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 People's Republic of China with limited liability)
(Stock Code: 2889)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2026

The board (the "**Board**") of directors (the "**Directors**") of PATEO CONNECT Technology (Shanghai) Corporation (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited interim consolidated results of the Company for the six months ended June 30, 2026 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2025. These interim results have been reviewed by the audit committee (the "**Audit Committee**") of the Board.

In this announcement, "we" or "PATEO CONNECT" refers to the Company and, where the context otherwise requires, the Group.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended June 30		
	2026	2025	YoY Change
	(RMB in thousands)(unaudited)		
Revenue	**2,228,403**	1,086,303	105.1%
Gross profit	**257,130**	156,099	64.7%
Loss before tax	**(307,613)**	(227,371)	35.3%
Loss for the period	**(307,228)**	(227,371)	35.1%
Non-IFRS measure:			
Adjusted net loss for the period[Note]	**(105,024)**	(162,085)	(35.2%)

Note : We define adjusted loss for the period as loss for the period adjusted by adding back share-based payments and listing expenses. For more details about non-IFRS measures, see the sub-section headed "Management Discussion and Analysis — Non-IFRS Measures". We believe that this change in definition is more meaningful for management review and analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Overview

PATEO CONNECT is a provider and ecosystem builder of integrated "software-hardware-chip-cloud" solutions for automobiles and mobile terminals with AI technology at its core. The Company has long been committed to technological R&D and independent innovation, with AI as a core strategic development direction. Leveraging its core AI capabilities, the Company is extending its reach into upstream segments of the core hardware industry chain and positioning itself in key areas such as semiconductors and optoelectronic chips. In algorithm development, it continues to conduct research and development on on-device models and world models, while strengthening its underlying AI technology infrastructure. Based on core in-vehicle intelligent application scenarios, the Company adheres to the principles of open collaboration and coordinated development, continues to broaden the scope of its technology applications and is expanding into emerging areas such as embodied intelligence. It also continues to refine its AI technology system covering the full industry chain and all scenarios, thereby strengthening its long-term core competitiveness.

For the six months ended June 30, 2026, the Company's revenue was RMB2,228.4 million, gross profit was RMB257.1 million, and gross profit margin was 11.5%. The increase in the Company's revenue and gross profit was mainly attributable to continued market recognition of its core competitiveness, substantial improvement in its smart cockpit solutions segment and rapid growth in its AI related solutions.

In the first half of 2026, as the NEV markets in China and overseas continued to expand, the smart cockpit industry as a whole entered the "first year of mass production of on-device AI," with the focus of competition shifting from the integration of cloud-based large models to a fundamental reconfiguration of on-device model capabilities. Qualcomm's 8397/8797 flagship cockpit and cockpit-driving integration platforms, scheduled for mass production in 2026, support multimodal on-device large models with tens of billions of parameters and are progressively moving from global design wins to mass-production delivery. NVIDIA is collaborating on edge-computing AI cockpit solutions, using chips such as Thor to deliver an AI Box external compute solution, indicating that the computing infrastructure for on-device large models is fully market-ready. Harmony Intelligent Mobility Alliance has launched a new generation of intelligent cockpit systems and introduced an in-cabin AI multimodal perception system, enabling full-scenario, cross-domain interaction. PATEO CONNECT is committed to facilitating the deployment of mainstream technological approaches, including cockpit-driving integration, device-cloud integration, and multimodal large models, thereby driving rapid improvements in the AI user experience for smart cockpits.

During the first half of the year, AI cockpit vehicle models mass-produced by PATEO CONNECT generally featured large-model capabilities, including free-form speech-based multimodal interaction, ambiguous-intent recognition, offline functionality, and privacy protection, covering dozens of everyday vehicle-use scenarios. Looking ahead, the AI cockpit industry is evolving toward multi-agent collaboration to complete cross-application tasks; a shift from user-initiated service requests to emotionally aware, proactive services; non-intrusive monitoring of fatigue and health; and connected "person-vehicle-home" scenarios integrating home devices. Overall, AI cockpits are rapidly evolving from "obedient tools" into "intelligent mobility companions that understand users and can proactively handle tasks," while PATEO CONNECT is accelerating the commercial deployment of on-device AI technology in smart cockpits.

In the first half of 2026, AI large models accelerated their transition from technical validation to large-scale in-vehicle mass production, with on-device deployment, cockpit–driving integration, and AI agents emerging as key focal points of industry competition. During the Reporting Period, the Company secured a design win from a leading NEV OEM for its next-generation smart vehicle model, taking the lead in providing the world's first AI Box integrated "software-hardware" solution based on the NVIDIA DRIVE AGX Thor platform, thereby becoming the first AI application company in China and overseas to establish a mass-production partnership with the chip manufacturer through an integrated hardware–software approach. Meanwhile, the Company became one of the first contracted customers for Horizon's first cockpit–driving integrated chip, "Horizon Starry®", to jointly build cost-effective domestic cockpit–driving integrated solutions, and partnered with Xunce Technology and Saimo Technology in the joint development of token-based physical AI world models and TokenOS, exploring innovative models such as in-vehicle token billing to drive the evolution of in-vehicle AI from hardware sales toward a value-circulation model based on ongoing operations.

The surge in demand for AI large models has driven growing demand for core components such as high-speed optoelectronic chips in AI data centers. During the Reporting Period, the Company continued to pursue the acquisition of a fabless high-speed optoelectronic chip design enterprise (whose products include core chips for AI data center optical modules), strategically extending into the upstream chip sector to establish a combined portfolio of "smart vehicle solutions + high-performance communication chips" and deepen "vehicle–cloud" data closed loop and computing power infrastructure. In addition, the Company deepened its cooperation with NVIDIA on next-generation computing platforms and optical communications, and partnered with Shanghai Jiao Tong University to jointly develop an OpenHarmony-based "brain–cerebellum" collaborative embodied AI system, extending its AI capabilities to emerging scenarios such as robotics and continuously enhancing its AI technology capabilities across the industry chain.

Business Review

Our Products

Commercialization progress

During the Reporting Period, the Group continued to deepen its presence in the domestic market. Building on its strategic positioning based on the integration of software, hardware, chips and cloud, the Group maintained its leading position in the smart cockpit sector and accelerated its move into the high-end market, with the smart cockpit business achieving multiple breakthroughs.

