

# PATEO

## 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

## GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Sponsor-Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

 **CICC 中金公司**  **國泰君安國際** GUOTAI JUNAN INTERNATIONAL  **CMBI 招銀國際**  **華泰國際** HUATAI INTERNATIONAL  **CITIC SECURITIES**

Joint Bookrunners and Joint Lead Managers

 **中銀國際 BOCI**  **ABC 農銀國際**  **利弗莫尔证券** LIFERMORE SECURITIES LIMITED  **老虎證券**



## IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

# 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)

### Global Offering

Number of Offer Shares under the Global Offering	: 10,436,900 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 1,043,700 H Shares (subject to reallocation)
Number of International Offer Shares	: 9,393,200 H Shares (subject to reallocation and the Over-allotment Option)
Offer Price	: HK\$102.23 per H Share, plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: RMB1.00 per H Share
Stock code	: 2889

### Joint Sponsors, Overall Coordinators, Sponsor-Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



### Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VII, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price will be HK\$102.23 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the Offer Price of HK\$102.23 for each Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565%, and AFRC transaction levy of 0.00015%.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate and with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the Offer Price will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.pateo.com.cn](http://www.pateo.com.cn) as soon as practicable following such decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For more information, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for themselves and on behalf of the Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. For more information, see "Underwriting."

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of US persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered only outside the United States in offshore transactions in reliance on Regulation S.

### ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.pateo.com.cn](http://www.pateo.com.cn)). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

September 22, 2025

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## IMPORTANT

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### **IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS**

We have adopted a fully electronic application process for the Hong Kong Public Offering. The Company will not provide any printed copies of this prospectus to the public.

**This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at [www.pateo.com.cn](http://www.pateo.com.cn). If you require a printed copy of this prospectus, you may download and print from the website addresses above.**

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk);
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.**

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

## IMPORTANT

Your application through the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk) or **HKSCC EIPO** channel must be for a minimum of 20 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

**PATEO CONNECT Technology (Shanghai) Corporation**  
**(HK\$102.23 per Hong Kong Offer Share)**  
**NUMBER OF HONG KONG OFFER SHARES**  
**THAT MAY BE APPLIED FOR AND PAYMENTS**

No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application
	HK\$		HK\$		HK\$		HK\$
20	2,065.23	300	30,978.30	4,000	413,043.95	50,000	5,163,049.48
40	4,130.44	400	41,304.39	5,000	516,304.95	60,000	6,195,659.37
60	6,195.67	500	51,630.50	6,000	619,565.94	70,000	7,228,269.26
80	8,260.87	600	61,956.60	7,000	722,826.92	80,000	8,260,879.17
100	10,326.11	700	72,282.69	8,000	826,087.92	90,000	9,293,489.06
120	12,391.32	800	82,608.79	9,000	929,348.90	100,000	10,326,098.95
140	14,456.54	900	92,934.89	10,000	1,032,609.89	200,000	20,652,197.91
160	16,521.75	1,000	103,260.99	20,000	2,065,219.79	300,000	30,978,296.86
180	18,586.98	2,000	206,521.98	30,000	3,097,829.69	400,000	41,304,395.82
200	20,652.20	3,000	309,782.97	40,000	4,130,439.58	521,840 <sup>(1)</sup>	53,885,714.79

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.



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## EXPECTED TIMETABLE

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*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our website at [www.pateo.com.cn](http://www.pateo.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on  
Monday, September 22, 2025

Latest time for completing electronic applications  
under the **White Form eIPO** service  
through the designated website [www.eipo.com.hk](http://www.eipo.com.hk)<sup>(2)</sup> . . . . . 11:30 a.m. on  
Thursday, September 25, 2025

Application lists open<sup>(3)</sup> . . . . . 11:45 a.m. on  
Thursday, September 25, 2025

Latest time for (a) completing payment of  
**White Form eIPO** applications by effecting  
internet banking transfer(s) or PPS payment  
transfer(s) and (b) giving **electronic application**  
**instructions** to HKSCC<sup>(4)</sup> . . . . . 12:00 noon on  
Thursday, September 25, 2025

If you are instructing your **broker or custodian** who is a HKSCC Participant to give **electronic application instructions** via FINI in accordance with your instruction to apply for the Hong Kong Offer Shares, you are advised to contact your **broker or custodian** for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

Application lists close<sup>(3)</sup> . . . . . 12:00 noon on  
Thursday, September 25, 2025

Announcement of:

- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published on the website of our Company at  
[www.pateo.com.cn](http://www.pateo.com.cn)<sup>(5)</sup> and the website of the  
Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) . . . . . no later than 11:00 p.m. on  
Monday, September 29, 2025

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## EXPECTED TIMETABLE

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The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at [www.pateo.com.cn](http://www.pateo.com.cn) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively on or before ..... Monday, September 29, 2025
- from the designated results of allocations website at [www.iporeresults.com.hk](http://www.iporeresults.com.hk) (alternatively: [www.eipo.com.hk/eIPOAllotment](http://www.eipo.com.hk/eIPOAllotment)) with a “search by ID” function from ..... 11:00 p.m. on  
Monday, September 29, 2025  
to 12:00 midnight on  
Sunday, October 5, 2025
- from the allocation results telephone enquiry by calling  
+852 2862 8555 between 9:00 a.m. and 6:00 p.m. on ..... Tuesday,  
September 30, 2025,  
Thursday, October 2, 2025,  
Friday, October 3, 2025 and  
Monday, October 6, 2025

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before<sup>(6)(8)</sup> ..... Monday, September 29, 2025

**White Form** e-Refund payment instructions/refund checks in respect of wholly or partially successful applications to be dispatched/collected on or before<sup>(7)(8)</sup> ..... Tuesday, September 30, 2025

Dealings in the H Shares on the Stock Exchange expected to commence at 9:00 a.m. on ..... Tuesday, September 30, 2025

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*Notes:*

- (1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

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## EXPECTED TIMETABLE

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- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 25, 2025, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements”.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC through HKSCC’s FINI system should refer to the section headed “How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels”.
- (5) None of the websites set out in this section or any of the information contained on the websites forms part of this document.
- (6) No temporary document of title will be issued in respect of the Offer Shares. H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with their respective terms at or before that time. Investors who trade H Shares on the basis of publicly available allocation details or prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.
- (7) **White Form** e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.
- (8) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to the section headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies” for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund check(s) by ordinary post at their own risk.

Any uncollected H Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant application instructions.

Further information is set out in sections headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies”.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will publish an announcement as soon as practicable thereafter.

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### IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

*This prospectus is issued by the Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

*You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus must not be relied on by you as having been authorized by the Company, Joint Sponsors, Overall Coordinators, Sponsor-Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering. Information contained on our website ([www.pateo.com.cn](http://www.pateo.com.cn)) does not form part of this prospectus.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors.” You should read the entire prospectus carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

We are a leading smart cockpit solution provider in China. According to CIC, we are the third-largest provider of smart cockpit domain controller solutions for passenger vehicles in China in terms of shipment volume in 2024, with a 7.3% market share — ranking after players with market share of 21.7% and 10.4%. 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.

