,000)
Net cash used in investing activities	**(338,461)**	(315,298)
FINANCING ACTIVITIES		
Interest paid	**(53,366)**	(38,118)
Repayment of lease liabilities	**(45,417)**	(48,507)
Bank borrowings raised	**2,348,882**	1,642,345
Repayment of bank borrowings	**(1,805,090)**	(1,141,039)
Capital deduction to a non-controlling shareholder	**(1,010)**	—
Dividends paid to a non-controlling shareholder	**(280)**	—
Proceeds from issuance of ordinary shares	**974,138**	1,330,793
Issue costs paid	**(86,590)**	(4,409)
Net cash from financing activities	**1,331,267**	1,741,065
Net increase in cash and cash equivalents	**467,408**	719,978
Cash and cash equivalents at the beginning of the year	**977,006**	257,038
Effects of change in foreign exchange rate	**(271)**	(10)
Cash and cash equivalents at the end of the year	**1,444,143**	977,006

1. GENERAL INFORMATION

PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司) (the "**Company**") formerly known as "Shanghai PATEO Electronic Equipment Manufacturing Co., Ltd. (上海博泰悅臻電子設備製造有限公司)" was established as a company with limited liability in Shanghai, the PRC on October 20, 2009, under the Company Law of the PRC. On December 2, 2021, the Company was converted into a joint stock company with limited liability. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on September 30, 2025 (the "**Listing**"). The address of the registered office and the principal place of business of the Company is Room 3701, 866 East Changzhi Road, Hongkou District, Shanghai, PRC. The founder of the Company is Mr. Ying Zhenkai (應臻愷) ("**Mr. Ying**") who is the controlling shareholder of the Company (the "**Controlling Shareholder**", together with the Company's employee stock ownership platforms collectively referred to as the "**Controlling Shareholders**"). Mr. Ying is also the general manager, executive director and chairman of the Board of the Company.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the provision of smart cockpit and vehicle connectivity support services. Details of the subsidiaries are disclosed in Note 38.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature — dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after January 1, 2026.
3 Effective for annual periods beginning on or after January 1, 2027.

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance (MPMs) measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

Except for the IFRS 18, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 Material accounting policy information (Continued)

Interests in associates and a joint venture

An associate is an entity over which the Group 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assess whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Interests in associates and a joint venture (Continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 5, 21 and 27.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of staff apartments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group.

The lease payments are fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "**lease modifications**").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of other reserves (attribute to non-controlling interests as appropriate).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Share-based payments

Equity-settled share-based payment transactions

Restricted share units/share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Intangible assets (Continued)

Impairment on property, plant and equipment, right-of-use assets and contract costs

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION
(Continued)

Intangible assets (Continued)

Impairment on property, plant and equipment, right-of-use assets and contract costs (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Contract fulfilment cost

The Group incurs costs to fulfil a contract in the smart cockpit solutions. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset is subsequently recognised to profit or loss at a point in time when solutions are accepted by the customers.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of smart cockpit solutions are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and bill receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bills receivables had been measured at amortised cost. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income and accumulated under the heading of other reserves. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, cash and cash equivalents, deposits for rental and pledged/restricted bank deposits) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For trade receivables and contract assets with different credit characteristics, the Group performs impairment assessment under ECL model individually. Except for items that are assessed for impairment individually, the lifetime ECL for the remaining trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Except for bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For bills receivables that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the other reserves without reducing the carrying amount of these receivables. Such amount represents the changes in the other reserves in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of bills receivables classified as at FVTOCI, the cumulative gain or loss previously accumulated in the other reserves is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities the Group holds are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities including bill, trade and other payables and bank borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ECL for trade receivables

The Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to change in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 33.

Recognition of Pre-IPO Share Option Scheme expenses

During the year, the Group adopted the pre-IPO share option scheme to establish and improve the long-term incentive mechanism, to attract and retain outstanding talents, and to motivate who have a direct impact on the business performance and future development (the "**Pre-IPO Share Option Scheme**"). 13,955,434 options were granted to the directors and employees on August 8, 2025.

The fair value of the options granted during the year ended December 31, 2025 were valued by management with the support of external valuers based on the binominal option-pricing model. The valuation requires the Group to make estimates about the expected dividend yield, expected volatility and risk-free interest rate. The fair value of the options granted was approximately RMB953,990,000. The share-based compensation expense recognised relating to the Pre-IPO Share Option Scheme during the year ended December 31, 2025 amounted to RMB751,786,000 (2024: nil).

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether property, plant and equipment and right-of-use assets are impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amount including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong, which is the higher of the value in use or fair value less costs of disposal. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further loss may arise.

Detail of the carrying amounts of property, plant and equipment and right-of-use assets are disclosed in Notes 15 and 16 respectively, and no impairment loss was recognised by the management of the Group during the year ended December 31, 2025 (2024: nil).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value measurements and valuation process

Some of the Group's financial assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where market-observable data is not available, judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in the inputs could result in material adjustments to the fair value of these financial assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in Note 33.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Types of solutions/products lines		
Smart cockpit solutions	**3,413,317**	2,441,408
Vehicle connectivity support services	**86,729**	110,228
Others	**9,680**	5,367
	3,509,726	2,557,003
Timing of revenue recognition		
A point in time	**3,422,997**	2,446,775
Overtime	**86,729**	110,228
	3,509,726	2,557,003

(ii) Performance obligations for contracts with customers and revenue recognition policies

Information about the Group's performance obligations is summarized below:

The Group sells smart cockpit solutions and provides vehicle connectivity support services, and sells materials and components to original equipment manufacturers ("**OEMs**"), which designs, develops and manufactures vehicles and their suppliers in connection with their production of passenger vehicles.

Smart cockpit solutions provide integrate software, hardware and cloud-based vehicle connectivity to enhance driving safety, convenience and connectivity, ultimately offering a more intelligent driving experience;

Vehicle connectivity support services provide a wide range of user support services and platform maintenance services to OEMs.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies (Continued)

Smart cockpit solutions

Smart cockpit solutions is recognised at a point in time when the products or solutions are accepted by the customers.

The Group required an advance payment or granted the customers a credit period from 60 days to 180 days based on the assessed credit worthiness of the customers. Contract liabilities are recognised when advance payments are received but revenue has yet been recognised.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which range from six months to 1 year from the date of the acceptance of the products or solutions. The contract assets are transferred to trade receivables when the collection rights become unconditional, which is the defect liability period expires.

Sales-related warranties cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37.

Vehicle connectivity support services

Vehicle connectivity support services are recognised over time on a straight-line basis, since the customers simultaneously receive and consume the benefits provided by the Group as the Group performs. Advance consideration received in these services is recognised as a contract liability and is released on a straight-line basis over the period of services.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The majority of the contracts for provision of smart cockpit solutions and others are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contracts for vehicle connectivity support services are typically have a 1 to 10 years non-cancellable term in which the Group bills a fixed amount for each hour or each item of service provided.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(iv) Segment Information

Information reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment focuses on revenue analysis by products. No other discrete financial information is provided to the CODM other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers as below.

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Chinese Mainland	**3,477,957**	2,556,897
Overseas	**31,769**	106
	3,509,726	2,557,003

The Group's non-current assets are almost located in the PRC.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Customer A	**367,538**	365,502
Customer B	**N/A**[1]	265,786
Customer C	**888,801**	998,548
Customer D	**563,840**	N/A[1]

1 The corresponding revenue did not contribute over 10% of total revenue of the Group for the relevant year.

6. OTHER INCOME

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Government grants *(Note i)*	**59,628**	30,936
Value-added tax additional deduction *(Note ii)*	**7,388**	25,687
Interest income from bank deposits	**2,794**	1,956
Rental income	**227**	69
Others	**986**	1,236
	71,023	59,884

Notes:

i. The amount mainly represents various subsidies received from the PRC local government authorities as incentives for the Group's research and development activities.

Unconditional government grants are recognised in profit and loss when received while conditional government grants are recognised in profit or loss when the Group fulfilled the conditions. Save for the unconditional government grants, the Group also received certain government grants as incentive for assets acquisition. The relevant government grants were recognised in profit or loss over the useful lives of the relevant assets. Further details of the asset-related government grants are set out in Note 28.

ii. Effective from January 1, 2023 to December 31, 2027, the net value-added tax payables amount has been reduced by an additional 5% of value-added tax on purchases, pursuant to the announcements jointly issued by the Ministry of Finance and the State Taxation Administration of the PRC on September 3, 2023.

7. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
(Losses) gains from changes in fair value of financial assets at FVTPL	**(12,382)**	65,646
Losses from disposal of financial assets at FVTPL	**(55,140)**	—
Gain on disposal of investment in an associate *(Note 18)*	**30,000**	—
Net foreign exchange losses	**(10,983)**	(12,005)
Donations	**(617)**	(500)
Losses on disposal of property, plant and equipment and early termination of lease	**(1,977)**	(3,323)
Others	**(693)**	1,035
	(51,792)	50,853

8. FINANCE COSTS

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Interest expenses on bank borrowings	**53,071**	39,889
Interest expenses on lease liabilities	**3,066**	4,185
	56,137	44,074

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Impairment losses (recognised) reversed, on:		
— trade receivables	**(14,386)**	(149,232)
— other receivables	**92**	(713)
	(14,294)	(149,945)

Details of impairment assessment are set out in Note 33.

10. INCOME TAX

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Current tax	**10**	27
	10	27

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC entities of the Group is 25% for both years, except for certain entities entitled to different preferential tax rates.