In respect of smart cockpit solutions, as of June 30, 2026, the Group had secured three additional overseas and domestic vehicle-model design wins from a leading domestic automaker based on Qualcomm's 8295 chip platform, as well as five additional AI cockpit vehicle-model design wins based on the Kirin 9610A platform. The Group also secured a design win for a new-generation intelligent vehicle model from a leading NEV OEM. The Group is continuing R&D and mass-production work for its AI cockpit design-win projects based on Qualcomm's fifth-generation Snapdragon Cockpit Platform (8397/8797). Among these, one design-win project for a leading domestic NEV company entered mass production in the second quarter of this year. The Group's smart cockpit project with an internationally renowned luxury automotive brand has successfully passed customer acceptance, and the related products will soon commence sales and delivery in markets including Europe and the Middle East. Meanwhile, the testing and validation of the AI cockpit project with the same brand is nearing completion and is progressively entering the customer acceptance and mass-production preparation stages.

With the mass-production delivery of Qualcomm's new-generation 8397/8797 platforms and the successive launch of new Harmony Intelligent Mobility vehicle models, the penetration of on-device AI large models in smart cockpits is expected to accelerate. The Group will continue to benefit from the trend of simultaneous increases in sales volume and pricing for high-end smart cockpit solutions.

During the Reporting Period, the Company's AI related solutions business maintained strong development momentum. In the R&D of AI cockpit applications, the Company continued to secure AI R&D projects based on high-end cockpit chips, providing OEMs with early-stage R&D support for the mass production and commercial deployment of AI functions. In AI infrastructure, the Company further expanded its AI computing infrastructure and related services based on AI servers to meet customers' growing demand for AI computing power. Meanwhile, the Company's in-house AI R&D efficiency platform secured multiple external commercial deployment projects during the Reporting Period, with its customer base and the industries in which it is applied continuing to expand.

In respect of vehicle connectivity support services, during the Reporting Period, the Group continued to maintain a stable base for its existing vehicle connectivity support services while actively developing vertical markets. In its user operations business, the Company continued to improve service quality and enhance customer satisfaction; in service operations and maintenance, the Company accelerated the use of AI to improve quality and efficiency. With respect to new design wins, the Group continued to update and iterate the systems of existing customers while opening up a new two-wheeler business line, securing the TSP cloud platform business for a premium electric motorcycle.

In terms of production capacity, during the Reporting Period, the Group made landmark progress in capacity build-out. Production lines at the Ruian intelligent manufacturing base officially commenced operations and fully entered the production phase, while production lines at the Company's Neijiang, Xinchang, and Xiamen bases were expanded to meet customer demand. Overall, the Group added annual production capacity of 400,000 units during the first half of the year.

In respect of R&D and innovation, the Company actively advanced R&D and innovation with AI as the strategic core and accelerated toward the new phase of "AI-defined automobile." During the Reporting Period, the Group incurred R&D expenses of RMB148,222 thousand, representing a significant increase from RMB111,053 thousand for the six months ended June 30, 2025. As of June 30, 2026, the Company had applied for more than 6,000 patents, of which more than 2,000 patents had been granted, including 1,140 granted invention patents.

During the Reporting Period, the Group's R&D achievements continued to be translated into product deployment and customer applications. The Group has secured a customer design win for an AI cockpit built on Qualcomm's fifth-generation Snapdragon Cockpit Platform (8397/8797). It is also developing an integrated device-cloud AI Agent platform and has secured a business design win from a leading automaker. At the same time, the Group is actively using AI to improve R&D efficiency by integrating AI capabilities with digital R&D processes and developing an AI R&D paradigm suited to its own development.

The Company made significant progress in AI Box R&D and innovation. AI Box is a key tool for rapidly enhancing on-device AI computing power. Where smart cockpits lack sufficient AI computing power, PATEO CONNECT provides OEMs with solutions for deploying on-device AI large models that are compatible with existing cockpit architectures while keeping costs under control. With AI Box, vehicles can be equipped with voice assistants that truly understand and reason, enabling them to comprehend complex instructions and engage in continuous conversations; perceive in-vehicle and external scenarios and occupant status to proactively provide services; and support the use of AI functions without an internet connection while safeguarding user data privacy. During the Reporting Period, the Company continued to invest in AI Box R&D and worked closely with NVIDIA to complete product R&D based on the NVIDIA DRIVE AGX Thor platform, helping OEMs shorten the cycle for integrating AI capabilities. Leveraging the above technical expertise and ecosystem collaboration, AI Box secured a design win from a leading OEM during the first half of the year, marking the formal entry of this business line into the scaled mass-production stage.

During the Reporting Period, our revenue continued to grow rapidly. The following table sets forth a breakdown of our revenue by product and service portfolio for the periods indicated.

	Six months ended June 30,			
	2026		2025	
	Amount	**% of total revenue**	Amount	% of total revenue
	(RMB in thousands, except for percentages)			
Smart cockpit solutions	**1,987,874**	**89.2**	1,009,256	92.9
AI related solutions	**208,761**	**9.4**	30,318	2.8
Vehicle connectivity support services	**29,879**	**1.3**	44,246	4.1
Others	**1,889**	**0.1**	2,483	0.2
Total revenue	**2,228,403**	**100.0**	1,086,303	100.0

Smart Cockpit Solutions

We develop smart cockpit solutions and products for OEMs and Tier-1 supplier customers, leveraging our core vertically integrated capabilities in product design and development, function development, and in-house production. Smart cockpit solutions are enabled by a domain controller and a number of other devices connected to it, including displays, T-Box, cameras, microphones, speakers, wires, and antennas. Powered 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 may flexibly choose an integrated smart cockpit 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 designs. Alternatively, certain customers choose 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 to certain customers, using raw materials and accessories supplied by them 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 customers to enhance smart cockpit functionality and enrich the intelligent vehicle ecosystem.

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

AI cockpits offer higher AI computing power and robust on-device AI model capabilities, enabling smart cockpits to evolve from "passive command execution" to "proactive, attentive companionship." This evolution reflects the Company's years of accumulated expertise and ongoing iteration in high-end smart cockpits and AI technologies. PATEO CONNECT's AI cockpit products can perceive in-vehicle and external environments as well as the physical and emotional states of drivers and passengers; accurately understand users' needs through natural-language dialogue; break down and execute complex instructions; remember user preferences; and interact with smart devices to seamlessly connect vehicles with users' daily lives. AI cockpits embody the Company's core technological capabilities. Through its AI cockpit product line, the Company not only provides large-model providers with support for deploying and implementing on-device large models for in-vehicle applications, helping to bring AI capabilities to vehicles efficiently, but also leverages its deep on-device technological expertise to develop differentiated products for OEM customers, ultimately delivering high-quality, seamless, and secure smart cockpit experiences to consumers.