Smart cockpits are an essential component in the automotive industry’s intelligent transformation, providing users with the most tangible and perceivable benefits from automotive intelligence technologies. Consumers of high-end and emerging automotive brands are increasingly seeking enhanced in-vehicle experience. This growing demand is propelling the intelligent transformation of the automotive industry, consequently raising the value of smart cockpits. According to CIC, the size of China’s passenger vehicle smart cockpit solutions industry in terms of revenue is expected to grow from RMB129.0 billion in 2024 to RMB299.5 billion in 2029, at a CAGR of 18.4%. According to the same source, Chinese OEMs are increasingly capturing a higher market share in China’s automotive industry, and are moving towards developing high-end vehicles with advanced automotive intelligence features. This transition is anticipated to generate higher demand for smart cockpit solutions. Leveraging our significant presence among Chinese OEMs, we are well positioned to capitalize on the industry growth.

We provide OEM and Tier-1 supplier customers with domain controllers — the backbone of a smart cockpit — as our core products. Our customers have the flexibility to choose an integrated solution, combining domain controllers deployed with our operating system and various hardware components like display screens and other devices assembled by us, tailored to their vehicle’s design. Alternatively, some customers opt to purchase from us domain controllers or other cockpit components, such as display screens and software, based on their specific needs. In addition to offering full-spectrum product development capabilities, we also provide assembly services for certain customers, using the raw materials and accessories they supply to produce domain controllers. Beyond supplying 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. As we customize our smart cockpit solutions to customers’ demand, our collaborations with customers are generally project-based. In 2023, we became one of the first companies to offer smart cockpit solutions powered by Qualcomm’s fourth-generation Snapdragon 8295 chipset in China, which, according to CIC, is among the mainstream

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## SUMMARY

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automotive-grade chips for smart cockpit solutions with the highest computing power. As of December 31, 2024, we ranked first among Chinese smart cockpit solution providers in terms of the number of design wins for high-end smart cockpit solutions equipped with Qualcomm's Snapdragon 8295 chipset in China, according to CIC. We also offer vehicle connectivity support services primarily to OEMs, assisting them in elevating the vehicle owners' driving experience. Among the top five Chinese OEMs in terms of sales volume in 2024 according to CIC, three have deployed our smart cockpit solutions, with two of them also deploying our vehicle connectivity support services. We strategically target leading automotive OEMs in China as our core customers, including major Chinese OEMs and their rapidly-growing NEV brands such as Avatr and Voyah, as well as international OEMs. We believe this strategic customer focus can position us favorably to increase our market share.

We are a key contributor to the automotive industry's intelligent transformation, consistently advancing innovation. In 2013, we introduced the first-ever automotive-grade operating system developed by a private-owned enterprise in China, according to CIC. We are currently partnering with a globally-leading technology company and certain Chinese automotive OEMs to engage in developing the first in-vehicle operating system with entirely domestic intellectual property. In 2023, we formed a company with a leading semiconductor provider in China and other industry partners, dedicated to the R&D of domestic automotive-grade chips.

With industry-leading R&D capabilities, we have achieved numerous technological innovations since our inception and have developed comprehensive technologies across software, hardware and cloud-based vehicle connectivity. In 2023, the NDRC and other national-level governmental authorities collectively recognized us as a National Enterprise Technology Center (國家企業技術中心). Two of our proprietary technological innovations related to smart cockpit solutions and vehicle connectivity were acknowledged as internationally leading technologies by the National New Energy Vehicle Technology Innovation Center of China (國家新能源汽車技術創新中心) ("NEVC"). We ranked first in terms of the number of registered invention patents among domestic smart cockpit and vehicle connectivity support solution providers as of December 31, 2024, according to CIC.

Mr. Ying, our founder and chairman of the Board, guides our growth with his visionary leadership and rich industry experience. Mr. Ying's application of the 3G network to vehicle connectivity, as early as its introduction in 2010, laid a solid foundation for us to lead the intelligent transformation of the automotive industry over the next decade. Mr. Ying is widely recognized in the industry, serves as a member in many industry organizations, including the National Technical Committee of Auto Standardization (全國汽車標準化技術委員會), and has received numerous prestigious awards, including the Shanghai May 1st Labor Medal (上海市五一勞動獎章) and being named an Eminent Entrepreneur of Shanghai (上海市優秀企業家), Fifth Shanghai Industrial and Commercial Leader (第五屆上海市工商業領軍人物) and 2023 World Internet of Things Awards — Outstanding Person of the Year (2023世界物聯網大獎—年度傑出人物).

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## SUMMARY

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We integrate upstream and downstream resources across the automotive intelligence ecosystem, achieving synergistic cooperation with a diverse array of partners. Our market leadership and strong technology capabilities enable us to establish mutually-beneficial relationships with upstream players such as automotive-grade chip and operating system suppliers, downstream OEM customers, as well as content and other service providers. For instance, through our extensive collaboration with Qualcomm, we became one of the first companies to offer smart cockpit solutions powered by Qualcomm’s Snapdragon 8295 chipset in China, securing design wins from notable customers. Furthermore, our close partnership with BlackBerry has led to the launch of smart cockpit solutions based on the BlackBerry QNX platform — a full-featured development environment with a deterministic real-time operating system — now utilized in various models from Avatr and other OEM brands.

Leveraging our leading position in the market, we achieved substantial growth during the Track Record Period. We sold approximately 4.6 million smart cockpit products in the aggregate during the Track Record Period. Our shipment volume of domain controllers grew at a CAGR of 36.9% from 488 thousand units in 2022 to 915 thousand units in 2024, and increased by 20.4% from 221 thousand units for the five months ended May 31, 2024 to 266 thousand units for the five months ended May 31, 2025. Our revenue increased by 22.8% from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, and further increased by 70.9% to RMB2,557.0 million in 2024. Our revenue increased by 34.4% from RMB560.9 million for the five months ended May 31, 2024 to RMB753.6 million for the five months ended May 31, 2025. Our net loss decreased from RMB452.2 million in 2022 to RMB283.8 million in 2023, and increased to RMB540.8 million in 2024. Our net loss decreased by 10.2% from RMB244.8 million for the five months ended May 31, 2024 to RMB219.9 million for the five months ended May 31, 2025. Our adjusted net loss (non-IFRS measure) was RMB390.5 million, RMB218.4 million, RMB352.4 million, RMB167.6 million and RMB164.5 million in 2022, 2023, 2024 and for the five months ended May 31, 2024 and 2025, respectively. Our adjusted EBITDA (non-IFRS measure) was RMB(317.6) million, RMB(126.6) million, RMB(215.3) million, RMB(114.9) million and RMB(100.8) million in 2022, 2023, 2024 and for the five months ended May 31, 2024 and 2025, respectively. See “Financial Information — Description of Major Comprehensive Income Line Items — Non-IFRS Measures” for a reconciliation of our net loss to the adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure). With cash and cash equivalents of RMB900.7 million as of May 31, 2025, supplemented by the proceeds from the Global Offering, we believe we are well-equipped financially to support our ongoing operations and strategic growth initiatives.