10. INCOME TAX (Continued)

Both the Company and Shanghai PATEO Network Technology Service Co., Ltd. were qualified as a high and new technology enterprise ("**HNTE**") in 2020 and renewed their HNTE in 2023 respectively, and were entitled to a preferential tax rate of 15% from 2020 to 2025. PATEO CONNECT (Nanjing) Co., Ltd. ("**PATEO Nanjing**") was qualified as a HNTE in 2023, and entitled to a preferential tax rate of 15% from 2023 to 2025. In 2023, PATEO Nanjing was qualified as a software enterprise and was entitled to the two years' exemption from income tax followed by three years of 50% tax reduction commencing from its first profit making year, and no assessable profit was generated during the year ended December 31, 2025.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from October 1, 2022 to December 31, 2025.

Certain subsidiaries of the Group that are subject to "small and thin-profit enterprises" were entitled to a preferential tax rate of 20% under the EIT Law. For the years ended December 31, 2025 and 2024, the qualifying group entities enjoyed 75% reduction on annual taxable income.

Neither provision for Germany Profits Tax nor Hong Kong income tax has been made in the consolidated statement of profit or loss and other comprehensive income as the Group had no assessable profit arising in these jurisdictions for both years.

The income tax credit for the year can be reconciled to the loss before tax as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Loss before tax	**(1,093,701)**	(540,793)
Tax at PRC EIT of 25%	**(273,425)**	(135,198)
Tax effect of share of result of an associate	**1,893**	183
Tax effect of share of result of a joint venture	**11**	3
Tax effect of expenses not deductible for tax purpose	**2,139**	2,303
Tax effect of temporary differences not recognised	**213,120**	85,793
Tax effect of tax losses not recognised	**92,599**	92,439
Utilisation of tax losses previously not recognised	**(566)**	(10,856)
Additional deduction of research and development expenses	**(35,761)**	(34,640)
Income tax for the year	**10**	27

11. LOSS BEFORE TAX

Loss before tax for the year has been arrived at after charging:

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Directors' and supervisors' remuneration *(Note 12)*	**62,140**	45,858
Other staff costs:		
Salaries and other benefits	**500,434**	448,169
Discretionary bonus	**84,643**	49,267
Retirement benefit scheme contributions	**53,608**	47,354
Equity-settled share-based payments	**783,388**	130,707
Total staff costs	**1,484,213**	721,355
Capitalised in inventories and contract costs	**187,334**	121,367
	1,296,879	599,988
Listing expenses	**36,098**	31,221
Depreciation of property, plant and equipment	**62,068**	39,539
Depreciation of right-of-use assets	**39,964**	55,430
Total depreciation and amortisation	**102,032**	94,969
Capitalised in inventories and contract costs	**19,684**	15,026
	82,348	79,943
Auditor's remunerations	**4,780**	439
Cost of inventories and contract costs recognised as expenses (including write-down of inventories and contract costs amounting to RMB20,397,000 (2024: RMB50,227,000))	**3,066,245**	2,248,105

12. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Executive and non-executive directors and supervisors

Name	Positions	Date of appointment
Mr. Ying	Executive director and the general manager	October 15, 2009
Mr. Zhang Fukai	Executive director	May 1, 2016
Ms. Xu Zhenhui	Executive director	May 15, 2018
Mr. Lai Weilin	Executive director	July 30, 2021
Mr. Gao Yinghui	Executive director	June 18, 2017[1]
Mr. Ye Tian	Non-executive director	February 26, 2024[2]
Mr. Wang Yue	Non-executive director	June 7, 2022[3]
Mr. Ma Xiaoyong	Non-executive director	September 21, 2022
Mr. Wang Bihui	Non-executive director	August 16, 2024
Ms. Xu Lili	Independent non-executive director	June 24, 2024[4]
Mr. Gu Yuekun	Non-executive director	January 29, 2026
Mr. Li Yuanpeng	Independent non-executive director	October 27, 2021
Mr. Wang Yanfeng	Independent non-executive director	October 27, 2021[5]
Mr. Pang Chunlin	Independent non-executive director	October 27, 2021
Mr. Zhang Xiaoliang	Independent non-executive director	October 27, 2021
Mr. Liu Gongshen	Independent non-executive director	June 7, 2022
Mr. Gu Jinyu	Independent non-executive director	January 29, 2026
Mr. Huang Xiaolin	Independent non-executive director	January 29, 2026
Mr. Zhangyi	Employee director	December 31, 2025[8]
Mr. Liang Chen	Supervisor	October 27, 2021[6]
Ms. Xu Tingting	Supervisor	October 27, 2021[6]
Ms. Wu Yunyun	Supervisor	October 27, 2021[6]
Mr. Shi Wan	Supervisor	September 21, 2022[6]
Mr. Huang Baogang	Supervisor	August 23, 2023[7]
Mr. Li Zijie	Supervisor	June 24, 2024[6]

1 On December 31, 2025, Mr. Gao Yinghui tendered his resignation as an executive director and the resignation was effective from December 31, 2025.

2 In August 2024, the non-executive director resigned from the Group.

3 In December 2025, the non-executive director resigned from the Group.

4 The appointment became effective on September 30, 2025.

5 In December 2025, the independent non-executive director resigned from the Group.

6 On December 31, 2025, the resolution was passed in the extraordinary general meeting to abolish the supervisor committee with the immediate effective.

7 In June 2024, the supervisor resigned from the Group.

8 The appointment became effective on December 31, 2025.

12. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Executive and non-executive directors and supervisors (Continued)

Details of the emoluments paid or payable by the entities comprising the Group to the directors, supervisors and general manager of the Company during the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Directors' fee RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
For the year ended December 31, 2025						
Executive directors:						
Mr. Ying	—	5,221	429	71	—	5,721
Mr. Zhang Fukai	—	1,438	1,995	71	8,084	11,588
Ms. Xu Zhenhui	—	1,958	2,141	71	9,280	13,450
Mr. Lai Weilin	—	2,370	691	71	3,529	6,661
Mr. Gao Yinghui	—	1,652	118	71	5,020	6,861
Non-executive directors:						
Mr. Wang Yue	—	—	—	—	—	—
Mr. Ma Xiaoyong	—	—	—	—	—	—
Mr. Wang Bihui	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Li Yuanpeng	150	—	—	—	—	150
Mr. Wang Yanfeng	150	—	—	—	—	150
Mr. Pang Chunlin	150	—	—	—	—	150
Mr. Zhang Xiaoliang	150	—	—	—	—	150
Mr. Liu Gongshen	150	—	—	—	—	150
Ms. Xu Lili	38	—	—	—	—	38
Employee director:						
Mr. Zhang Yi	—	3,347	700	71	8,007	12,125
Supervisors:						
Mr. Liang Chen	—	2,005	648	71	306	3,030
Ms. Xu Tingting	—	882	67	71	129	1,149
Ms. Wu Yunyun	—	345	326	49	47	767
Mr. Shi Wan	—	—	—	—	—	—
Mr. Li Zijie	—	—	—	—	—	—
	788	19,218	7,115	617	34,402	62,140

12. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Executive and non-executive directors and supervisors (Continued)

	Directors' fee *RMB'000*	Salaries and other benefits *RMB'000*	Discretionary bonus *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Equity-settled share-based payments *RMB'000*	Total *RMB'000*
For the year ended December 31, 2024						
Executive directors:						
Mr. Ying	—	5,220	429	71	—	5,720
Mr. Zhang Fukai	—	1,529	200	71	9,902	11,702
Ms. Xu Zhenhui	—	1,958	241	71	12,295	14,565
Mr. Lai Weilin	—	2,063	699	71	793	3,626
Mr. Gao Yinghui	—	1,651	118	71	2,523	4,363
Non-executive directors:						
Mr. Ye Tian	—	—	—	—	—	—
Mr. Wang Yue	—	—	—	—	—	—
Mr. Ma Xiaoyong	—	—	—	—	—	—
Mr. Wang Bihui	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Li Yuanpeng	150	—	—	—	—	150
Mr. Wang Yanfeng	150	—	—	—	—	150
Mr. Pang Chunlin	150	—	—	—	—	150
Mr. Zhang Xiaoliang	150	—	—	—	—	150
Mr. Liu Gongshen	150	—	—	—	—	150
Ms. Xu Lili	—	—	—	—	—	—
Supervisors:						
Mr. Liang Chen	—	1,959	241	71	613	2,884
Ms. Xu Tingting	—	823	55	71	259	1,208
Ms. Wu Yunyun	—	308	613	25	94	1,040
Mr. Shi Wan	—	—	—	—	—	—
Mr. Huang Baogang	—	—	—	—	—	—
Mr. Li Zijie	—	—	—	—	—	—
	750	15,511	2,596	522	26,479	45,858

12. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Executive and non-executive directors and supervisors (Continued)

The executive directors' emoluments shown above were paid for their services in connection with the management of affairs of the Group and the Company for both years. The non-executive directors', independent non-executive directors', employee director's and supervisors' emoluments shown above were for their services as directors and supervisors of the Company and the Group, respectively. The discretionary bonuses are determined based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics.

During the year, certain directors and supervisors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 31 to the consolidated financial statements.