AI Related Solutions

The Company has long focused on the smart cockpit sector and has built deep AI technological capabilities through AI cockpit R&D and integrated software-hardware applications. During the first half of the year, as the AI industry continued to grow rapidly, customer demand for the Company's AI application solutions also increased significantly. PATEO CONNECT provides OEMs with R&D services spanning the full AI life cycle, including model R&D and on-device deployment, automated testing and quality assurance, data closed loops and simulation validation, AI agent platform development, security, compliance and governance, and AI-assisted improvements in engineering efficiency. The Company can help OEMs establish a comprehensive AI capability framework, from algorithm development through mass-production delivery. In its AI cockpit R&D business, the Company provides OEMs with early-stage R&D support for the mass production and commercial deployment of AI functions, helping domestic and overseas customers shorten development cycles and accelerate the market launch of intelligent products.

Meanwhile, the Company provides infrastructure products and services, including AI servers, to meet customers' growing demand for AI computing power. PATEO CONNECT has developed its own AI computing platform and suite of efficiency-enhancing tools. Building on their extensive use in internal R&D settings, the Company has rapidly commercialized these offerings to help companies across a range of industries improve R&D efficiency. During the Reporting Period, benefiting from the rapid growth in industry demand for AI, the Company's AI related solutions gained broad customer recognition and experienced rapid growth, becoming an important extension of the Company's business portfolio.

Vehicle Connectivity Support Services

We primarily provide OEM customers with vehicle connectivity support services, including (i) user support services, which assist OEMs in providing assistance to vehicle owners, 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.

Outlook and Planning

Looking ahead to 2026 and beyond, AI-defined automobiles will continue to advance. In the first half of 2026, the industry formally entered its first year of mass production for on-device AI: AI large models are accelerating their deployment on automotive-grade chips; device-cloud integration has become a mainstream technology route; AI cockpits are developing rapidly; and new experiences, including cockpit-driving integration, multimodal interaction, and cockpit AI agents, are continually emerging. Smart cockpits are rapidly evolving from "obedient tools" into "intelligent mobility companions that provide proactive services." The Company will continue to deepen its presence in AI and high-end cockpits. Leveraging its deep adaptation capabilities across mainstream chip platforms, including Qualcomm, Kirin, NVIDIA, and Horizon, as well as its experience in scaled mass production, the Company will promote the efficient on-device deployment of AI large models, help vehicle manufacturers create next-generation AI cockpit experiences, and further consolidate its leading position in the high-end cockpit market.

At the same time, the Company will continue to advance the overseas rollout of automotive intelligence and accelerate the adoption of AI cockpits in overseas markets. As its cooperation with European luxury automotive manufacturers and other leading global automakers deepens, and as overseas projects successively obtain customer acceptance and progress toward mass production, we will bring the AI cockpit technologies, engineering capabilities, and delivery experience accumulated in the Chinese market to global markets, including Europe, the Middle East, Southeast Asia, Australia, and South America, enabling more overseas users to experience AI cockpits. We believe that overseas markets will gradually become a new growth engine for the Company's cockpit business.

The Company will continue to promote the development of AI-related businesses and applications. With respect to AI Box, the Company is working with partners to advance the deployment of AI Box solutions with multiple computing-power configurations to address inadequate computing power in existing vehicle models and provide a low-cost upgrade path for multimodal, voice, and large-model capabilities. In respect of AI R&D services, the Company will deepen its cooperation with large-model and algorithm partners, providing automakers with R&D and engineering services in areas including AI agents, multimodal model packaging, and device-cloud integration platforms, while actively exploring innovative business models such as token-based billing and computing-power charges.

In addition, as large-model technologies continue to evolve, on-device AI is being adopted at an accelerating pace, and emerging paradigms such as AI agents and embodied intelligence are continually developing. AI is moving from empowering discrete functions to becoming deeply integrated across all scenarios and the entire value chain. The intelligent transformation of the automotive industry and the broader manufacturing sector will continue to generate robust demand for AI. The Company will use AI cockpits as a core anchor to continue expanding the breadth and depth of its AI related solutions business. It will strengthen its full-lifecycle AI service capabilities for AI cockpits, spanning on-device large-model R&D and deployment, testing and validation, data closed loops, AI agent platforms, security and compliance, and engineering efficiency improvements, while extending these capabilities to broader applications, including intelligent mobility and smart terminals. In AI infrastructure and AI-enabled efficiency enhancement, the Company will seize opportunities arising from continued growth in demand for computing power, accelerate the commercialization and market adoption of its efficiency-enhancing tools and computing platforms, and support intelligent upgrades to R&D across industries. The Company is committed to becoming a trusted AI related solutions partner in customers' intelligent-transformation journeys, serving customers across multiple industries through comprehensive, customized solutions tailored to specific use cases, and building an open, mutually beneficial AI ecosystem with industry partners.

In respect of its "chip" business, the Company will continue to implement its integrated "software-hardware-chip-cloud" strategy. In 2026, the Company announced the acquisition of an approximately 70% equity interest in Chengdu Meenyi Technology, a high-speed optoelectronic chip design company, marking a substantive step forward in the Company's "chip" business. The target company is one of the very few domestic companies capable of mass-producing single-channel 100G TIA chips, and its products have entered the supply chain for 400G/800G optical modules used in AI data centers. The acquisition will enable the Company to enter the high-growth sectors of AI data centers, AI servers, and optical-module chips, allowing it to benefit from strong growth in demand for optical interconnects and the industry opportunities arising from domestic substitution. Over the longer term, as data throughput in intelligent vehicles increases exponentially, in-vehicle optical communications are expected to become a clear direction in industry evolution. The Company will take this opportunity to strengthen the implementation and expansion of its "chip" business, provide more solid foundational support for the deep integration of AI and automobiles, and enter the next industry cycle with a more complete set of capabilities.

FINANCIAL REVIEW

Revenue

During the Reporting Period, we generated revenue from smart cockpit solutions, AI related 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:

	Six months ended June 30,			
	2026		2025	
	Amount	**% of total revenue**	Amount	% of total revenue
	(RMB in thousands, except for percentages)			
Smart cockpit solutions	**1,987,874**	**89.2**	1,009,256	92.9
AI related solutions	**208,761**	**9.4**	30,318	2.8
Vehicle connectivity support services	**29,879**	**1.3**	44,246	4.1
Others	**1,889**	**0.1**	2,483	0.2
Total revenue	**2,228,403**	**100.0**	1,086,303	100.0

For the six months ended June 30, 2026, we recorded revenue of RMB2,228.4 million, representing an increase of 105.1% from RMB1,086.3 million for the six months ended June 30, 2025. This increase was mainly attributable to our increased resource investment in AI-enabled intelligent businesses and the significant expansion of revenue from AI-enabled smart cockpit solutions and AI related solutions, while we continued to consolidate our core business base and maintain stable revenue from existing businesses.

We provide OEMs and Tier-1 suppliers with smart cockpit solutions that integrate software, hardware, and cloud services and incorporate large-model and AI agent architectures. For the six months ended June 30, 2026, revenue generated from smart cockpit solutions was RMB1,987.9 million, representing an increase of 97% from RMB1,009.3 million for the six months ended June 30, 2025, mainly due to the increase in revenue from our high-end domain controllers that enable AI functions.