## SUMMARY

### OUR OFFERINGS AND REVENUE MODEL

We offer smart cockpit solutions and vehicle connectivity support services to OEM and Tier-1 supplier customers. During the Track Record 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. Meanwhile, we continued to serve major OEM customers with our vehicle connectivity support services and maintained a stable scale of this business. Additionally, we generated a small portion of our revenue from other sources, primarily from sales of automotive-grade chips, either for our own trading purpose or as commissioned by certain OEMs. We do not consider sales of chips as our core business, and our revenue from this source significantly reduced from 2022 to 2024. We plan to further reduce sales of chips over the next five years. 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,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
<b>Smart cockpit solutions</b>										
Domain controllers <sup>(1)</sup> . . . . .	674,302	55.4	784,850	52.4	1,959,008	76.6	458,149	81.7	599,769	79.6
Cockpit components <sup>(2)</sup> . . . . .	238,284	19.6	208,829	14.0	158,507	6.2	50,258	9.0	61,534	8.2
R&D services . . . . .	165,963	13.6	358,719	24.0	323,893	12.7	23,157	4.1	62,415	8.2
<b>Subtotal . . . . .</b>	<b>1,078,549</b>	<b>88.6</b>	<b>1,352,398</b>	<b>90.4</b>	<b>2,441,408</b>	<b>95.5</b>	<b>531,564</b>	<b>94.8</b>	<b>723,718</b>	<b>96.0</b>
<b>Vehicle connectivity</b>										
<b>support services . . . . .</b>	<b>89,326</b>	<b>7.3</b>	<b>122,370</b>	<b>8.2</b>	<b>110,228</b>	<b>4.3</b>	<b>27,036</b>	<b>4.8</b>	<b>27,535</b>	<b>3.7</b>
<b>Others<sup>(3)</sup> . . . . .</b>	<b>49,882</b>	<b>4.1</b>	<b>21,049</b>	<b>1.4</b>	<b>5,367</b>	<b>0.2</b>	<b>2,255</b>	<b>0.4</b>	<b>2,323</b>	<b>0.3</b>
<b>Total revenue . . . . .</b>	<b>1,217,757</b>	<b>100.0</b>	<b>1,495,817</b>	<b>100.0</b>	<b>2,557,003</b>	<b>100.0</b>	<b>560,855</b>	<b>100.0</b>	<b>753,576</b>	<b>100.0</b>

*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. For details, see “Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — 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.

## SUMMARY

### 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-boxes, cameras, microphones, speakers, wires, and antennas. Empowered by various layers of software, including operating system and application software, the domain controller integrates functions including vehicle interaction and control, navigation, augmented reality head-up display (“AR-HUD”), instrument cluster displays, driver monitoring system (“DMS”), occupant monitoring system (“OMS”), infotainment, and connectivity with other devices and networks. Our customers have the flexibility to 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 design. These offerings are collectively referred to as our software-hardware integrated solutions. 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 customers, 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. If our collaboration with R&D service customers extends to a project to produce the smart cockpit solutions developed by us in the R&D projects, we generate revenue from product sales based on shipment volume, which is separate from the R&D service fees previously charged.

The following table sets forth key metrics of our smart cockpit products (consisting of domain controllers and cockpit components) for the periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
<b>Domain controllers<sup>(1)</sup></b>					
Shipment volume (unit in thousands) . . . . .	488	793	915	221	266
Average unit price (RMB) . . . . .	1,382	990	2,141	2,075	2,257
Revenue (RMB in thousands) . . . . .	674,302	784,850	1,959,008	458,149	599,769
Percentage of total revenue (%) . . . . .	55.4	52.4	76.6	81.7	79.6
<b>Cockpit components<sup>(2)</sup></b>					
Shipment volume (units in thousands) . . . . .	681	513	750	393	183
Average unit price (RMB) . . . . .	350	407	211	128	337
Revenue (RMB in thousands) . . . . .	238,284	208,829	158,507	50,258	61,534
Percentage of total revenue (%) . . . . .	19.6	14.0	6.2	9.0	8.2

*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. For details, see “Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — 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).

## SUMMARY

During the Track Record Period, the shipment volume of domain controllers steadily increased, reflecting that the demand for our domain controllers increased and we successfully developed new customers and expanded our business with existing customers. The average unit price of domain controllers decreased from RMB1,382 in 2022 to RMB990 in 2023, primarily because the prices for domain controllers equipped with low-end SoCs decreased under the intensified market competition and such domain controllers accounted for a considerable portion of our total domain controller shipment volume in 2023. The average unit price of domain controllers increased to RMB2,141 in 2024 and further to RMB2,257 in the five months ended May 31, 2025, primarily due to our strategic focus on developing and producing domain controllers equipped with high-end SoCs, such as Qualcomm's Snapdragon 8295, catering to the increased consumer demand for vehicle models with higher level of intelligence and better performance of cockpit functions.

The following table sets forth the breakdown of shipment volume and revenue of our domain controllers by associated chip type for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
<b>Shipment volume</b>										
<b>(unit in thousands)</b>										
High-end SoC <sup>(1)</sup> . . . .	Nil	Nil	12	1.5	351	38.4	82	37.1	136	51.1
Mid-end SoC . . . . .	174	35.7	248	31.3	306	33.4	79	35.7	67	25.2
Low-end SoC . . . . .	314	64.3	533	67.2	258	28.2	60	27.1	63	23.7
<b>Total . . . . .</b>	<b>488</b>	<b>100.0</b>	<b>793</b>	<b>100.0</b>	<b>915</b>	<b>100.0</b>	<b>221</b>	<b>100.0</b>	<b>266</b>	<b>100.0</b>
<b>Revenue (RMB in</b>										
<b>thousands)</b>										
High-end SoC . . . . .	Nil	Nil	13,176	1.7	1,100,907	56.2	230,456	50.3	402,252	67.1
Mid-end SoC . . . . .	296,364	44.0	467,570	59.6	601,210	30.7	172,995	37.8	135,638	22.6
Low-end SoC . . . . .	377,938	56.0	304,104	38.7	256,891	13.1	54,698	11.9	61,879	10.3
<b>Total . . . . .</b>	<b>674,302</b>	<b>100.0</b>	<b>784,850</b>	<b>100.0</b>	<b>1,959,008</b>	<b>100.0</b>	<b>458,149</b>	<b>100.0</b>	<b>599,769</b>	<b>100.0</b>
<b>Average unit price</b>										
<b>(RMB)</b>										
High-end SoC <sup>(2)</sup> . . . .	Nil		1,137		3,136		2,807		2,951	
Mid-end SoC . . . . .	1,703		1,882		1,965		2,197		2,037	
Low-end SoC . . . . .	1,203		571		995		913		985	

*Notes:*

- (1) This category includes (i) domain controllers assembled by us using raw materials (including the SoCs) supplied by the customer, and (ii) domain controllers which are produced with raw materials (including the SoCs) procured by us based on specific needs of OEM customers.
- (2) This category includes (i) domain controllers assembled by us using raw materials (including the SoCs) supplied by the customer, with a unit price less than RMB1,000, and (ii) domain controllers which are produced with raw materials (including the SoCs) procured by us based on specific needs of OEM customers, with a unit price above RMB5,000.