Five highest paid employees

None of directors (2024: three directors) is involved in the five highest paid individuals of the Group during the year, details of whose remuneration are set out above. Details of the remuneration for the five (2024: two) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Salaries and other benefits	**9,781**	5,252
Discretionary bonus	**8,229**	1,040
Retirement benefit scheme contributions	**254**	142
Equity-settled share-based payments	**489,414**	13,581
	507,678	20,015

12. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Five highest paid employees (Continued)

The number of the highest paid employees fell within the following bands is as follows:

	Year ended December 31,	
	2025	2024
	No. of employees	*No. of employees*
Hong Kong Dollar ("**HKD**")		
HKD6,000,001 to HKD6,500,000	**—**	1
HKD6,500,001 to HKD7,000,000	**—**	1
HKD12,500,001 to HKD13,000,000	**—**	1
HKD14,500,001 to HKD15,000,000	**—**	1
HKD15,500,001 to HKD16,000,000	**—**	1
HKD43,000,001 to HKD43,500,000	**1**	—
HKD92,500,001 to HKD93,000,000	**2**	—
HKD93,000,001 to HKD93,500,000	**1**	—
HKD239,500,001 to HKD240,000,000	**1**	—
	5	5

During the year ended December 31, 2025, no emoluments were paid by the Group to any of the executive directors, non-executive directors, independent non-executive directors, employee director, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the year ended December 31, 2025.

During the year, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 31.

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

14. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31,	
	2025	2024
Loss:		
Loss for the purposes of calculating basic loss per share attributable to owners of the Company (RMB'000)	**(1,093,328)**	(541,238)
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	**142,214**	131,818

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options or the exercise of the over-allotment option for the year ended December 31, 2025, as their effect would be anti-dilutive. Accordingly, diluted loss per share is the same as basic loss per share.

No diluted loss per share for the year ended December 31, 2024 as there is no potential ordinary shares in issue.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and electronic equipment RMB'000	Machinery RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At January 1, 2024	12,315	112,380	65,155	32,096	191,679	413,625
Additions	—	9,254	17,160	—	134,686	161,100
Transfers	—	461	20,498	18,282	(39,241)	—
Disposals	—	(6,875)	(779)	—	—	(7,654)
At December 31, 2024	12,315	115,220	102,034	50,378	287,124	567,071
Additions	26,037	22,415	76,549	—	320,584	445,585
Transfers	193,753	1,718	57,035	18,166	(270,672)	—
Disposals	—	(2,140)	(14,831)	—	—	(16,971)
At December 31, 2025	**232,105**	**137,213**	**220,787**	**68,544**	**337,036**	**995,685**
DEPRECIATION						
At January 1, 2024	682	62,631	17,076	20,822	—	101,211
Provided for the year	585	19,184	10,125	9,645	—	39,539
Eliminated on disposals	—	(6,375)	(533)	—	—	(6,908)
At December 31, 2024	1,267	75,440	26,668	30,467	—	133,842
Provided for the year	11,399	20,125	20,617	9,927	—	62,068
Eliminated on disposals	—	(1,978)	(10,967)	—	—	(12,945)
At December 31, 2025	**12,666**	**93,587**	**36,318**	**40,394**	**—**	**182,965**
CARRYING VALUES						
At December 31, 2025	**219,439**	**43,626**	**184,469**	**28,150**	**337,036**	**812,720**
At December 31, 2024	11,048	39,780	75,366	19,911	287,124	433,229

The above items other than construction in progress are depreciated after taking into account the estimated residual value on a straight-line basis over the following periods:

Buildings	20 years
Furniture and electronic equipment	3–5 years
Machinery	5–10 years
Leasehold improvement	Over the shorter of term of the relevant leases or 5 years

As at December 31, 2025, the Group has pledged buildings with carrying amounts of RMB219,439,000 (2024: RMB11,048,000), machinery with carrying amounts of RMB75,469,000 (2024: RMB64,556,000) and construction in progress with carrying amounts of RMB147,380,000 (2024: RMB184,222,000) to secure bank borrowing to the Group.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment tests for property, plant and equipment and right-of-use assets

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Property, plant and equipment	**812,720**	433,229
Right-of-use assets	**123,523**	167,170
	936,243	600,399

The Group focuses on providing smart cockpit and vehicle connectivity support services, which was considered as a single cash-generating unit ("**CGU**") for the purpose of impairment testing in relation to the property, plant and equipment and right-of-use assets.

Due to the loss of the CGU throughout the years ended December 31, 2025 and 2024, the management of the Group concluded there was indication of impairment loss and conducted impairment assessment on property, plant and equipment and right-of-use assets with carrying amounts of RMB936,243,000 (2024: RMB600,399,000) as at December 31, 2025.

The recoverable amount of the CGU was determined based on a value in use calculation ("**VIU**") by using the discounted cashflow method, based on the CGU's financial budget approved by the Group covering a five-year period. The CGU's cash flows beyond the five-year period were extrapolated by using a steady 2.0% (2024: 2.0%) growth rate, which was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. The values to the assigned key assumptions were based on the past performance of the CGU and the management's expectation of future market development. Pre-tax discount rate of 14.7% (2024: 14.5%) were used to reflect market assessment of time value and the specific risks relating to the CGU for the impairment review as at December 31, 2025.

As at December 31, 2025, management of the Group determines that there is no impairment on the property, plant and equipment and right-of-use assets. The recoverable amount is significantly above the carrying amount of the CGU as at December 31, 2025. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Leased machineries RMB'000	Total RMB'000
As at December 31, 2025				
Carrying amounts	**69,713**	**26,902**	**26,908**	**123,523**
As at December 31, 2024				
Carrying amounts	71,395	82,743	13,032	167,170
For the year ended December 31, 2025				
Depreciation charge	**(1,682)**	**(14,402)**	**(23,880)**	**(39,964)**
For the year ended December 31, 2024				
Depreciation charge	(1,614)	(33,298)	(20,518)	(55,430)

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Expense relating to short-term leases	**7,818**	4,513
Total cash outflow for leases	**54,444**	66,698
Additions to leasehold lands	**—**	13,678
Additions to leasehold properties	**2,786**	50,775
Additions to leasehold machineries	**25,336**	33,550

For the year ended December 31, 2025, the Group leases various offices and properties for its operations. Lease contracts are entered into for fixed term of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for the leasehold lands. The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use the land use right.

As at December 31, 2025, the Group has pledged leasehold lands with carrying amounts of RMB56,513,000 (2024: RMB57,922,000) to secure bank borrowing to the Group.

The Group regularly entered into short-term leases for staff apartments, offices and machineries. As at December 31, 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

16. RIGHT-OF-USE ASSETS (Continued)

Restrictions or covenants on leases

In addition, lease liabilities of RMB68,204,000 (2024: RMB116,935,000) are recognised with related right-of-use assets of RMB53,810,000 (2024: RMB95,775,000) as at December 31, 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties and machineries may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in Note 33.

17. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

The following are the major deferred tax assets (liabilities) of the Group recognized and movements thereon throughout the years ended December 31, 2025 and 2024:

	Fair value change of FVTPL *RMB'000*	Right-of-use assets *RMB'000*	Lease liabilities *RMB'000*	Tax losses *RMB'000*	Total *RMB'000*
At January 1, 2024	(16,826)	(17,905)	17,840	16,891	—
(Charge) credit to profit or loss	(9,360)	223	(158)	9,295	—
At December 31, 2024	(26,186)	(17,682)	17,682	26,186	—
Credit (charge) to profit or loss	17,218	6,786	(6,786)	(17,218)	—
At December 31, 2025	**(8,968)**	**(10,896)**	**10,896**	**8,968**	**—**

As at December 31, 2025, the Group has unused tax losses of RMB3,153,096,000 (2024: RMB2,979,474,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB67,164,000 (2024: RMB174,572,000) of such losses as at December 31, 2025. No deferred tax asset has been recognised in respect of RMB3,085,932,000 as at December 31, 2025 (2024: RMB2,804,902,000) due to the unpredictability of future profit streams.

17. DEFERRED TAX (Continued)

The unrecognised tax losses will be expired as follows:

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
2025	**—**	87,101
2026	**179,688**	180,594
2027	**268,640**	268,640
2028	**162,293**	163,213
2029	**484,174**	484,613
2030	**595,063**	459,207
2031	**308,876**	308,876
2032	**373,378**	373,378
2033	**341,036**	341,036
2034	**138,244**	138,244
2035	**234,540**	—
	3,085,932	2,804,902

As at December 31, 2025, the Group has deductible temporary differences of RMB1,524,637,000 (2024: RMB685,194,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

18. INTERESTS IN ASSOCIATES

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Interests in associates under equity method	**74,696**	102,267
	74,696	102,267

18. INTERESTS IN ASSOCIATES (Continued)

Details of each of the Group's associates during the year ended December 31, 2025 are as follows:

Name of associates	Country of incorporation	Principal place of business	Cost of interest in associates *RMB'000*	Proportion of ownership interest and voting rights held by the Group As at December 31, 2025	2024	Principal activities
Guojing Computational (Beijing) Data Technology Co., Ltd. ("**Guojing**") *(Note i)*	China	Beijing	80,000	**32.00%**	40.00%	Sales of R&D services in relation to AI
Shanghai Anzhixin Automotive Integrated Circuit Co., Ltd ("**Anzhixin**") *(Note ii)*	China	Shanghai	3,000	**25.00%**	25.00%	Sales of Integrated Circuit

Notes:

i. The Group is able to exercise significant influence over Guojing because it has the power to appoint one out of the three directors of Guojing under the articles of association of Guojing. During the year, a sales and purchase agreement was entered with an independent third party to dispose 8% equity interests of Guojing at a consideration of RMB50,000,000. A gain on disposal of RMB30,000,000 has been recognized in "other gains and losses". All consideration was received in February 2026.

ii. The Group is able to exercise significant influence over Anzhixin because it has the power to appoint one out of the five directors of Anzhixin under the articles of association of Anzhixin.