We provide AI application solutions tailored to customers' individual needs and integrating software, hardware, chips, and cloud services. For the six months ended June 30, 2026, revenue generated from AI related solutions was RMB208.8 million, representing an increase of 588.6% from RMB30.3 million for the six months ended June 30, 2025, mainly due to increased customer recognition of our AI related solutions.

We provide OEMs with vehicle connectivity support services, including a variety of user support services and platform maintenance services. For the six months ended June 30, 2026, revenue generated from vehicle connectivity support services was RMB29.9 million, representing a decrease of 32.5% from RMB44.2 million for the six months ended June 30, 2025, primarily due to a decrease in revenue from the user support services business.

We also generate revenue from the sale of materials and components, primarily automotive-grade chips, used by OEMs and Tier-1 suppliers in their production. For the six months ended June 30, 2026, revenue from our other business was RMB1.9 million, representing a decrease of 23.9% from RMB2.5 million for the six months ended June 30, 2025, primarily due to a decline in relevant businesses.

Cost of Sales

Our cost of sales consists primarily of (i) material costs 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 operations and maintenance staff, manufacturing workforce, and R&D personnel involved in delivering smart cockpit solutions.

For the six months ended June 30, 2026, our cost of sales was RMB1,971.3 million, representing an increase of 111.9% from RMB930.2 million for the six months ended June 30, 2025, primarily due to the growth in our revenue scale.

Our principal raw materials and components procured for the 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 mainland China, 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.

For the six months ended June 30, 2026, our gross profit was RMB257.1 million, representing an increase of 64.7% from RMB156.1 million for the six months ended June 30, 2025. For the six months ended June 30, 2026, our overall gross profit margin was 11.5%, representing a decrease of 2.9 percentage points from 14.4%, primarily due to new smart cockpit projects being at an early stage of expansion.

Other Income

Our other income mainly includes (i) government grants for our R&D programs and business operations, and value-added tax additional deductions; (ii) interest income from bank deposits; and (iii) rental income.

Our other income decreased by 17.8% from RMB38.3 million for the six months ended June 30, 2025 to RMB31.5 million for the six months ended June 30, 2026, mainly due to a decrease in value-added tax additional deduction.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

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

For the six months ended June 30, 2026, we recognized impairment losses under expected credit loss model of RMB8.0 million, primarily attributable to growth in our revenue and the resulting increase in trade receivables, whereas, for the six months ended June 30, 2025, we reversed impairment losses recognized under the expected credit loss model of RMB13.3 million.

Other Gains and Losses

Our other gains and losses consist primarily of (i) gains or losses from changes in the fair value of financial assets at FVTPL; (ii) net foreign exchange gains or losses mainly associated with the overseas procurement of certain raw materials and components; and (iii) losses on the disposal of property, plant and equipment and the early termination of leases.

For the six months ended June 30, 2026, we recorded other losses of RMB18.5 million, as compared with other losses of RMB47.6 million for the six months ended June 30, 2025. This change was primarily attributable to losses arising from changes in the fair value of financial assets at FVTPL in relation to our equity investment in a NEV manufacturer in 2025, and losses arising from the early termination of certain leases 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-sales service staff; (ii) after-sales service expenses incurred for the repair or replacement of smart cockpit solutions that we have sold; (iii) promotional, advertising, and travel expenses in connection with customer acquisition activities; and (iv) depreciation and amortization expenses.

Our selling expenses increased by 38.9% from RMB59.8 million for the six months ended June 30, 2025 to RMB83.1 million for the six months ended June 30, 2026, primarily due to the increase in share-based compensation expenses resulting from the grant of share options to 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 connection with 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 79.0% from RMB169.6 million for the six months ended June 30, 2025 to RMB303.5 million for the six months ended June 30, 2026, primarily due to the increase in share-based compensation expenses resulting from the Company's efforts to strengthen its core management team, the hiring of management personnel, and the grant of share options to management team personnel.

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 our R&D personnel; (ii) depreciation and amortization, representing the allocation of the costs of tangible and intangible assets used in R&D activities over their useful lives; and (iii) miscellaneous expenses associated with our R&D activities.

Our R&D expenses increased by 33.5% from RMB111.1 million for the six months ended June 30, 2025 to RMB148.2 million for the six months ended June 30, 2026, primarily due to (i) our promotion of commercialization adaptation of high-end chip platforms and the commencement of R&D work in relation to AI application products; and (ii) labor expenses related to R&D, particularly the increase in share-based compensation resulting from the grant of share options to R&D team personnel.

Share of Result of Associates

For the six months ended June 30, 2026, our share of losses of associates was RMB1.4 million, whereas our share of losses of associates was RMB6.3 million for the six months ended June 30, 2025, primarily due to a decrease in losses incurred by associates in the integrated-circuit and AI-computing-power sectors, which are accounted for using the equity method.

Share of Result of A Joint Venture

For the six months ended June 30, 2026, we recorded a loss of RMB1.6 million from our share of the results of a joint venture, compared with a loss of RMB6,000 from our share of the results of a joint venture for the six months ended June 30, 2025. The increase in loss was mainly due to the relevant company's chip products remaining in the R&D stage and not yet generating revenue.

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 16.2% from RMB27.5 million for the six months ended June 30, 2025 to RMB32.0 million for the six months ended June 30, 2026, primarily due to the increase in interest expense on our bank borrowings, in line with the increase in our bank borrowing balance.

Loss Before Tax

As a result of the foregoing, our loss before tax was RMB307.6 million for the six months ended June 30, 2026, whereas our loss before tax was RMB227.4 million for the six months ended June 30, 2025.

Income Tax

For the six months ended June 30, 2026, our income tax credit was RMB0.4 million.

Loss for the Period

As a result of the foregoing, our loss for the period was RMB307.2 million for the six months ended June 30, 2026, whereas our loss for the period was RMB227.4 million for the six months ended June 30, 2025.

Non-IFRS Measures

To supplement our consolidated statement of profit or loss presented in accordance with International Financial Reporting Standards ("**IFRS**"), we also use adjusted net profit/(loss) for the period as a non-IFRS measure, which is neither required by nor presented in accordance with IFRS. We believe that the presentation of non-IFRS measures, when considered together with the corresponding IFRS measures, provides useful information to investors and our management to facilitate comparisons of our operating performance across different periods by excluding certain non-operating or non-recurring expenses that do not affect the Company's ongoing operating performance, including listing expenses and share-based payments.

By adding back share-based payments and listing expenses, our adjusted loss for the period (a non-IFRS measure) was RMB105.0 million for the six months ended June 30, 2026, representing a significant decrease from RMB162.1 million for the six months ended June 30, 2025.