## SUMMARY

According to CIC, high-end SoCs typically offer CPU computing power exceeding 150k DMIPS, mid-end SoCs usually range from 80k to 150k DMIPS and low-end SoCs generally fall below 80k DMIPS. The typical SoCs that we use in our smart cockpit domain controllers include (i) high-end SoCs such as Qualcomm's fourth generation Snapdragon 8295 chipset and Kirin 9610A, (ii) mid-end SoCs such as Qualcomm's SA8155P and MTK8666, and (iii) low-end SoCs such as Qualcomm's QCM6125. From 2022 to 2024, the shipment volume and revenue of domain controllers equipped with mid-end and high-end SoCs continually showed an upward trend. In contrast, although the shipment volume of domain controllers equipped with low-end SoCs experienced an increase in 2023 compared to 2022, the shipment volume declined in 2024 and the revenue of this type of domain controllers continually declined from 2022 to 2024. These changes reflected that we have strategically focused on developing and producing premium smart cockpit solutions, catering to the increased consumer demand for vehicle models with higher level of intelligence and better performance of cockpit functions. The shipment volume and revenue of domain controllers equipped with high-end SoCs increased in the five months ended May 31, 2025, as compared with the same period in 2024, in line with our business expansion. The figures of domain controllers equipped with mid-end SoCs dropped during the same period, primarily due to the completion of the project with a major customer. The shipment volume and revenue of domain controllers equipped with low-end SoCs increased during the same periods as a result of increased customer demand.

The following table sets forth the breakdown of shipment volume and revenue for our smart cockpit products (consisting of domain controllers and cockpit components) by customer type for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Absolute amount	% of total	Absolute amount	% of total	Absolute amount	% of total	Absolute amount	% of total	Absolute amount	% of total
<b>Shipment volume</b>										
(unit in thousands)										
OEM customers . . .	1,130	96.7	840	64.3	1,116	67.0	493	80.3	295	65.7
Other customers <sup>(1)</sup> .	39	3.3	466	35.7	549	33.0	121	19.7	154	34.3
<b>Total . . . . .</b>	<b>1,169</b>	<b>100.0</b>	<b>1,306</b>	<b>100.0</b>	<b>1,665</b>	<b>100.0</b>	<b>614</b>	<b>100.0</b>	<b>449</b>	<b>100.0</b>
<b>Revenue (RMB in thousands)</b>										
OEM customers . . .	876,576	96.1	748,257	75.3	1,838,218	86.8	456,442	89.8	584,326	88.4
Other customers <sup>(1)</sup> .	36,010	3.9	245,422	24.7	279,297	13.2	51,965	10.2	76,977	11.6
<b>Total . . . . .</b>	<b>912,586</b>	<b>100.0</b>	<b>993,679</b>	<b>100.0</b>	<b>2,117,515</b>	<b>100.0</b>	<b>508,407</b>	<b>100.0</b>	<b>661,303</b>	<b>100.0</b>

*Note:*

(1) Consisting of Tier-1 supplier customers and other participants along the value chain of the automotive industry.

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## SUMMARY

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### Vehicle Connectivity Support Services

We primarily provide OEM customers with (i) vehicle connectivity support services, which assist OEMs to provide car owners with technical assistance, road rescue, and emergency response services, and (ii) maintenance services for vehicle connectivity platforms including infrastructure maintenance and service applications maintenance to ensure stable operation of such platforms, and charge them service fees. We offer vehicle connectivity support services separately from our smart cockpit solutions. OEM customers can choose to purchase either or both of our smart cockpit solutions and vehicle connectivity support services.

The following table sets forth the key operating data for our vehicle connectivity support services for the periods indicated:

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
<b>User Support services:</b>				
Number of OEMs served . . . . .	5	7	8	8
Number of customer service centers operated . . . . .	10	10	11	10
<b>Platform maintenance services:</b>				
Number of OEMs served . . . . .	13	12	10	10
Number of platforms under our maintenance . . . . .	14	14	14	14

### OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiate us from our competitors:

- A pioneer in China's automotive intelligence transformation, leading with innovative solutions;
- Comprehensive in-house R&D capabilities with a focus on software;
- Highly scalable business model with strong mass production capabilities;
- User-centered solutions bringing superior experience to drivers and passengers;
- Strong ability to leverage diverse resources; and



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## SUMMARY

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- Highly-respected and industry-renowned founder and experienced senior management.

See “Business — Our Strengths.”

### OUR GROWTH STRATEGIES

Our business objective is to further enhance our competitive advantage in offering smart cockpit solutions and vehicle connectivity support services to the surging automotive intelligence market. Key elements of our strategies include:

- Expand our market share and solidify our industry leadership;
- Continuous innovation to capture industry development opportunities;
- Deepen overseas expansion and build an internationally-recognized brand;
- Integrate industrial resources and cultivate a comprehensive industrial ecosystem; and
- Enhance operational efficiency and optimize production management processes.

See “Business — Our Growth Strategies.”

### RISK FACTORS

Investing in the Offer Shares involves certain risks as set out in “Risk Factors” in this prospectus, which could be categorized into (i) risks relating to our business and industry, (ii) risks relating to jurisdictions where we operate, and (iii) risks relating to the Global Offering. Some of the major risks we are exposed to are as follows:

- The automotive intelligence industry we operate in is highly competitive and rapidly evolving. Any failure to compete effectively with our competitors could have a significant negative impact on our business, results of operations, and financial condition;
- Our historical revenue growth may not be indicative of our future growth or financial results. If we fail to effectively manage the growth of our business or execute our growth strategies, our business, financial condition, and results of operations could be materially and adversely affected;
- If our products and solutions fail to meet the evolving market need in the automotive industry, or if the adoption of automotive intelligence solutions and technologies declines, our business, results of operations, and financial condition could be adversely affected;

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## SUMMARY

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- Failure to secure purchases from our existing customers at certain quantities or prices, attract new ones, or increase customer spending could materially and adversely impact our business, results of operations, and financial condition;
- We had a history of net loss and net operating cash outflows during the Track Record Period, and we are uncertain about our future profitability;
- We have been and intend to continue investing substantial resources in R&D. However, there is no assurance that these efforts will prove successful and we will generate the results we expect to achieve;
- Our business is subject to reliance on chip suppliers;
- We depend on the continued efforts of our key management, as well as qualified and experienced personnel, and any failure to attract, motivate and retain such individuals would materially and adversely affect our business, results of operations, and financial condition; and
- There can be no assurance that our efforts seeking design wins for our products and solutions will succeed.