All of these associates are accounted for using the equity method in these consolidated financial statements.

19. INVENTORIES AND CONTRACT COSTS

	As at December 31, 2025 *RMB'000*	2024 *RMB'000*
Materials and components *(Note a)*	**558,106**	415,574
Contract fulfillment costs *(Note b)*	**206,160**	88,341
	764,266	503,915

Notes:

a. Materials and components include finish goods, chips and others.

b. The costs directly relate to the contracts in the smart cockpit solutions, generate resources that will be used in satisfying the contract and are expected to be recovered.

20. TRADE AND OTHER RECEIVABLES

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Trade receivables	**1,856,533**	1,298,471
Less: allowance for credit losses	**(187,855)**	(173,469)
	1,668,678	1,125,002
Receivables for disposals of financial assets at FVTPL *(Note 22)*	**205,000**	120,000
Prepayments to suppliers	**129,631**	83,139
Value-added tax recoverable	**79,328**	74,879
Receivable for disposal of investment in an associate *(Note 18)*	**50,000**	—
Prepayments for service	**3,762**	13,944
Prepayments for consumables	**1,856**	1,911
Refundable deposits	**3,175**	1,742
Advance to staff	**435**	516
Prepayments for rental expense	**222**	890
Deferred issue costs	**—**	5,194
Prepayments for listing expenses	**—**	3,527
Others	**6,678**	5,611
Less: allowance for credit losses	**(831)**	(923)
	2,147,934	1,435,432

As at January 1, 2024, the Group's trade receivables amounted to RMB619,694,000.

20. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice dates:

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
0–90 days	**1,517,687**	910,424
91–180 days	**59,278**	175,670
181–365 days	**58,582**	21,669
1–2 years	**33,131**	17,239
	1,668,678	1,125,002

As at December 31, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB150,974,000 (2024: RMB58,582,000), which are past due as at the reporting date. Out of the past due balances, RMB74,653,000 (2024: RMB21,669,000) has been past due 90 days or more and is not considered as in default considering the historical and expected subsequent repayment from the trade debtors.

Details of impairment assessment of trade and other receivables are set out in Note 33.

21. CONTRACT ASSETS

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Contract assets	**3,916**	8,684
	3,916	8,684

As at January 1, 2024, the Group's contract assets amounted to RMB2,826,000.

Contract assets of the Group are expected to be settled within the Group's normal operating cycle.

The Group typically agrees to a retention period ranging from six months to one year for 5%~10% of the contract value with certain customers in accordance with the terms specified in the relevant contracts. The Group reclassifies its recognised contract assets to trade receivables upon maturity of retention period.

22. FINANCIAL ASSETS AT FVTPL

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Unlisted equity/fund investments	**187,814**	487,785
	187,814	487,785

The Group has engaged an independent professional valuer, ValueLink Management Consultants Limited ("**Valuelink**") (藍策亞洲(北京)企業管理諮詢有限公司), to assess the fair values of the financial assets at FVTPL as at December 31, 2025. The independent professional valuer and the management of the Group held meetings periodically to discuss the valuation techniques and changes in market information to ensure the valuation was performed properly. The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in Note 33. These investments represent equity/fund investments in unlisted entities and subsequent fair value change of these investments are recognised as "other gains and losses" in Note 7.

In 2025, the Group entered into several share transfer agreements with third parties to dispose of its equity interests in one equity investment entity at the total consideration of RMB233 million. The total consideration was fully settled in 2025.

In December 2025, the Group entered into a share transfer agreement with a third party to dispose of part of its interests in a limited partnership at the total consideration of RMB205 million (the "**Consideration**"). Pursuant to the share transfer agreement, the Consideration was scheduled to be paid in four equal instalments in 2026. The first instalment, amounting to RMB51,250,000, was settled in March 2026.

23. BILLS RECEIVABLES AT FVTOCI

As at December 31, 2025, the balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The following is an ageing analysis of bills receivables at FVTOCI at the end of the year ended December 31, 2025:

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
0 to 180 days	**102,881**	95,266

23. BILLS RECEIVABLES AT FVTOCI (Continued)

Loss allowance for bills receivables at FVTOCI is measured at an amount equal to 12m ECL. The credit risk on bills receivables at FVTOCI is limited because the counterparties are banks with high credit-ratings assigned by credit rating agencies. In the view of the directors of the Company, the credit risk of bills receivables at FVTOCI was minimal and no impairment was provided.

Transferred financial assets that were derecognised in their entirety:

The Group has discounted certain bills receivables to banks and endorsed to certain suppliers for settlement of trade payables. These bills are issued or guaranteed by reputable PRC banks with high credit ratings, therefore the Directors of the Company consider the substantial risks in relation to these bills are interest risk as the credit risk arising from these bills are minimal. Upon the discount/endorsement of these bills, the Group has transferred substantially all the risks of these bills to relevant banks/suppliers, hence the Group has derecognised these bills receivables. As at December 31, 2025, the Group's bills receivables at FVTOCI are amounting to RMB324,000,000 (2024: RMB177,180,000), which are endorsed to certain suppliers for settlement of trade payables but not mature that are derecognised in their entirety. As at December 31, 2025, the Group's bills receivables at FVTOCI are amounting to RMB244,830,000 (2024: RMB55,000,000), which are discounted to the banks but not mature that are derecognised in their entirety.

Transferred financial assets that were not derecognised in their entirety:

As at December 31, 2025, included in the Group's bills receivables at FVTOCI are amounting to RMB11,141,000 (2024: RMB13,775,000), which are endorsed to certain suppliers for settlement of trade payables on a full recourse basis that are not derecognised in their entirety. As the Group has not transferred the significant risks and rewards relating to the bill receivables to its suppliers upon endorsement, it continues to recognize the full carrying amount of bill receivables and trade payables from the endorsement of the bills with full recourse. As at December 31, 2025, included in the Group's bills receivables at FVTOCI are amounting to, RMB8,751,000 (2024: nil), which are discounted to the banks on a full recourse basis that are not derecognised in their entirety. As the Group has not transferred the substantial risks and rewards, it continues to recognise the bills receivables and has recognised the cash received on the transfer as a pledged borrowing. Details of pledge of bills receivables for the Group's secured bank borrowings are set out in Note 26.

24. CASH AND CASH EQUIVALENTS/PLEDGED/RESTRICTED BANK DEPOSITS

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates from 0.10% to 0.65% (2024: 0.10%) per annum as at December 31, 2025.

Pledged bank deposits represent bank deposits pledged to banks to secure bills payable and banking facilities granted to the Group. The pledged bank deposits will be released to the Group in the next year from December 31, 2025. The pledged bank deposits carry interest at market rates which ranged from 0.05 % to 1.80% (2024: 0.10% to 2.45%) per annum as at December 31, 2025.

Restricted bank deposits represent deposits being frozen. The restricted bank deposits carry interest at market rates with 0.05% (2024: 0.10%) per annum as at December 31, 2025.

The Group's bank balances and cash that were denominated in foreign currencies other than the functional currencies of the relevant group entities are set out below:

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
European Dollar ("**EUR**")	**2,497**	78
HKD	**1,853**	63
United State Dollar ("**USD**")	**72**	10
	4,422	151

25. BILL, TRADE AND OTHER PAYABLES

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Trade payables	**916,727**	603,352
Payroll payables	**70,752**	72,876
Value added tax and other tax payables	**7,960**	7,941
Listing expenses and issue costs payable	**1,611**	5,297
Payables for property, plant and equipment	**42,473**	11,207
Accruals	**50,106**	49,391
Refundable government grants *(Note i)*	**92,592**	117,592
Others	**40,602**	24,231
	1,222,823	891,887

The credit period of trade creditors is generally from 30 days to 90 days. The following is an aged analysis of trade payables presented based on invoice dates:

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
0–60 days	**843,492**	471,894
61–120 days	**65,491**	98,965
121–180 days	**4,940**	17,243
181–365 days	**195**	7,598
1–2 years	**48**	3,105
2–3 years	**423**	2,903
Over 3 years	**2,138**	1,644
	916,727	603,352

The Group's trade payables that were denominated in foreign currencies other than the functional currencies of the relevant group entities are set out below:

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
USD	**115,168**	110,191

(Note i) The amounts were government grants attached with conditions about the revenue and profit criteria. The Group did not fulfil the criteria attached to those government grants at December 31, 2025. Therefore, the amounts were refundable to the respective PRC government authority on demand.