The following table reconciles the adjusted net loss for the period that we present with the most directly comparable financial measure calculated and presented in accordance with IFRS, namely loss for the period.

	Six months ended June 30,	
	2026	2025
	(RMB million)	*(RMB million)*
Loss for the period	**(307.2)**	(227.4)
Add:		
Listing expenses	**—**	13.2
Share-based payments	**202.2**	52.0
Adjusted net loss for the period	**(105.0)**	(162.1)

Note: For the six months ended June 30, 2026, share-based payments increased by 288.5% year-over-year to RMB202.2 million, primarily due to the grant of additional incentive shares under the employee stock ownership plan.

From time to time in the future, there may be other items that we may exclude when reviewing our financial results. The use of such a non-IFRS measure has limitations as an analytical tool, and shareholders and potential investors of the Company should not consider it 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 financial measure may differ from the definitions of similar terms used by other companies and may therefore 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 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 flows 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, diligently review future cash flow requirements, and adjust our operating and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations. As of June 30, 2026, we had cash and cash equivalents of RMB1,536.7 million, compared with RMB1,444.1 million as of December 31, 2025.

Cash Flow

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

	Six months ended June 30,	
	2026	2025
	(RMB in thousands)	*(RMB in thousands)*
Net cash (used in) generated from operating activities	**(526,978)**	80,338
Net cash used in investing activities	**(548,193)**	(312,908)
Net cash generated from financing activities	**1,168,984**	181,718
Net increase (decrease) in cash and cash equivalents	**93,813**	(50,852)
Cash and cash equivalents at the beginning of the period	**1,444,143**	977,006
Effect of exchange rate changes	**(1,286)**	60
Cash and cash equivalents at the end of the period	**1,536,670**	926,214

Indebtedness

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

	As of June 30, 2026 *(RMB in thousands)* **(unaudited)**	As of December 31, 2025 *(RMB in thousands)* (audited)
Current		
Bank borrowings	**2,419,581**	1,853,587
Lease liabilities	**36,202**	34,911
Refundable government grants	**92,592**	92,592
Non-current		
Bank borrowings	**548,418**	328,493
Lease liabilities	**42,564**	33,293
Total	**3,139,357**	2,342,876

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, 2025 and June 30, 2026, we had total bank borrowings of RMB2,182.1 million and RMB2,968.0 million, respectively. As at June 30, 2026, the Group's borrowings at fixed interest rates amounted to RMB1,801.0 million (December 31, 2025: RMB2,007.5 million). During the Reporting Period, our borrowings were primarily used to finance increased working capital requirements driven by business expansion, including the construction of our production facilities.

Contingent Liabilities

As at June 30, 2026, we did not have any material contingent liabilities, guarantees, or any material litigation or claims 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 purchases of intangible assets. Our capital expenditures amounted to RMB255.7 million for the six months ended June 30, 2026. 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 the acquisition of property, plant and equipment. As of December 31, 2025 and June 30, 2026, we had RMB336.5 million and RMB329.0 million, respectively, of capital expenditures that had been contracted for but not yet recognized, arising from the construction and renovation of production facilities and the purchase of equipment.

Gearing Ratio

As of December 31, 2025 and June 30, 2026, our gearing ratio, being total liabilities divided by total assets and multiplied by 100%, was 63.1% and 66.0%, respectively.

Significant Investments Held

As of June 30, 2026, 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 of June 30, 2026, the Group's borrowings of RMB558.0 million (December 31, 2025: RMB503.1 million) were secured by pledges over buildings, machinery, construction in progress, leasehold land and bills receivable; the Group's borrowings of RMB31.4 million (December 31, 2025: RMB48.0 million) were secured by pledged bank deposits.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement and the prospectus of the Company dated September 22, 2025 (the "**Prospectus**"), as of June 30, 2026, we have no specific future plans for material investments or 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 creating synergies with the Group's existing core business and improving the Group's services and products provided to its customers.

Currency and Exchange Rate Fluctuation Risk

We collect most of our revenue in RMB, and most of our expenditures and 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 June 30, 2026.

The Group's foreign exchange risk exposure mainly arises from exchange rate movements between the U.S. dollar and euro, on the one hand, and RMB and Hong Kong dollars, on the other. We manage our foreign exchange risk through regular reviews of our net foreign exchange exposure and other risk-management measures. The management of the Group continues to monitor the market environment and the Group's own foreign exchange risk profile and considers taking appropriate hedging measures when necessary. During the Reporting Period, the Group did not enter into any hedging transactions in respect of foreign exchange risk.

Employees and Remuneration Policies

As of June 30, 2026, the Group had 1,924 employees. The number of employees employed by the Group varies from time to time depending on needs. The staff costs, including Directors' emoluments, were approximately RMB545.0 million for the six months ended June 30, 2026.

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 plans. We have a unified compensation management system and internal employee transfer management procedures to ensure fairness in compensation and promotion, and compensation and promotion decisions under the system are based on employees' positions and performance. In addition to salary, employees also receive welfare benefits, including medical insurance, retirement benefits, occupational injury insurance and other miscellaneous benefits. We make contributions to statutory social insurance funds for our employees to provide retirement, medical, work-related injury, maternity and unemployment benefits. We also provide training and development programs to our employees to improve their technical skills.

Use of Proceeds from the Listing

The Company was listed on the Main Board of the Stock Exchange on September 30, 2025 (the "**Listing**"), with 10,436,900 H Shares issued at an Offer Price of HK$102.23 per H Share. After deducting underwriting commissions, fees and other expenses in connection with the Global Offering, the net proceeds from the Listing were approximately RMB815 million (approximately HK$894 million). The aggregate nominal value of the H Shares was RMB10,436,900, and the net price per H Share was approximately RMB78.09. The net proceeds from the Listing have been and will be applied in accordance with the plan disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, namely:

Item	Percentage	Net proceeds from the Listing *(RMB million)*	Unutilized as of January 1, 2026 *(RMB million)*	Utilized during the Reporting Period *(RMB million)*	Unutilized as of June 30, 2026 *(RMB million)*	Expected timetable for full utilization of unutilized proceeds[1]
Expand our product portfolio and solutions and enhance our technology to further strengthen our comprehensive proprietary capabilities across software, hardware and cloud-based vehicle connectivity	30%	245	218	92	126	December 31, 2027
Enhance our production, testing and validation capabilities	30%	245	118	30	88	December 31, 2027
Expand our sales and service network to enhance brand awareness	20%	163	160	33	127	December 31, 2027

Item	Percentage	Net proceeds from the Listing *(RMB million)*	Unutilized as of January 1, 2026 *(RMB million)*	Utilized during the Reporting Period *(RMB million)*	Unutilized as of June 30, 2026 *(RMB million)*	Expected timetable for full utilization of unutilized proceeds(1)
Strategic investments to further integrate industry resources	10%	81	65	65	—	—
Working capital and general corporate purposes	10%	81	—	—	—	—
Total	100%	815	561	220	341	

Note:

(1) The expected timeline for full utilization of the unutilized proceeds is based on the Group's estimates and may be subject to change depending on current and future developments in market conditions.