## OUR CUSTOMERS AND SUPPLIERS

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 of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB1,018.5 million, RMB966.4 million, RMB1,902.1 million and RMB610.8 million, which accounted for 83.6%, 64.6%, 74.4% and 81.1% of our total revenue of the relevant year/period, respectively. Revenue from the largest customer of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB404.4 million, RMB428.2 million, RMB998.5 million and RMB375.4 million, which accounted for 33.2%, 28.6%, 39.1% and 49.8% of our total revenue, respectively.

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 of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB313.8 million, RMB400.5 million, RMB1,075.9 million and RMB383.6 million, which accounted for 32.2%, 40.8%, 56.6% and 60.5% of our total purchases of the relevant year/period, respectively. Purchases from our largest supplier of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB79.9 million, RMB136.4 million, RMB478.8 million and RMB192.8 million, which accounted for 8.2%, 13.9%, 25.2% and 30.4% of our total purchases, respectively.

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## SUMMARY

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### ***Reliance on Qualcomm***

In 2022, 2023, 2024 and five months ended May 31, 2025, our purchases of Qualcomm SoCs accounted for 67.3%, 44.2%, 87.0% and 80.5% of our total purchase value of SoCs, respectively, and 54.9%, 56.6%, 68.3% and 63.9% of our total procurement volume, respectively. Specifically, our purchases of Qualcomm SoCs directly from Qualcomm accounted for 16.0%, 16.5%, 77.6% and 73.6% of our total purchase value of SoCs, respectively, with the remaining purchased from distributors of Qualcomm SoCs.

With a particular focus on securing stable and high-quality chip supplies, we have established strong business relationships with Qualcomm since 2021 and were among the first to develop smart cockpit solutions using its fourth-generation Snapdragon 8295 chipset, according to CIC. We entered into a supply framework agreement with Qualcomm in 2021. When Qualcomm receives and accepts our purchase orders under the framework agreement, it is obligated to provide requested components in the amount specified in the purchase order. To facilitate the planning of component manufacturing and delivery, we provide Qualcomm with forecast of our anticipated monthly requirements based on customer demands. To ensure supply stability, Qualcomm shall provide at least 180-days' prior written notice for any product discontinuation and allow us to place last-time purchase orders. The framework agreement has an initial term of five years and automatically renews for successive one-year periods unless terminated in accordance with its terms. As of the Latest Practicable Date, we were not aware of or involved in any dispute with Qualcomm. For details, see "Business — Our Strategic Partnerships — SoC Solution Providers — Reliance on Qualcomm."

### **SUMMARY OF HISTORICAL FINANCIAL INFORMATION**

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this prospectus. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the Accountants' Report set out in Appendix I to this prospectus, including the related notes. Our consolidated financial information was prepared in accordance with International Financial Reporting Standards ("IFRS") accounting standards.

## SUMMARY

### Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of comprehensive income and as percentages of our revenue for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(RMB in thousands, except for percentages)										
(unaudited)										
Revenue . . . . .	1,217,757	100.0	1,495,817	100.0	2,557,003	100.0	560,855	100.0	753,576	100.0
Cost of sales . . . . .	(1,046,635)	(85.9)	(1,264,729)	(84.6)	(2,256,001)	(88.2)	(532,486)	(94.9)	(654,921)	(86.9)
<b>Gross profit . . . . .</b>	<b>171,122</b>	<b>14.1</b>	<b>231,088</b>	<b>15.4</b>	<b>301,002</b>	<b>11.8</b>	<b>28,369</b>	<b>5.1</b>	<b>98,655</b>	<b>13.1</b>
Other income . . . . .	46,949	3.9	30,820	2.1	59,884	2.3	20,950	3.7	35,843	4.8
Impairment losses under expected credit loss model, net of reversal . . . . .	(5,400)	(0.4)	(14,170)	(0.9)	(149,945)	(5.9)	4,341	0.8	19,025	2.5
Other gains and losses . . . . .	(178)	(0.0)	108,431	7.2	50,853	2.0	9,718	1.7	(43,697)	(5.8)
Selling expenses . . . . .	(109,709)	(9.0)	(116,838)	(7.8)	(148,891)	(5.8)	(49,477)	(8.8)	(48,569)	(6.4)
Administrative expenses . . . . .	(250,397)	(20.6)	(259,797)	(17.4)	(370,379)	(14.5)	(137,404)	(24.5)	(145,067)	(19.3)
Research and development costs . . . . .	(277,424)	(22.8)	(235,440)	(15.7)	(207,279)	(8.1)	(90,985)	(16.2)	(98,011)	(13.0)
Share of result of associates . . . . .	—	—	—	—	(733)	(0.0)	(86)	0.0	(5,682)	(0.8)
Share of result of a joint venture . . . . .	—	—	—	—	(10)	(0.0)	—	—	(4)	(0.0)
Listing expenses . . . . .	—	—	—	—	(31,221)	(1.2)	(13,033)	(2.3)	(9,244)	(1.2)
Finance costs . . . . .	(27,113)	(2.2)	(27,788)	(1.9)	(44,074)	(1.7)	(17,165)	(3.1)	(23,170)	(3.1)
Loss before tax . . . . .	(452,150)	(37.1)	(283,694)	(19.0)	(540,793)	(21.1)	(244,772)	(43.6)	(219,921)	(29.2)
Income tax . . . . .	(3)	(0.0)	(67)	(0.0)	(27)	(0.0)	—	—	—	—
<b>Loss for the period . . . . .</b>	<b>(452,153)</b>	<b>(37.1)</b>	<b>(283,761)</b>	<b>(19.0)</b>	<b>(540,820)</b>	<b>(21.1)</b>	<b>(244,772)</b>	<b>(43.6)</b>	<b>(219,921)</b>	<b>(29.2)</b>

### Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (non-IFRS measure) and

## SUMMARY

adjusted EBITDA (non-IFRS measure) may not be comparable to similarly-titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted for equity-settled share-based payments and listing expenses. Our equity-settled share-based payments consist of non-cash expenses arising from granting restricted ordinary shares to eligible individuals. Listing expenses are the expenses arising from activities in relation to the proposed Listing and Global Offering.

We define adjusted EBITDA (non-IFRS measure) as adjusted net loss (non-IFRS measure) adjusted by adding back (i) finance costs, (ii) income tax, (iii) depreciation of property, plant and equipment, and (iv) depreciation of right-of-use assets, and deducting interest income from bank deposits. The terms “adjusted net loss” and “adjusted EBITDA” are not defined under IFRS, and such terms may not be comparable to other similarly-named measures used by other companies.