26. BANK BORROWINGS

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Secured and unguaranteed *(Note i)*	**461,973**	296,560
Unsecured and unguaranteed	**1,720,107**	1,298,891
	2,182,080	1,595,451
The carrying amounts of the above borrowings are repayable *(Note ii)*:		
Within one year	**1,853,587**	1,348,159
Within a period of more than one year but not exceeding two years	**31,475**	21,583
Within a period of more than two years but not exceeding five years	**147,710**	94,269
Over five years	**149,308**	131,440
	2,182,080	1,595,451
Less: Amounts due within one year shown under current liabilities	**(1,853,587)**	(1,348,159)
Amounts shown under non-current liabilities	**328,493**	247,292
Fixed-rate borrowings	**2,007,512**	1,043,930
Variable-rate borrowings	**174,568**	551,521
	2,182,080	1,595,451
Effective interest rate:		
Fixed rates	**2.60%–3.60%**	3.00%–3.85%
Variable rates	**LPR-0.55% to LPR+0.5%**	LPR-0.45% to LPR+0.5%

26. BANK BORROWINGS (Continued)

Notes:

i. As at December 31, 2025, the Group's borrowings of RMB437,887,000 (2024: RMB287,551,000) were pledged by buildings, machineries, construction in progress, leasehold lands and bills receivables as disclosed in Notes 15, 16 and 23. As at December 31, 2025, the Group's borrowings of RMB24,086,000 (2024: RMB9,009,000) were secured by pledged bank deposits.

ii. The amounts due are based on scheduled repayment dates set out in the loan agreements.

iii. The Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers directly the amounts owed by the Group. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks around 180 days after settlement by the banks. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. Taking into consideration of the nature and substance of the above arrangements, the Group presents payables to the banks under these arrangements as "borrowings" in the consolidated statement of financial position. In the consolidated statement of cash flows, repayments to the banks are included in financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks are treated as non-cash transactions. As at December 31, 2025, the balances of bank borrowings under supplier finance arrangements were RMB24,086,000 (2024: RMB9,009,000). The range of payment due dates of borrowings that are part of supplier finance arrangements is from 210 to 270 days, while range of payment due dates of the comparable trade payables that are not part of supplier finance arrangements is from 30 to 90 days. Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements.

27. CONTRACT LIABILITIES

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Smart cockpit solutions	**50,846**	28,791
Vehicle connectivity support solutions	**13,312**	5,856
	64,158	34,647

At January 1, 2024, the Group's contract liabilities amounted to RMB12,078,000.

Included in contract liabilities balance of the Group as at January 1, 2025, RMB19,502,000 (2024: RMB9,216,000) was recognised as revenue during the year ended December 31, 2025.

28. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
At January 1,	**83,593**	2,685
Additions	**20,270**	83,297
Released to other income *(Note 6)*	**(3,403)**	(2,389)
At December 31,	**100,460**	83,593

29. LEASE LIABILITIES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	**34,911**	57,076
Within a period of more than one year but not exceeding two years	**19,373**	16,357
Within a period of more than two years but not exceeding five years	**13,920**	41,646
More than five years	**—**	1,856
	68,204	116,935
Less: Amount due for settlement within one year shown under current liabilities	**(34,911)**	(57,076)
Amount shown under non-current liabilities	**33,293**	59,859

During the year ended December 31, 2025, the weighted average incremental borrowing rate applied to lease liabilities was 4.02% (2024: 4.53%).

30. SHARE CAPITAL

Share Capital

	Number of ordinary shares '000	Share capital RMB'000
Ordinary shares of RMB1 each		
Authorized and issued		
At January 1, 2024	117,968	117,968
Issue of ordinary shares *(Note i)*	21,586	21,586
At December 31, 2024	**139,554**	**139,554**
Issue of ordinary shares upon the Listing *(Note ii)*	**10,437**	**10,437**
At December 31, 2025	**149,991**	**149,991**

Notes:

i. For the year ended December 31, 2024, the Company issued 21,586,005 ordinary shares at the consideration of RMB1,330,793,000 to Series D investors. RMB21,586,005 was credited to the Company's share capital and the remaining balance was credited as share premium. As at December 31, 2024, all consideration was received from the investors.

ii. On September 30, 2025, the Company completed its global offering of 10,436,900 H shares with par value of RMB1 each at the offering price of HK$102.23 per H share and listed on the Main Board of the Stock Exchange. The gross proceeds from the Company's global offering were HK$1,066,960,000 (equivalent to RMB974,138,000), and after deducting capitalized issuance expense of RMB90,999,000, the amount of RMB10,437,000 was included in share capital and RMB872,702,000 was included in share premium.

31. SHARE-BASED PAYMENT TRANSACTIONS

Restricted Share Unit Plan

The purpose of the Employee Share Incentive Plan ("**Restricted Share Unit/RSU Plan**") was to provide incentives to employees and directors (the "**Restricted Person**") in order to promote the success of the business of the Group. To implement the RSU Plan, the Company used employee stock ownership platforms (the "**Shareholding Platforms**"), namely Shanghai Rujia Enterprise Management Partnership (Limited Partnership) (上海汝佳企業管理合夥企業(有限合夥)), Shanghai Jinlin Enterprise Management Partnership (Limited Partnership) (上海晉鄰企業管理合夥企業(有限合夥)), Shanghai Chu Shui Yan Guan Enterprise Management Partnership Enterprise (Limited Partnership) (上海楚水燕關企業管理合夥企業(有限合夥)), Shanghai Fengwulin Enterprise Management Partnership (Limited Partnership) (上海鳳午麟企業管理合夥企業(有限合夥)), Shanghai Yingzhi Enterprise Management Partnership (Limited Partnership) (上海應知企業管理合夥企業(有限合夥)), Shanghai Yehe Enterprise Management Partnership (Limited Partnership) (上海葉赫企業管理合夥企業(有限合夥)) and Shanghai Miaolong Enterprise Management Partnership (Limited Partnership) (上海妙瀧企業管理合夥企業(有限合夥)) which were established from 2016 and directly held 15,350,000 ordinary shares of the Company. Under the RSU Plan, eligible employees and directors shall be nominated as the beneficiary owner of the Shareholding Platforms.

The Restricted Person are required to dispose the unvested shares at the initial issuance price plus interest at rate of LPR of similar period upon termination of the Restricted Person's employment or upon his voluntary termination of his employment with the Company until the qualified initial public offering (the "**Repurchase Right**").

Restricted share scheme	Number of restricted share awards *('000)*	Grant date	Fair value of each restricted share at grant date *RMB*	Grant Price of each restricted share *RMB*
Restricted share scheme in 2016	2,825	December 2016	9.75	3
Restricted share scheme in 2019	1,920	January 2019	22.16	4
Restricted share scheme in 2020	10,274	August 2020	22.78	4
Restricted share scheme in 2021	2,104	November–December 2021	27.05	4
Restricted share scheme in 2022	360	August 2022	59.93	4
Restricted share scheme in 2023	3,025	April–December 2023	63.58	5
Restricted share scheme in 2024	1,660	July 2024	63.58	5

None of the restricted ordinary shares may be sold, transferred, pledged, hypothecated, or otherwise disposed of, directly or indirectly, by the Restricted Person prior to the termination of the Repurchase Right. The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted ordinary shares as of the grant date and is recognising the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted ordinary shares. The total expenses recognised in the consolidated statement of profit or loss and other comprehensive expenses for the restricted ordinary shares granted are approximately RMB66,004,000 (2024: RMB157,186,000) during the year ended December 31, 2025.

31. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Restricted Share Unit Plan (Continued)

The following table summarized the Group's restricted ordinary shares movement during the year ended December 31, 2025.

	Number of restricted ordinary shares
Restricted ordinary shares	
At January 1, 2024	14,035,000
Granted	1,660,000
Forfeited	(560,000)
At December 31, 2024	**15,135,000**
Forfeited	**(280,000)**
At December 31, 2025 *(Note)*	**14,855,000**

Note: As at December 31, 2025, the restricted ordinary shares under the RSU Plan have been fully vested.

Fair Value of restricted ordinary shares granted

Back-solve method was used to determine the underlying equity fair value of the Company and option price model ("**OPM model**") was used to determine the fair value of the restricted share granted before 2022. After 2022, recent transaction price was used to determine the fair value of the restricted share granted. The fair value of restricted shares at grant date before 2022 was valued by directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, ValueLink.

The key inputs into the OPM model other than the underlying equity fair value of the Company at the date of grant were as follows:

	December 2016	January 2019	June 2020	November–December 2021
Risk-free interest rate	3.67%	3.00%	2.45%	2.10%
Expected Volatility	70.00%	63.00%	57.00%	52.00%

31. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Pre-IPO Share Option Scheme

On August 4, 2025, the Pre-IPO Share Option Scheme was adopted to establish and improve the long-term incentive mechanism, to attract and retain outstanding talents, and to motivate who have a direct impact on the business performance and future development.

The maximum number of Shares to be granted under the Pre-IPO Share Option Scheme shall not exceed 10% of the total issued share capital of the Company at the time when the Pre-IPO Share Option Scheme is considered and approved by the Shareholders' meeting. Accordingly, the maximum number of shares to be granted under the Pre-IPO Share Option Scheme shall not exceed 13,955,434 shares.

The options granted shall be subject to a vesting period of six months from the date of grant upon the Company listing of the H Shares.

On August 8, 2025, 13,955,434 options were granted under the Pre-IPO Share Option Scheme and the exercise price is RMB1.00 per share. The fair value of the Pre-IPO Share Option Scheme as at the grant date was RMB68.36 per share option.

Details of specific categories of options are as follows:

Option	Date of grant	Vesting period	Exercise period	Percentage of the options to be vested
The Pre-IPO Share Option Scheme	August 8, 2025	August 8, 2025– February 7, 2026	February 9, 2026– August 8, 2027	10%

The fair value of the share option is estimated based on the fair value of Company's ordinary shares as at the grant date using the binominal option-pricing model. The fair value of the Company's ordinary shares as at the grant date are determined using market approach. Key assumptions used in determining the fair value of share options are as follows:

	August 8, 2025
Expected volatility	52.9%
Risk-free interest rate	1.42%
Expected dividend yield	—
Expected term (in years)	2
Discount for lack of marketability	2.0%

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Expected volatility was determined by using the historical volatility of comparable company's share prices. Changes in variables and assumptions may result in changes in the fair value of the options.

31. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Pre-IPO Share Option Scheme (Continued)

The following table discloses movements of the Pre-IPO Share Option Scheme during the year:

For the year ended December 31, 2025

Name of grantee	Date of grant	Exercisable period	Exercise price *RMB*	Outstanding as at 1/1/2025	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding as at 31/12/2025
Directors								
— Mr. Zhang Fukai	August 8, 2025	February 9, 2026– August 8, 2027	1.00	—	58,148	—	—	58,148
— Ms. Xu Zhenhui	August 8, 2025	February 9, 2026– August 8, 2027	1.00	—	58,148	—	—	58,148
— Mr. Lai Weilin	August 8, 2025	February 9, 2026– August 8, 2027	1.00	—	58,148	—	—	58,148
— Mr. Gao Yinghui	August 8, 2025	February 9, 2026– August 8, 2027	1.00	—	69,777	—	—	69,777
Employees	August 8, 2025	February 9, 2026– August 8, 2027	1.00	—	13,711,213	—	—	13,711,213
				—	13,955,434	—	—	13,955,434

As at December 31, 2025, there is no share option that can be exercised and the weighted average remaining contractual lives of the share options is 1.7 years (2024: nil).

During the year ended December 31, 2025, the Group recognised total expenses of RMB751,786,000 (2024: RMB: nil) in relation to the shares options granted by the Company under the Pre-IPO Share Option Scheme.

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of net debt balance, which includes bank borrowings disclosed in Note 26 and lease liabilities in Note 29, net of cash and cash equivalents in Note 24, and equity attributable to owners of the Company, comprising issued share capital, accumulated losses, other reserves and non-controlling interests.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Financial assets:		
Amortized cost	**3,434,385**	2,315,441
Bills receivables at FVTOCI	**102,881**	95,266
Financial assets at FVTPL	**187,814**	487,785
	3,725,080	2,898,492
Financial liabilities:		
Amortized cost	**3,276,085**	2,351,833

(b) Financial risk management objectives and policies

The Group's major financial instruments include pledged bank deposits, restricted bank deposits, cash and cash equivalents, financial assets at FVTPL, trade and other receivables, bills receivables at FVTOCI, deposits for rental, bill, trade and other payables and bank borrowings. Details of the financial instruments are disclosed in respective notes.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Most of the Group's revenue, expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of the Company and relevant subsidiaries. The Group's exposure to foreign currency risk is arising mainly from certain bank balances, certain trade receivables and certain trade payables which are denominated in foreign currencies. Except for the below items denominated in foreign currencies, the group entities did not have any other monetary assets or liabilities denominated in foreign currencies as at the end of the year.

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of reporting date are as follows:

	As at December 31			As at December 31	
Assets:	**2025**	2024	**Liabilities:**	**2025**	2024
	RMB'000	*RMB'000*		***RMB'000***	*RMB'000*
EUR	**12,162**	78	EUR	**—**	—
HKD	**1,853**	63	HKD	**—**	—
USD	**72**	10	USD	**115,168**	110,191
	14,087	151		**115,168**	110,191

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against relevant currency, there would be an equal and opposite impact on pre-tax loss for the year.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

	Impact of EUR		Impact of HKD		Impact of USD	
	As at December 31,		As at December 31,		As at December 31,	
	2025	2024	**2025**	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Impact on profit or loss	**(608)**	(4)	**(93)**	(3)	**5,755**	5,509

Interest rate risk

The Group is primarily exposed to fair value interest rate risk in relation to pledged/restricted bank deposits (Note 24), fixed-rate bank borrowings (Note 26) and lease liabilities (Note 29) and cash flow interest risk in relation to variable-rate bank borrowings (Note 26) and cash and cash equivalents (Note 24). The Group currently does not have an interest rate hedging policy. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in interest rate of variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Cash and cash equivalents are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rate had been 50 basis points higher and all other variables were held constant, the Group's post-tax loss for the year would increase RMB873,000 (2024: RMB2,758,000) for the year ended December 31, 2025. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to equity price risk through its investments in both unlisted equity investments measured at FVTPL. The equity price risk of these financial assets may arise due to changes in market price. The change may be caused by factors relating to the financial instrument itself or the issuer, and it may also be caused by market factors.

To manage its equity price risk arising from those investments, the management establish relevant internal control systems for the flow of investment project research and project approval. The management regularly reviews the portfolio structure, taking into account the risks that the Group can afford to take and the liquidity it requires, with a view to achieving long-term investment return.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, contract assets, deposits for rental, bills receivables at FVTOCI, pledged/restricted bank deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and contract assets

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management of the Group consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which are all trade receivables and contract assets as at December 31, 2025. The Group has concentration of credit risk as 17% (2024: 46%) of the total trade receivables and contract assets was due from the Group's largest customer as at December 31, 2025. The Group has concentration of credit risk as 38% (2024: 71%) of the total trade receivables and contract assets was due from the Group's five largest customers as at December 31, 2025.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets (Continued)

The Group performs impairment assessment under ECL model on trade receivables and contract assets which with different credit characteristics individually. Except for items that are assessed for impairment individually, the remaining all trade receivables and contract assets are grouped based on shared credit risk characteristics by reference to past due exposure for the customers. For the year ended December 31, 2025, the Group recognised credit loss of approximately RMB14,386,000 (2024: RMB31,644,000) for trade receivables and contract assets based on collective assessment, and no credit loss recognised under individual assessment for the year ended December 31, 2025 (2024: RMB117,588,000). Details of the quantitative disclosures are set out below in this note.

Other receivables (including deposits for rental)

For other receivables, management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The management believes that there was no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended December 31, 2025, the Group reverse credit loss of approximately RMB92,000 (2024: provided RMB713,000).

Bills receivables at FVTOCI

Bills receivables at FVTOCI were all bank-issued notes. Since the issuers were reputable banks of good credit quality, the management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the end of the year.

Pledged/restricted bank deposits and cash and cash equivalents

The credit risk on pledged/restricted bank deposits and cash and cash equivalents are limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies.

The 12m ECL on pledged/restricted bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Pledged/restricted bank deposits and cash and cash equivalents (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk	The counterparty has a low risk of default	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle the amounts	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Pledged/restricted bank deposits and cash and cash equivalents (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

As at December 31, 2025	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount *RMB'000*
Financial assets at FVTOCI				
Bills receivables at FVTOCI	23	Low risk	12m ECL	**102,881**
Financial assets at amortised cost				
Cash and cash equivalents	24	*Note 1*	12m ECL	**1,444,143**
Restricted bank deposits	24	*Note 1*	12m ECL	**188**
Pledged bank deposits	24	*Note 1*	12m ECL	**47,913**
Other receivables	20	Low risk	12m ECL	**264,854**
Deposits for rental		Low risk	12m ECL	**9,441**
Trade receivables	20	*Note 2*	Lifetime ECL — not credit-impaired (provision matrix)	**1,671,691**
		Loss	Lifetime ECL — credit-impaired (provision matrix)	**67,254**
		Loss *(Note 3)*	Lifetime ECL — credit-impaired (individually assessed)	**117,588**
Other item				
Contract assets	21	*Note 2*	Lifetime ECL (provision matrix)	**3,916**

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Pledged/restricted bank deposits and cash and cash equivalents (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment: (Continued)

As at December 31, 2024	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount *RMB'000*
Financial assets at FVTOCI				
Bills receivables at FVTOCI	23	Low risk	12m ECL	95,266
Financial assets at amortised cost				
Cash and cash equivalents	24	*Note 1*	12m ECL	977,006
Restricted bank deposits	24	*Note 1*	12m ECL	1,424
Pledged bank deposits	24	*Note 1*	12m ECL	71,707
Other receivables	20	Low risk	12m ECL	127,353
Deposits for rental		Low risk	12m ECL	13,872
Trade receivables	20	*Note 2*	Lifetime ECL — not credit-impaired (provision matrix)	1,140,571
		Loss	Lifetime ECL — credit-impaired (provision matrix)	40,312
		Loss *(Note 3)*	Lifetime ECL — credit-impaired (individually assessed)	117,588
Other item				
Contract assets	21	*Note 2*	Lifetime ECL (provision matrix)	8,684

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Pledged/restricted bank deposits and cash and cash equivalents (Continued)

Notes:

1. The counterparties are reputable banks with high credit ratings and the risk of default on liquid funds is limited.

2. For trade receivables and contract assets, the Group applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with different credit risk characteristics, the Group determines the ECL on those items on a collective basis, grouped by ageing.

3. The amount represented the trade receivable from a customer who was under significant financial difficulty as at December 31, 2024. Full provision of the trade receivable was made during the year ended December 31, 2024.

Provision matrix — debtors' ageing

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers in relation to its operation because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at December 31, 2025 within lifetime ECL. Debtors with gross carrying amounts of approximately RMB117,588,000 as at December 31, 2025 (2024: RMB117,588,000) were assessed individually.