The Company has deposited the unutilized net proceeds in short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions. The Company will comply with PRC laws relating to foreign exchange registration and remittance of proceeds.

Use of Proceeds from the Subscription

On April 27, 2026 (after trading hours of the Hong Kong Stock Exchange), the Company entered into a subscription agreement (the "**Subscription Agreement**") with The Triplex Holdings Limited (三鋒控股管理有限公司) (the "**Subscriber**"). The Company issued and allotted an aggregate of 895,980 new H Shares (the "**Subscription Shares**") to the Subscriber pursuant to the Subscription Agreement (the "**Subscription**"). Neither the Subscriber nor its ultimate beneficial owner is a connected person of the Company. The aggregate nominal value of the Subscription Shares was RMB895,980, calculated based on a nominal value of RMB1.00 per Subscription Share. The net subscription price per Subscription Share was approximately HK$126.80. On the date of the subscription agreement, being April 27, 2026, the closing price per H Share as quoted on the Hong Kong Stock Exchange was HK$141.50.

The Subscription further optimized the shareholding structure of the Company through the introduction of a well-known long-term strategic investor in the industry and laid a foundation for highly forward-looking, strategically significant collaboration between the parties across the industry chain. This not only helped strengthen the Group's capabilities in resource integration and business expansion, but also enhanced the capital market's recognition of the Company's long-term value, thereby creating sustainable returns for the Shareholders.

On May 6, 2026, the Company completed the allotment and issuance of 895,980 new H Shares at HK$127.35 per H Share. The gross proceeds from the Subscription were approximately HK$114.10 million, and the net proceeds, after deducting related fees and expenses, were approximately HK$113.61 million, which are intended to be fully utilized by December 31, 2026 in accordance with the intended uses set out in the Company's announcements dated April 27, 2026 and May 6, 2026, respectively. The expected timetable for the full utilization of the proceeds is based on the Group's estimates and is subject to change depending on current and future developments in market conditions.

Use of Proceeds from the Placing

References are made to the announcements of the Company dated June17, 2026 and June 22, 2026 (the "**Announcements**"). Unless otherwise specified, capitalised terms used in this section shall have the same meanings as those defined in the Announcements. On June 17, 2026 (before trading hours of the Hong Kong Stock Exchange), the Company and the Placing Agents entered into the Placing Agreement. The Placing Shares were successfully placed with not less than six independent professional, institutional and/or other investors. The Placees and their respective ultimate beneficial owners were Independent Third Parties, and no Placee became a substantial shareholder of the Company upon completion of the Placing. Based on a nominal value of RMB1.00 per Share, the Placing Shares had an aggregate nominal value of RMB2,259,300. The net price per Placing Share was approximately HK$168.91. On June 16, 2026, being the Last Trading Day and the date on which the Placing Price was fixed, the closing price per H Share as quoted on the Hong Kong Stock Exchange was HK$210.40.

The Board believes that the Placing is an important step for the Group to further deepen and consolidate its market leadership and optimize its capital structure. Investments in the Group by the Placees and participants in the Placing fully demonstrate their firm confidence in the Group's business fundamentals, market leadership and long-term growth potential. This will lay a stronger foundation for the Group's strategy centered on AI technology and the integration of "software, hardware, chips and cloud services." The Placing will help further broaden the Company's shareholder base and diversify its shareholder structure, attract reputable investors, and support the Group's M&A, investments, and healthy, sustainable development in line with its long-term strategy.

On June 22, 2026, the Company completed the allotment and issuance of 2,259,300 new H Shares at HK$173.40 per H Share. The gross proceeds from the Placing were approximately HK$391.76 million, and the net proceeds, after deducting related fees and expenses, were approximately HK$381.62 million, which are intended to be fully utilized by December 31, 2026 in accordance with the intended uses set out in the Company's announcements dated June 17, 2026 and June 22, 2026, respectively. The expected timetable for the full utilization of the proceeds is based on the Group's estimates and is subject to change depending on current and future developments in market conditions.

Subsequent Events

On July 13, 2026, the Board approved the Company's proposed conversion of 71,697,821 Domestic Shares, representing approximately 44.31% of the total number of issued Shares of the Company as of the date of that announcement, into H Shares and the application for their listing and trading. As of the date of this announcement, the Company had not yet completed the filing with the China Securities Regulatory Commission (the "**CSRC**") or applied to the Stock Exchange for the conversion and listing. This matter will be subject to the obtaining of the relevant approvals and/or completion of the filing and compliance with all applicable laws, regulations and rules. For details, please refer to the Company's announcement dated July 13, 2026.

On August 7, 2026, the Company entered into a Share Transfer Agreement with the relevant transferors and Chengdu Meenyi Electronic Technology Co., Ltd. (成都明夷電子科技股份有限公司) ("**Chengdu Meenyi**"), pursuant to which the Company conditionally agreed to acquire an aggregate of 53,518,613 shares in Chengdu Meenyi, representing approximately 70% of its total issued shares, for a total consideration not exceeding RMB1,400,000,000. As of the date of this announcement, the transaction had not yet been completed. The completion of the transaction will be subject to the fulfillment or waiver of the Conditions Precedent as set out in the Share Transfer Agreement. For details, please refer to the Company's announcement dated August 7, 2026.

Reference is made to the announcement of the Company dated August 21, 2026 in relation to the Acquisition (the "**Announcement**"). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

On August 21, 2026, the Company, International Building Products Limited (the "**Seller**"), Argus Holdings Limited and Tang Taiying entered into a share transfer agreement, pursuant to which the Company conditionally agreed to acquire, and the Seller conditionally agreed to sell 129,211,208 A Shares of Guangzhou Seagull Kitchen and Bath Products Co., Ltd. (the "**Target Company**") held by the Seller (representing 20% of the Target Company's total issued share capital), for a consideration of RMB800,000,000. Upon completion of the Acquisition, the Company will hold 20% of the Target Company's total issued share capital. The Share Transfer Agreement shall take effect only after it has been approved by the general meeting of the Company, and the Acquisition is subject to the satisfaction of certain conditions. As at the date of this announcement, the Acquisition has not been completed. For details, please refer to the Company's announcement dated August 21, 2026.