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>(RMB in thousands)</i>				
	<i>(unaudited)</i>				
<b>Loss for the year/period . . . . .</b>	<b><u>(452,153)</u></b>	<b><u>(283,761)</u></b>	<b><u>(540,820)</u></b>	<b><u>(244,772)</u></b>	<b><u>(219,921)</u></b>
Add:					
Equity-settled share-based					
payments . . . . .	61,638	65,363	157,186	64,092	46,128
Listing expenses . . . . .	<u>—</u>	<u>—</u>	<u>31,221</u>	<u>13,033</u>	<u>9,244</u>
<b>Adjusted net loss (non-IFRS</b>					
<b>    measure) . . . . .</b>	<b><u>(390,515)</u></b>	<b><u>(218,398)</u></b>	<b><u>(352,413)</u></b>	<b><u>(167,647)</u></b>	<b><u>(164,549)</u></b>
Add:					
Finance costs . . . . .	27,113	27,788	44,074	17,165	23,170
Income tax expenses . . . . .	3	67	27	—	—
Depreciation of property, plant and					
equipment . . . . .	25,517	30,276	39,539	11,629	17,203
Depreciation of right-of-use assets .	24,855	35,415	55,430	24,245	23,946
Less:					
Interest income from bank deposits	<u>(4,596)</u>	<u>(1,756)</u>	<u>(1,956)</u>	<u>(331)</u>	<u>(538)</u>
<b>Adjusted EBITDA (non-IFRS</b>					
<b>    measure) . . . . .</b>	<b><u>(317,623)</u></b>	<b><u>(126,608)</u></b>	<b><u>(215,299)</u></b>	<b><u>(114,939)</u></b>	<b><u>(100,768)</u></b>



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## SUMMARY

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### *Fluctuations in Our Results of Operations*

We had revenue of RMB1,217.8 million, RMB1,495.8 million, RMB2,557.0 million, RMB560.9 million and RMB753.6 million in 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, respectively. The overall increase of our revenue during the Track Record Period was mainly attributable to (i) the increase in shipment volume of our domain controllers from approximately 0.5 million in 2022 to approximately 0.8 million in 2023 and further to approximately 0.9 million in 2024, and the increase in shipment volume from approximately 0.2 million units for the five months ended May 31, 2024 to 0.3 million units for the five months ended May 31, 2025, which was driven by growing demand from our customers, and (ii) our strategic focus on producing domain controllers equipped with high-end SoCs, which are relatively high-priced and cater to the growing consumer demand for vehicle models with higher intelligence and enhanced cockpit functions.

Our gross profit margin increased from 5.1% for the five months ended May 31, 2024 to 13.1% for the five months ended May 31, 2025, primarily due to our strategic focus on producing domain controllers equipped with high-end SoCs, which bear higher gross profit margin rates. Our gross profit margin for the five months ended May 31, 2024, was relatively low primarily due to costs associated with new production lines and additional human resources to support the mass production of domain controllers equipped with high-end SoCs for a major OEM customer. As our production of the domain controllers for this OEM had a ramp-up stage, revenue growth did not keep pace with the increased costs in the five months ended May 31, 2024. The domain controller shipment volume for this OEM has gradually increased after the ramp-up stage, driving an increase in our overall gross profit margin in the second half of 2024 and the five months ended May 31, 2025. Our gross profit margin decreased from 15.4% in 2023 to 11.8% in 2024, primarily due to the greater revenue contribution of sales of domain controllers, which have a relatively low gross margin compared with that of our R&D services and vehicle connectivity support services. Our impairment losses under expected credit loss model increased from RMB14.2 million in 2023 to RMB149.9 million in 2024, primarily because we recognized credit loss of RMB117.6 million for trade receivables due from one OEM customer which is experiencing difficulties in its operations.

Our net loss decreased by 10.2% from RMB244.8 million for the five months ended May 31, 2024 to RMB219.9 million for the five months ended May 31, 2025. After the adjustments of equity-settled share-based payments and listing expenses, our adjusted net loss (non-IFRS measure) decreased from RMB167.6 million for the five months ended May 31, 2024 to RMB164.5 million for the five months ended May 31, 2025. The decreases in net loss and adjusted net loss (non-IFRS measure), was primarily due to an increase in our gross profit from RMB28.4 million for the five months ended May 31, 2024 to RMB98.7 million for the same period in 2025, which was offset by (i) other loss of RMB43.7 million incurred for the five months ended May 31, 2025, primarily attributable to the losses from changes in fair value of financial assets at FVTPL of RMB36.1 million mainly associated with our equity interest in a new energy vehicle manufacturer for the five months ended May 31, 2025, and losses on disposal of property, plant and equipment and early termination of lease or RMB4.2 million, while we recorded gains on these two line items in the same period of 2024, (ii) an increase in administrative expenses from RMB137.4 million for the five months ended May 31, 2024,

## SUMMARY

compared to RMB145.1 million for the same period in 2025, (iii) an increase in research and development expenses from RMB91.0 million for the five months ended May 31, 2024, to RMB98.0 million for the same period in 2025, and (iv) an increase in finance costs from RMB17.2 million for the five months ended May 31, 2024 to RMB23.2 million for the same period in 2025.

Our net loss increased from RMB283.8 million in 2023 to RMB540.8 million in 2024. After the adjustments of equity-settled share-based payments and listing expenses, our adjusted net loss (non-IFRS measure) increased from RMB218.4 million in 2023 to RMB352.4 million, primarily due to (i) an increase in impairment losses recognized for trade receivables due from one OEM customer which is experiencing difficulties in its operation, (ii) an increase in our selling expenses from RMB116.8 million in 2023 to RMB148.9 million in 2024, reflecting our increased sales efforts to grow our businesses, and (iii) a decrease in other gains from RMB108.4 million in 2023 to RMB50.9 million in 2024, primarily due to the changes in fair value of financial assets associated with our equity interest in an intelligent NEV manufacturer.

Our net loss decreased from RMB452.2 million in 2022 to RMB283.8 million in 2023. After the adjustment of equity-settled share-based payments, our adjusted net loss (non-IFRS measure) decreased from RMB390.5 million in 2022 to RMB218.4 million in 2023, primarily due to (i) an increase in our gross profit from RMB171.1 million in 2022 to RMB231.1 million in 2023, and (ii) other gains of RMB108.4 million that we recognized in 2023 as compared to other losses of RMB0.2 million recognized in 2022. Other gains and losses were mainly caused by the changes in fair value of financial assets associated with our equity interest in an intelligent NEV manufacturer.