Gross carrying amount

	Gross carrying amount as at December 31,			
	2025		2024	
	Average loss rate	Trade receivables *RMB'000*	Average loss rate	Trade receivables *RMB'000*
Within one year	**2.2%**	**1,671,691**	2.9%	1,140,571
One to two years	**25.5%**	**44,455**	54.1%	38,567
Over two years	**100.0%**	**22,799**	100.0%	1,745

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information, which included the Gross Domestic Product, the Consumer Price Index of the PRC and the annual issuer-weighted corporate default rates, that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix — debtors' ageing (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
As at January 1, 2024	13,488	17,508	30,996
Transfer to credit-impaired	(862)	862	—
Impairment loss recognised	24,989	135,152	160,141
Impairment loss reversed	(4,807)	(6,102)	(10,909)
Write-off	—	(6,759)	(6,759)
As at December 31, 2024	32,808	140,661	173,469
Transfer to credit-impaired	**(1,279)**	**1,279**	**—**
Impairment loss recognised	**36,144**	**19,457**	**55,601**
Impairment loss reversed	**(31,530)**	**(9,685)**	**(41,215)**
As at December 31, 2025	**50,258**	**137,597**	**187,855**

The following tables show reconciliation of loss allowance that has been recognised for other receivables.

	Other receivables 12m ECL *RMB'000*
As at January 1, 2024	210
Impairment loss recognised	713
Impairment loss reversed	—
As at December 31, 2024	923
Impairment loss recognised	**24**
Impairment loss reversed	**(116)**
As at December 31, 2025	**831**

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate settlement to the suppliers. Only small portion of the Group's bank borrowings is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement result in significant liquidity risk of the Group. Details of the arrangements are set out in Note 26.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or within 1 year *RMB'000*	1–2 years *RMB'000*	2–5 years *RMB'000*	Over 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total *RMB'000*
At December 31, 2025							
Bill, trade and other payables	**N/A**	**1,094,005**	**—**	**—**	**—**	**1,094,005**	**1,094,005**
Bank borrowings	**2.91%**	**1,888,613**	**42,119**	**170,266**	**155,853**	**2,256,851**	**2,182,080**
Lease liabilities	**4.02%**	**35,157**	**21,116**	**15,717**	**—**	**71,990**	**68,204**
		3,017,775	**63,235**	**185,983**	**155,853**	**3,422,846**	**3,344,289**
At December 31, 2024							
Bill, trade and other payables	N/A	756,382	—	—	—	756,382	756,382
Bank borrowings	3.28%	1,374,811	29,741	113,457	140,381	1,658,390	1,595,451
Lease liabilities	4.53%	57,718	17,536	48,738	2,359	126,351	116,935
		2,188,911	47,277	162,195	142,740	2,541,123	2,468,768

33. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input)

33. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments (Continued)

(i) *Fair value of the Group's financial assets that are measured at fair value on a recurring basis*

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	2025 *RMB'000*	2024 *RMB'000*	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Bills receivables at FVTOCI	**102,881**	95,266	Level 2	Discounted cash flow method. Future cash flows are estimated based on discount rate observed in the available market.	N/A
Financial assets at FVTPL- Unlisted equity/fund investments	**41,000**	313,589	Level 2	Recent transaction price	N/A
	64,142	53,064	Level 3	Comparable companies analysis valuation. *(Note a)*	Liquidity discount.
	82,672	81,132	Level 3	The net asset value based on the fair value of the underlying investments. *(Note b)*	The fair value of underlying assets.
	–	40,000	Level 3	Asset-based approach	The fair value of underlying assets.

Notes:

(a) A slight increase in the liquidity discount used in isolation would result in a decrease in the fair value measurement of the unlisted equity investments under comparable companies analysis valuation, and vice versa. A 5% decrease in the liquidity discount holding all other variables constant would increase the carrying amount of the unlisted equity investments by RMB3,139,000 for December 31, 2025 (2024: RMB2,903,000). A 5% increase in the liquidity discount holding all other variables constant would decrease the carrying amount of the unlisted equity investments by RMB3,171,000 for December 31, 2025 (2024: RMB2,901,000).

(b) A slight increase in the net value of assets used in isolation would result in an increase in the fair value measurement of the unlisted fund investment measured at fair value under net asset value based on the fair value of the underlying investments and vice versa. A 5% increase/decrease in the fair value of the underlying investments holding all other variables constant would increase/decrease the carrying amount of the unlisted fund investment by RMB4,134,000 (2024: RMB4,057,000) for December 31, 2025.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate to their fair values.

33. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments

(ii) Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL *RMB'000*
As at January 1, 2024	88,870
Total gains	4,726
— in profit or loss	4,726
Addition	40,000
Transfer into level 3 *(Note i)*	40,600
As at December 31, 2024	174,196
Total losses	**(12,382)**
— in profit or loss	**(12,382)**
Transfer into level 3 *(Note i)*	**25,000**
Transfer out of level 3 *(Note ii)*	**(40,000)**
As at December 31, 2025	**146,814**

Note i: The transfer of fair value hierarchy is due to the change of valuation techniques of the unlisted equity investments, which have been changed to comparable companies analysis valuation as at December 31, 2025 due to lack of recent transaction price used in valuation as at each year.

Note ii: The transfer of fair value hierarchy is due to the change of valuation techniques of the unlisted equity investments, which have been changed to recent transaction price as at December 31, 2025 due to there is a recent transaction occurred in the second half year of 2025.

For the year ended December 31, 2025, fair value losses of RMB12,382,000 (2024: fair value gains of RMB4,726,000) relating to financial assets at FVTPL held at the end of the current reporting period were recorded in 'other gains and losses'.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings *RMB'000*	Accrued issue costs *RMB'000*	Lease liabilities *RMB'000*	Interest payable *RMB'000*	Total *RMB'000*
At January 1, 2024	1,007,858	—	94,647	—	1,102,505
Interest expense *(Note 8)*	—	—	4,185	39,889	44,074
Financing cash flows	501,306	(4,409)	(48,507)	(38,118)	410,272
Expire of bills discounted to banks that are not derecognised in their entirety	(47,722)	—	—	—	(47,722)
New bank borrowings under sellers finance agreements entered	134,009	—	—	—	134,009
New lease entered	—	—	84,325	—	84,325
Alteration of lease contract	—	—	(17,715)	—	(17,715)
Deferred issue cost	—	5,194	—	—	5,194
At December 31, 2024	1,595,451	785	116,935	1,771	1,714,942
Interest expense *(Note 8)*	**—**	**—**	**3,066**	**53,071**	**56,137**
Financing cash flows	**543,792**	**(86,590)**	**(45,417)**	**(53,366)**	**358,419**
New bank borrowings under sellers finance agreements entered	**42,837**	**—**	**—**	**—**	**42,837**
New lease entered	**—**	**—**	**28,122**	**—**	**28,122**
Alteration of lease contract	**—**	**—**	**(34,502)**	**—**	**(34,502)**
Deferred issue cost	**—**	**86,590**	**—**	**—**	**86,590**
At December 31, 2025	**2,182,080**	**—**	**68,204**	**1,476**	**2,251,760**

35. RELATED PARTY TRANSACTIONS

(i) Compensation of key management personnel

The remuneration of directors and other members of key management during the year ended December 31, 2025 were as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Salaries and other benefits	**19,218**	19,125
Discretionary bonus	**7,115**	3,435
Retirement benefit scheme contributions	**617**	589
Equity-settled share-based payments	**34,402**	36,229
	61,352	59,378

36. CAPITAL COMMITMENTS

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**336,536**	411,163

37. CONTINGENT LIABILITIES

During the year ended December 31, 2025, the Group failed to make full contributions to the state-managed defined contribution retirement scheme and the housing provident fund for their employees in accordance with the relevant regulations and provisions. Based on the actual salaries of the employees of the Group, the under provision of the state-managed defined contribution retirement scheme and the housing provident fund contributions are approximately RMB598,000 for the year ended December 31, 2025 (2024: RMB992,000) and the full provision are made by the Group in the year.

The management of the Group has, taking into account the relevant facts, circumstances and legal advice, considered that:

- the provision for the principal amounts on or before December 31, 2023 is reversed during the year ended December 31, 2025 because it is not probable for the Company to be requested by the relevant authorities; and

- it is not probable for the Company to be requested by the relevant authorities to pay the penalties on such outstanding amounts, therefore, no provision for the penalties has been made as at December 31, 2025 and during the year ended December 31, 2025.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries during the year are set out below:

Name of subsidiaries	Place and date of establishment and operation	Issued and fully paid-in capital/ registered capital	As at December 31 2025 %	As at December 31 2024 %	Principal activities
Directly held					
PATEO CONNECT (Nanjing) Co., Ltd. (博泰車聯網(南京)有限公司)	November 5, 2019 PRC, limited liability company	RMB200,000,000	**100.0**	100.0	R&D of vehicle connectivity support, and software systems, AI, IoT, and software development
PATEO CONNECT (Rui'an) Co., Ltd. (博泰車聯網(瑞安)有限公司)	November 28, 2022 PRC, limited liability company	RMB100,000,000	**100.0**	100.0	Manufacture of parts and accessories of vehicles
PATEO CONNECT (Xiamen) Co., Ltd. (博泰車聯網(廈門)有限公司)	November 18, 2019 PRC, limited liability company	RMB200,000,000	**100.0**	100.0	Manufacture of parts and accessories of vehicles
PATEO CONNECT (Wuhan) Co., Ltd. (博泰車聯網(武漢)有限公司)	January 22, 2021 PRC, limited liability company	RMB50,000,000	**100.0**	100.0	Information system integration services and concentrating on cloud platform development
Liuzhou PATEO CONNECT Co., Ltd. (柳州博泰車聯網有限公司)	September 8, 2020 PRC, limited liability company	RMB100,000,000	**100.0**	100.0	Manufacture of parts and accessories of vehicles
PATEO CONNECT technology (Wuhan) Co., Ltd. (博泰車聯網技術(無錫)有限公司)	September 6, 2024 PRC, limited liability company	RMB300,000,000	**100.0**	100.0	Manufacture of parts and accessories of vehicles
Botai Intelligent Manufacturing (Lu'an) Co., Ltd. (博泰智能製造(六安)有限公司)	March 7, 2024 PRC, limited liability company	RMB50,000,000	**100.0**	100.0	Manufacture of parts and accessories of vehicles
PATEO CONNECT Equipment Manufacturing (Xinchang) Co., Ltd. (博泰車聯網設備製造(新昌)有限公司)	February 29, 2024 PRC, limited liability company	RMB50,000,000	**100.0**	100.0	Manufacture of Equipment, Parts and accessories of vehicles

Note: All subsidiaries have adopted December 31 as their financial year end date.