Save as disclosed above, no material events have occurred in the Group since the end of the Reporting Period and up to the date of this announcement.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2026

		Six months ended June 30,	
		2026	2025
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4*	**2,228,403**	1,086,303
Cost of sales		**(1,971,273)**	(930,204)
Gross profit		**257,130**	156,099
Other income	*5*	**31,502**	38,314
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(8,044)**	13,321
Other gains and losses	*6*	**(18,489)**	(47,586)
Selling expenses		**(83,074)**	(59,797)
Administrative expenses		**(303,452)**	(169,557)
Research and development expenses		**(148,222)**	(111,053)
Share of result of associates		**(1,376)**	(6,321)
Share of result of a joint venture		**(1,582)**	(6)
Listing expenses		**—**	(13,241)
Finance costs	*7*	**(32,006)**	(27,544)
Loss before tax		**(307,613)**	(227,371)
Income tax	*8*	**385**	—
Loss for the period		**(307,228)**	(227,371)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(85)**	(1)
Other comprehensive expense for the period		**(85)**	(1)
Total comprehensive expense for the period		**(307,313)**	(227,372)

		Six months ended June 30,	
		2026	2025
	NOTE	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Loss attributable to:			
— Owners of the Company		**(305,630)**	(227,179)
— Non-controlling interests		**(1,598)**	(192)
		(307,228)	(227,371)
Total comprehensive expense attributable to:			
— Owners of the Company		**(305,715)**	(227,180)
— Non-controlling interests		**(1,598)**	(192)
		(307,313)	(227,372)
Loss per share			
— Basic (RMB yuan)	*10*	**(2.00)**	(1.63)
— Diluted (RMB yuan)	*10*	**(2.00)**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

	NOTES	As at June 30, 2026 RMB'000 (unaudited)	As at December 31, 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**945,933**	812,720
Right-of-use assets		**136,531**	123,523
Goodwill		**215,014**	—
Intangible assets		**185,143**	—
Deposits for rental		**6,093**	9,441
Prepayment for acquisition of property, plant and equipment		**128,625**	108,000
Refundable deposit for acquisition of subsidiaries		**157,500**	—
Interest in a joint venture		**8,366**	9,948
Interests in associates		**73,320**	74,696
		1,856,525	1,138,328
Current assets			
Inventories and contract costs	*11*	**1,280,540**	764,266
Trade and other receivables	*12*	**2,446,126**	2,147,934
Contract assets		**7,023**	3,916
Financial assets at fair value through profit or loss ("**FVTPL**")		**174,639**	187,814
Bills receivables at fair value through other comprehensive income ("**FVTOCI**")		**46,553**	102,881
Restricted bank deposits		**—**	188
Pledged bank deposits		**31,442**	47,913
Cash and cash equivalents		**1,536,670**	1,444,143
		5,522,993	4,699,055

	NOTES	As at June 30, 2026 RMB'000 (unaudited)	As at December 31, 2025 RMB'000 (audited)
Current liabilities			
Trade and other payables	*13*	**1,535,656**	1,222,823
Bank borrowings		**2,419,581**	1,853,587
Lease liabilities		**36,202**	34,911
Contract liabilities		**119,277**	64,158
		4,110,716	3,175,479
Net current assets		**1,412,277**	1,523,576
Total assets less current liabilities		**3,268,802**	2,661,904
Non-current liabilities			
Bank borrowings		**548,418**	328,493
Lease liabilities		**42,564**	33,293
Provision		**55,295**	47,885
Deferred tax liabilities		**16,790**	—
Deferred income		**99,870**	100,460
		762,937	510,131
Net assets		**2,505,865**	2,151,773
Capital and reserves			
Share capital	*14*	**161,816**	149,991
Reserves		**2,326,403**	2,002,176
Equity attributable to owners of the Company		**2,488,219**	2,152,167
Non-controlling interests		**17,646**	(394)
Total equity		**2,505,865**	2,151,773

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2026

1. GENERAL INFORMATION

PATEO CONNECT Technology (Shanghai) Corporation (the "**Company**") formerly known as "Shanghai PATEO Electronic Equipment Manufacturing Co., Ltd. (上海博泰悦臻電子設備製造有限公司)" was established as a company with limited liability in Shanghai, People's Republic of China (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 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**"). 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 solutions, artificial intelligence ("**AI**") related solutions and vehicle connectivity support services in the PRC.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Other than additional/changed accounting policies resulting from application of amendments to IFRS Accounting Standards and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Types of solutions/product lines		
Smart cockpit solutions	**1,987,874**	1,009,256
AI related solutions	**208,761**	30,318
Vehicle connectivity support services	**29,879**	44,246
Others	**1,889**	2,483
	2,228,403	1,086,303
Timing of revenue recognition		
A point in time	**2,198,524**	1,042,057
Overtime	**29,879**	44,246
	2,228,403	1,086,303

5. OTHER INCOME

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grants *(Note)*	**29,825**	29,367
Interest income from bank deposits	**1,412**	1,000
Rental income	**132**	252
Value-added tax additional deduction	**—**	7,388
Others	**133**	307
	31,502	38,314

Note: 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.

6. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Losses from changes in fair value of financial assets at FVTPL	**(22,175)**	(37,623)
Net foreign exchange gains (losses)	**3,353**	(4,074)
Gains (losses) on disposals of property, plant and equipment and early termination of lease	**5**	(6,483)
Others	**328**	594
	(18,489)	(47,586)

7. FINANCE COSTS

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expense on bank borrowings	**30,778**	25,560
Interest expense on lease liabilities	**1,228**	1,984
	32,006	27,544

8. INCOME TAX

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Current tax	**11**	—
Deferred tax	**(396)**	—
	(385)	—

9. DIVIDENDS

No dividend was paid, declared or proposed during the interim period. The Board of Directors of the Company does not recommend the payment or declaration of any interim dividend for the six months ended June 30, 2026. (for the six months ended June 30, 2025 and the year ended December 31, 2025: nil).

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended June 30,	
	2026	2025
	(unaudited)	(unaudited)
Loss:		
Loss for the purposes of calculating basic loss per share attributable to owners of the Company *(RMB'000)*	**(305,630)**	(227,179)
Number of shares *('000)*:		
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	**152,487**	139,554

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options for the period ended June 30, 2026, 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 six months ended June 30, 2025 was presented as there were no potential ordinary shares in issue for the six months ended June 30, 2025.

11. INVENTORIES AND CONTRACT COSTS

	As at June 30, 2026 *RMB'000* **(unaudited)**	As at December 31, 2025 *RMB'000* (audited)
Materials and components *(Note a)*	**984,711**	558,106
Contract fulfillment costs *(Note b)*	**295,829**	206,160
	1,280,540	764,266

Notes:

a. Materials and components include finished goods, chips and others.

b. The costs directly relate to the contracts for smart cockpit solutions, generate resources that will be used in satisfying the contract and are expected to be recovered.