### Summary of Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this prospectus:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Non-current assets . . . . .	288,359	464,387	726,531	777,773
Current assets . . . . .	1,998,542	2,116,364	3,581,219	3,350,012
<b>Total assets . . . . .</b>	<b>2,286,901</b>	<b>2,580,751</b>	<b>4,307,750</b>	<b>4,127,785</b>
Non-current liabilities . . . . .	156,065	266,168	429,925	483,929
Current liabilities . . . . .	1,313,574	1,715,679	2,331,769	2,271,930
<b>Total liabilities . . . . .</b>	<b>1,469,639</b>	<b>1,981,847</b>	<b>2,761,694</b>	<b>2,755,859</b>
Net current assets . . . . .	684,968	400,685	1,249,450	1,078,082
<b>Net assets . . . . .</b>	<b>817,262</b>	<b>598,904</b>	<b>1,546,056</b>	<b>1,371,926</b>

## SUMMARY

Our net assets decreased from RMB1,546.1 million as of December 31, 2024 to RMB1,371.9 million as of May 31, 2025, primarily due to total comprehensive expenses for the period of RMB220.3 million, partially offset by equity-settled share-based payments of RMB46.1 million for the five months ended May 31, 2025. Our net assets increased from RMB598.9 million as of December 31, 2023 to RMB1,546.1 million as of December 31, 2024, primarily due to issuance of ordinary shares of RMB1,330.8 million, partially offset by total comprehensive expense for the year of RMB540.8 million. Our net assets decreased from RMB817.3 million as of December 31, 2022 to RMB598.9 million as of December 31, 2023, primarily due to total comprehensive expenses for the year of RMB283.7 million.

Our net current assets decreased from RMB1,249.5 million as of December 31, 2024 to RMB1,078.1 million for the five months ended May 31, 2025, primarily due to a decrease in trade and other receivables and cash and cash equivalents, and an increase in bank borrowings. Our net current assets decreased to RMB400.7 million as of December 31, 2023 from RMB685.0 million as of December 31, 2022, primarily due to a decrease in cash and cash equivalents, an increase in bank borrowings, and an increase in bill, trade and other payables. We recorded net current assets of RMB1,249.5 million as of December 31, 2024, as compared to net current assets of RMB400.7 million as of December 31, 2023, primarily due to increases in trade and other receivables, cash and cash equivalents, and inventories and contract costs. We recorded net current assets of RMB1,078.1 million as of May 31, 2025, as compared to net current assets of RMB1,249.5 million as of December 31, 2024, primarily due to a decrease in trade and other receivables, and an increase in short-term loans. For more details, see “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Current Assets and Liabilities.”

### Summary of Consolidated Statement of Cash Flows

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

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
	(unaudited)				
Net cash (used in) from operating activities . . . . .	(463,725)	(270,571)	(705,789)	(414,523)	90,404
Net cash (used in) from investing activities . . . . .	(378,129)	(410,990)	(315,298)	19,495	(265,648)
Net cash from financing activities . . . . .	<u>1,341,641</u>	<u>350,760</u>	<u>1,741,065</u>	<u>894,827</u>	<u>99,265</u>
<b>Net increase (decrease) in cash and cash equivalents . . . . .</b>	<b>499,787</b>	<b>(330,801)</b>	<b>719,978</b>	<b>499,799</b>	<b>(75,979)</b>
Cash and cash equivalents at the beginning of the year/period. . . . .	88,018	587,863	257,038	257,038	977,006
Effects of change in foreign exchange rate . . . . .	<u>58</u>	<u>(24)</u>	<u>(10)</u>	<u>(17)</u>	<u>(293)</u>
<b>Cash and cash equivalents at the end of the year/period . . . . .</b>	<b><u>587,863</u></b>	<b><u>257,038</u></b>	<b><u>977,006</u></b>	<b><u>756,820</u></b>	<b><u>900,734</u></b>

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## SUMMARY

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We had net operating cash outflow of RMB463.7 million, RMB270.6 million, RMB705.8 million in 2022, 2023, 2024, respectively, primarily due to our losses before tax. We had net operating cash inflow of RMB90.4 million for the five months ended May 31, 2025, primarily due to the decrease in trade and other receivables. Our trade receivables turnover and inventory and contract assets turnover also impacted on our cash position and cash conversion cycle given the prolonged period for cash receipt after revenue recognition primarily due to long payment cycles of OEMs and our strategic level of finished goods as inventories to support timely customer delivery.

We 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. During the Track Record Period, we funded our cash requirements primarily with capital contribution from shareholders and financing through the Pre-IPO Investments. Our total cash balance is sufficient to cover our net cash flows used in operating activities, and provides adequate liquidity for our expansion of business operations. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, to meet our present needs and for the next 12 months from the date of the prospectus, taking into account the financial resources available to us. In addition, we have implemented a series of strategic measures to manage our prolonged cash conversion cycle with an aim to ensure adequate working capital and improve our overall liquidity. To strengthen our management on turnover of trade receivables, we regularly conduct aging analyses to monitor the collection of trade receivables. For customers with prolonged collection periods, we assign dedicated personnel to proactively engage with these customers through structured follow-ups, dynamically monitor their operational status, negotiate repayment plans with such customers and take legal action when necessary. Where material changes in a customer's financial condition appear to occur, we escalate collection efforts accordingly. To further optimize and expedite collections, we have streamlined our invoicing process by actively adopting e-invoicing and reducing reliance on paper-based invoices, accelerating invoice delivery and processing times. We are also improving inventory turnover and supply chain management by negotiating more flexible payment terms with suppliers. We maintain strong relationships with banks and financial institutions to secure and fully utilize available credit facilities, ensuring access to necessary funding. Taking into account the independent due diligence conducted by the Joint Sponsors, and based on the written confirmation from the Company in respect of working capital sufficiency, review of the accountants' report and the Company's indebtedness status, the financial due diligence conducted on the historical financial information of the Group during the Track Record Period and the discussion with the Directors, nothing material has come to the attention of the Joint Sponsors that would cast doubt on the Company's conclusion that the Company has sufficient working capital to meet its present needs and at least for the next 12 months from the date of this prospectus.

We had net cash used in investing activities of RMB378.1 million, RMB411.0 million, RMB315.3 million and RMB265.6 million in 2022, 2023, 2024, and for the five months ended May 31, 2025, respectively, primarily due to our purchase of property, plant and equipment. We had net cash from financing activities of RMB1,341.6 million, RMB350.8 million, RMB1,741.1 million and RMB99.3 million in 2022, 2023, 2024, and for the five months ended May 31, 2025, respectively, primarily due to proceeds from bank borrowing and issuance of ordinary shares.