None of the subsidiaries had issued any debt securities at the end of the year.

39. RETIREMENT BENEFIT SCHEMES

The employees of the Group's entities in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC entities are required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total costs charged to profit or loss, amounting to RMB54,225,000 (2024: RMB47,876,000), for the year ended December 31, 2025, representing contributions paid to the retirement benefits scheme by the Group.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	**60,113**	40,653
Deposits for rental	**4,427**	6,694
Right-of-use assets	**25,577**	62,616
Interests in subsidiaries	**2,813,128**	2,038,575
Interest in a joint venture	**9,948**	9,993
Interest in an associate	**1,524**	2,267
	2,914,717	2,160,798
Current assets		
Inventories and contract costs	**362,054**	257,601
Trade and other receivables	**1,975,455**	1,325,416
Contract assets	**3,316**	7,934
Financial assets at FVTPL	**173,878**	174,196
Bills receivables at FVTOCI	**102,881**	95,198
Restricted bank deposits	**—**	1,424
Pledged bank deposits	**43,280**	67,040
Cash and cash equivalents	**1,011,415**	685,800
	3,672,279	2,614,609

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Current liabilities		
Bill, trade and other payables	**1,041,609**	598,980
Amounts due to subsidiaries	**709,923**	575,219
Bank borrowings	**1,234,194**	882,900
Lease liabilities	**10,925**	12,818
Contract liabilities	**55,589**	25,049
	3,052,240	2,094,966
Net current assets	**620,039**	519,643
Total assets less current liabilities	**3,534,756**	2,680,441
Non-current liabilities		
Lease liabilities	**21,156**	53,748
Provision	**47,885**	39,181
Deferred income	**15,430**	11,721
	84,471	104,650
Net assets	**3,450,285**	2,575,791
Capital and reserves		
Share capital	**149,991**	139,554
Reserves	**3,300,294**	2,436,237
Total equity	**3,450,285**	2,575,791

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium *RMB'000*	Share-based payments reserve *RMB'000*	FVTOCI reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At January 1, 2024	1,419,864	147,946	(74,365)	(122,660)	1,370,785
Loss for the year	—	—	—	(400,941)	(400,941)
Total comprehensive expense for the year	—	—	—	(400,941)	(400,941)
Issuance of ordinary shares *(Note 30)*	1,309,207	—	—	—	1,309,207
Equity-settled share-based payments	—	157,186	—	—	157,186
At December 31, 2024	2,729,071	305,132	(74,365)	(523,601)	2,436,237
Loss for the year	**—**	**—**	**—**	**(826,435)**	**(826,435)**
Total comprehensive expense for the year	**—**	**—**	**—**	**(826,435)**	**(826,435)**
Issuance of ordinary shares *(Note 30)*	**872,702**	**—**	**—**	**—**	**872,702**
Transfer of share-based payments reserve upon vesting of restricted ordinary shares *(Note 31)*	**371,136**	**(371,136)**	**—**	**—**	**—**
Equity-settled share-based payments	**—**	**817,790**	**—**	**—**	**817,790**
At December 31, 2025	**3,972,909**	**751,786**	**(74,365)**	**(1,350,036)**	**3,300,294**

Glossary of Technical Terms

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

"AI"	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
"AR HUD"	augmented reality head-up display, a technology that projects digital information directly onto a transparent display, such as the windshield, within the driver's field of view
"Chinese OEM(s)"	refers to Chinese homegrown automobile manufacturers, excluding OEMs that are a joint venture established by a Chinese automotive enterprise and a foreign automotive company
"design win"	refers to an achievement when a company's product is selected and approved for inclusion in a specific vehicle model or modular car platform by an OEM or a Tier-1 supplier to OEM
"DMS"	driver monitoring system, an advanced safety technology designed to track and analyze a driver's behavior and physiological state while operating a vehicle
"domain controller"	in the context of intelligent vehicles, a central processing unit that integrates various software and hardware components, allowing for seamless and efficient control of vehicle functions related to a specific area, or domain. The functional domains of a vehicle mainly include the smart cockpit, intelligent driving, powertrain, chassis, and vehicle body; smart cockpit domain controller refers to a central processing unit that manages and controls various aspects of cabin-related experience, including vehicle interaction and control, navigation, AR-HUD, instrument cluster displays, etc.
"HMI"	human-machine interface, a user interface that enables interaction and communication between a human operator and a machine, system, or device, facilitating control, monitoring, and data exchange
"HUD"	head-up display, a technology that projects important information onto the windshield or a transparent screen
"NEV"	new energy vehicle
"OEM(s)"	original equipment manufacturers, when used in the automotive industry, a company that designs, develops, and manufactures vehicles

"OMS"	occupant monitoring system, a technology that tracks and assesses the presence, position, and condition of vehicle occupants
"OTA"	over-the-air, referring to the wireless delivery of software updates, data, or configuration changes, which allows devices such as vehicles to receive enhancements and fixes through the internet
"SoC"	systems-on-a-chip, programmable integrated circuit that integrates most or all key components of a computer or electronic system, such as CPU, memory interfaces, on-chip input/output devices, input/output interfaces, and secondary storage interfaces, often alongside other components such as radio modems and a graphics processing unit, all on a single substrate or microchip
"T-Box"	telematics box, an electronic device embedded to a vehicle that connects the vehicle to cloud services or other vehicles via V2X standards or a cellular network
"Tier-1 supplier(s)"	a company that supplies automotive components or systems directly to OEMs. Unless otherwise indicated, this term does not refer to our customers, but instead refers to suppliers within the broader automotive supply chain
"Tier-1 supplier customer(s)"	customers of our Group who are Tier-1 suppliers to OEMs

Definitions

In this Annual Report, unless the context otherwise requires, the following expression shall have the meanings set out below:

"Articles of Association"	the articles of association of the Company (as amended, modified or otherwise supplemented from time to time)
"Audit Committee"	the audit committee of the Company
"Auditor"	Deloitte Touche Tohmatsu, the independent auditor of the Company
"Board" or "Board of Directors"	the board of directors of the Company
"CIC"	China Insights Industry Consultancy Limited, an independent market research and consulting company
"Company", "our Company" or "PATEO"	PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司), a joint stock company established in the PRC with limited liability on December 2, 2021, the H Shares of which were listed on the Main Board of the Stock Exchange on September 30, 2025 (stock code: 2889)
"Corporate Governance Code"	the Corporate Governance Code, as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company or any one of them
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and not listed or traded on any stock exchange
"Employee Incentive Platforms"	Shanghai Rujia Enterprise Management Partnership (Limited Partnership) (上海汝佳企業管理合夥企業(有限合夥)), Shanghai Jinlin Enterprise Management Partnership (Limited Partnership) (上海晉鄰企業管理合夥企業(有限合夥)), Shanghai Chu Shui Yan Guan Enterprise Management Partnership Enterprise (Limited Partnership) (上海楚水燕關企業管理合夥企業(有限合夥)), Shanghai Fengwulin Enterprise Management Partnership (Limited Partnership) (上海鳳午麟企業管理合夥企業(有限合夥)), Shanghai Yingzhi Enterprise Management Partnership (Limited Partnership) (上海應知企業管理合夥企業(有限合夥)), Shanghai Yehe Enterprise Management Partnership (Limited Partnership) (上海葉赫企業管理合夥企業(有限合夥)) and Shanghai Miaolong Enterprise Management Partnership (Limited Partnership) (上海妙瀧企業管理合夥企業(有限合夥)), or any one of them as the context may require
"Global Offering"	the Hong Kong Public Offering and the International Offering as defined in the Prospectus

"Group", "our Group", "our", "we" or "us"	the Company and its subsidiaries from time to time
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Main Board of the Stock Exchange
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	September 30, 2025, being the date on which the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules
"Mr. Ying"	Mr. Ying Zhenkai (應臻愷), founder of the Group, chairman of the Board, executive Director and general manager of the Company
"Offer Share"	has the meaning defined in the Prospectus
"PRC" or "China"	the People's Republic of China, which, for the purpose of this Annual Report and for geographical reference only, references to the "PRC" and "China" do not apply to Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC, except where the context indicates or requires otherwise
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company on August 4, 2025
"Prospectus"	the prospectus of the Company dated September 22, 2025
"Reporting Period"	the year ended December 31, 2025

"RMB"	Renminbi, the lawful currency of the PRC
"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)"	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and Domestic Shares
"Shareholder(s)"	the holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"supervisory committee"	the supervisory committee of the Company
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"%"	per cent