12. TRADE AND OTHER RECEIVABLES

	As at June 30, 2026 *RMB'000* **(unaudited)**	As at December 31, 2025 *RMB'000* (audited)
Trade receivables	**2,055,280**	1,856,533
Less: allowance for credit losses	**(194,557)**	(187,855)
	1,860,723	1,668,678
Prepayments for service	**3,049**	3,762
Prepayments for consumables	**179**	1,856
Refundable deposits	**6,310**	3,175
Advance to staff	**2,082**	435
Prepayments to suppliers	**350,128**	129,631
Prepayments for rental expense	**937**	222
Value-added tax recoverable	**108,242**	79,328
Receivable for disposal of investment in an associate	**—**	50,000
Receivables for disposal of financial assets at FVTPL	**102,500**	205,000
Others	**14,150**	6,678
Less: allowance for credit losses	**(2,174)**	(831)
	2,446,126	2,147,934

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice dates:

	As at June 30, 2026 *RMB'000* **(unaudited)**	As at December 31, 2025 *RMB'000* (audited)
0–90 days	**1,704,389**	1,517,687
91–180 days	**41,983**	59,278
181–365 days	**64,781**	58,582
1–2 years	**49,570**	33,131
	1,860,723	1,668,678

As at June 30, 2026, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB156,062,000 (December 31, 2025: RMB150,974,000), which are past due as at the reporting date. Out of the past due balances, RMB114,351,000 (December 31, 2025: RMB74,653,000), 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.

13. TRADE AND OTHER PAYABLES

	As at June 30, 2026	As at December 31, 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**1,208,257**	916,727
Payroll payables	**59,472**	70,752
Value added tax and other tax payables	**8,034**	7,960
Listing expenses and issue costs payable	**—**	1,611
Payables for property, plant and equipment	**53,860**	42,473
Accruals	**52,605**	50,106
Refundable government grants *(Note i)*	**92,592**	92,592
Others	**60,836**	40,602
	1,535,656	1,222,823

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 June 30, 2026	As at December 31, 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0–60 days	**1,090,192**	843,492
61–120 days	**105,459**	65,491
121–180 days	**6,995**	4,940
181–365 days	**3,894**	195
1–2 years	**1**	48
2–3 years	**341**	423
Over 3 years	**1,375**	2,138
	1,208,257	916,727

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 June 30, 2026 *RMB'000* **(unaudited)**	As at December 31, 2025 *RMB'000* (audited)
United States Dollar	**132,463**	115,168

(Note i) The amounts were government grants attached with conditions about the revenue and profit criteria. The Group did not fulfill the criteria attached to those government grants at December 31, 2025 and June 30, 2026. Therefore, the amounts were refundable to the respective PRC government authority on demand.

14. SHARE CAPITAL

	Number of ordinary shares *'000*	**Share capital** *RMB'000*
Ordinary shares of RMB1 each		
Authorized and issued		
At January 1, 2025 (audited) and June 30, 2025 (unaudited)	139,554	139,554
At January 1, 2026 (audited)	149,991	149,991
Issue of ordinary shares *(Note i)*	3,155	3,155
Exercise of share options *(Note ii)*	8,670	8,670
At June 30, 2026 (unaudited)	161,816	161,816

Notes:

i On May 6, 2026, the Company issued 895,980 ordinary shares to an investor at a price of HK$127.35 per share. The net proceeds from the investor were HK$113,613,000 (equivalent to RMB99,415,000) after deducting issuance costs. The amount of RMB896,000 was credited to the Company's share capital and the remaining balance was credited as share premium.

On June 22, 2026, 2,259,300 ordinary shares were placed at a price of HK$173.40 per share to not less than six investors. Net proceeds from the placing amounted to HK$381,624,000 (equivalent to RMB331,478,000) after deducting issuance costs. The amount of RMB2,259,000 was credited to the Company's share capital and the remaining balance was credited as share premium.

ii During the six months ended June 30, 2026, 8,670,029 share options were exercised at a subscription price of RMB1 per share, resulting in the issue of 8,670,029 ordinary shares of par value of RMB1 each in the Company. These shares rank pari passu with other shares in issue in all respects.

INTERIM DIVIDEND

The Board does not recommend the payment or declaration of any interim dividend for the six months ended June 30, 2026.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, including the sale of treasury shares, during the six months ended June 30, 2026. The Company did not hold any treasury shares (as defined under the Listing Rules) as of June 30, 2026.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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, enhance transparency of the work of the Board, and strengthen the Board's accountability to all Shareholders.

The Company has adopted the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

Save as disclosed below, the Company has complied with all applicable code provisions set out in the Corporate Governance Code during the six months ended June 30, 2026. The Board will continue to regularly review the effectiveness of the Company's 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 of Hong Kong Limited (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 chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer, and Mr. Ying currently performs both roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person helps ensure 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 under the current arrangement will not be impaired and that this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider separating the roles of chairman of the Board and chief executive officer at an appropriate time, 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code of conduct regulating dealings in the Company's securities by its Directors and employees who are in possession of inside information in relation to the Group or the Company's securities.

Having made specific enquiries of all Directors, all Directors confirmed that they had complied with the Model Code throughout the six months ended June 30, 2026.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") consists of three independent non-executive Directors, namely Dr. Li Yuanpeng, Mr. Zhang Xiaoliang and Ms. Xu Lili. Dr. Li Yuanpeng serves as the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2026. The Audit Committee is of the view that the interim results are in compliance with the applicable accounting standards, laws and regulations, and that appropriate disclosures have been made by the Company. The Audit Committee also discussed matters in relation to the accounting policies and practices adopted by the Company, as well as internal control, with the senior management of the Company.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The Group's auditor, Messrs. Deloitte Touche Tohmatsu, has carried out a review of the condensed consolidated financial statements of the Group for the six months ended June 30, 2026 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pateo.com.cn). The interim report of the Company for the six months ended June 30, 2026 will be made available on the same websites in due course.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this announcement in connection with the 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
"design win"	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 an 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 a 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.
"HUD"	head-up display, a technology that projects important information onto the windshield or 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
"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

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

Shanghai, the PRC, August 31, 2026

As at the date of this announcement, the Board comprises Mr. Ying Zhenkai, Mr. Zhang Fukai, Ms. Xu Zhenhui and Mr. Lai Weilin as executive Directors; Mr. Zhang Yi as an employee Director; Mr. Wang Bihui, Mr. Ma Xiaoyong and Mr. Gu Yuekun as non-executive Directors; and Dr. Li Yuanpeng, Mr. Pang Chunlin, Mr. Zhang Xiaoliang, Dr. Liu Gongshen, Ms. Xu Lili, Dr. Gu Jinyu and Dr. Huang Xiaolin as independent non-executive Directors.