## SUMMARY

### KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>(unaudited)</i>				
Year-to-year/period-to-period					
revenue growth . . . . .	41.0%	22.8%	70.9%	N.A.	34.4%
Gross profit margin <sup>(1)</sup> . . . . .	14.1%	15.4%	11.8%	5.1%	13.1%
Net loss margin <sup>(2)</sup> . . . . .	(37.1)%	(19.0)%	(21.2)%	(43.6)%	(29.2)%
Adjusted net loss margin					
(non-IFRS measure) <sup>(3)</sup> . . . . .	(32.1)%	(14.6)%	(13.8)%	(29.9)%	(21.8)%
Adjusted EBITDA margin					
(non-IFRS measure) <sup>(4)</sup> . . . . .	(26.1)%	(8.5)%	(8.4)%	(20.5)%	(13.4)%
	As of December 31,			As of May 31,	
	2022	2023	2024	2025	
Current ratio <sup>(5)</sup> . . . . .	1.5	1.2	1.5	1.5	
Quick ratio <sup>(6)</sup> . . . . .	1.2	0.9	1.3	1.2	

*Notes:*

- (1) Calculated by dividing gross profit for the period by revenue for the period multiplied by 100%.
- (2) Calculated by dividing net loss for the period by revenue for the period multiplied by 100%.
- (3) Calculated by dividing adjusted net loss (non-IFRS measure) by revenue for the period multiplied by 100%. See “Financial Information — Description of Major Comprehensive Income Line Items — Non-IFRS Measures.”
- (4) Calculated by dividing adjusted EBITDA (non-IFRS measure) by revenue for the year multiplied by 100%. See “Financial Information — Description of Major Comprehensive Income Line Items — Non-IFRS Measures.”
- (5) Calculated by dividing total current assets by total current liabilities as of the end of the period.
- (6) Calculated by dividing total current assets minus inventory by total current liabilities as of the end of the period.

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## SUMMARY

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### **PATH TO PROFITABILITY**

We have not been profitable in any financial year since our establishment. Our revenue increased significantly during the Track Record Period, growing from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, and further to RMB2,557.0 million in 2024. Our revenue increased by 34.4% from RMB560.9 million for the five months ended May 31, 2024 to RMB753.6 million for the five months ended May 31, 2025. However, despite this robust revenue growth, it has not yet been sufficient to fully offset the various costs and expenses incurred during the Track Record Period. In 2022, 2023, 2024 and for the five months ended May 31, 2024 and 2025, we incurred net loss of RMB452.2 million, RMB283.8 million, RMB540.8 million, RMB244.8 million and RMB219.9 million, respectively, and adjusted net loss (non-IFRS measure) of RMB390.5 million, RMB218.4 million, RMB352.4 million, RMB167.6 million and RMB164.5 million for the same periods, respectively. During the Track Record Period, our adjusted net loss margin (non-IFRS measure), representing adjusted net loss as a percentage of revenue, continually narrowed, decreasing from 32.1% in 2022 to 14.6% in 2023, and further to 13.8% in 2024. Our adjusted net loss margin (non-IFRS measure) was 21.8% for the five months ended May 31, 2025, which is higher than the adjusted net loss margin for the full year of 2024, primarily due to the seasonal fluctuations in demand for our solutions. Our losses during the Track Record Period were primarily due to (i) our limited operating history of smart cockpit solutions, (ii) significant investments in R&D, (iii) our economies of sale still materializing, (iv) moderate pricing approach to gain a larger market share, and (v) investment in attracting and retaining talent. However, we believe that our strong customer base, robust technology and product capabilities, and reliable mass production capacity provide a solid foundation for sustainable long-term growth. We plan to achieve breakeven and profitability by the following approaches:

- *Improve sales performance.* We believe that our strong customer base, robust technology and product capabilities, and reliable mass production capacity provide a solid foundation for our sustainable long-term growth. We plan to achieve breakeven and profitability primarily through (i) capturing market opportunity, (ii) strengthening existing collaborations and attracting new customers, and (iii) expanding overseas markets.
- *Improving gross profit margin.* Our ability to increase our gross profit margin is crucial to our business success and profitability. We plan to further improve our gross profit margin through (i) innovating and refining our offerings by allocating resources to foster innovation and develop advanced technologies, (ii) managing costs of materials and components for manufacturing our smart cockpit solutions include SoCs, other automotive-grade chips, various types of modules, PCBs, displays, and other devices for our solutions, (iii) enhancing production efficiency by increasing our in-house production capacities, and (iv) enhancing inventory management by establishing an inventory management system and an ERP system that monitor our warehousing process.



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## SUMMARY

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- *Enhancing operating leverage.* Moving forward, we aim to refine our different functions and efficiently manage operational efficiency to support our sustained growth. Leveraging the foundation that our historical investments in research and development have established for our operations, we expect the research and development expenses as a percentage of revenue to decrease over time. Our research and development expenses decreased from 2022 to 2024. These decreases did not adversely affect our business and financial performance, demonstrated by the continuous increase in our revenue from 2022 to 2024, because we have been able to leverage and reuse accumulated knowledge and experience in earlier research and development projects, thereby reducing duplication of research and development work and enhancing efficiency. For example, we started our research and development on Qualcomm’s Snapdragon 8295 chipset since 2022 with an aim of providing smart cockpit solutions based on this high-end SoC. In February 2023, a leading Chinese NEV OEM awarded us design wins for all of its existing and upcoming car models released under its current modular car platform. Therefore, we incurred substantial research and development expenses in 2022 and 2023, in connection with our research and development work for Snapdragon 8295 chipset. We started to deliver domain controller samples to this customer which generated revenue for us in June 2023 and started mass production of domain controllers in February 2024. Accordingly, our research and development expenses decreased in 2024 partly because our development of domain controllers based on Snapdragon 8295 chipset successfully completed. When a new customer engages us to design and produce smart cockpit domain controllers based on Qualcomm’s Snapdragon 8295 chipset, our research and development staff can leverage our know-how accumulated in developing existing solutions, with less time spent in the design process for the new customer. We will also actively monitor our administrative expenses and improve our operational efficiency. In addition, we will leverage our solid customer relationships and communication channels to secure more contracts and acquire customers more cost-effectively to control our selling expenses.

We believe that expanded revenue scale, improved gross profit margin and enhanced operating leverage will drive our profitability. Our Directors believe that our business is sustainable. Taking into consideration the financial resources presently available to us, including cash and cash equivalents on hand and internally-generated funds, but without the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present needs until December 31, 2026.

For a detailed path to profitability analysis, see “Financial Information — Path to Profitability.”



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### IMPACT OF THE COVID-19 PANDEMIC

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has materially and adversely affected China's and the global economy. The COVID-19 pandemic had adverse impact on automotive OEMs' operations as their manufacturing and sales generally slowed down and their production schedule experienced delays due to the global supply shortage of certain raw materials and components. These factors affected the demand for our smart cockpit products from OEMs impacted by the COVID-19, which in turn caused us to be unable to meet our business growth target in 2022. The COVID-19 also had adverse impact on supplies of certain raw materials. For example, the average unit price for the SoCs we purchased in 2022 increased approximately 4%. We negotiated, and successfully reached agreements, with a few customers to obtain compensation for the increased chip costs that we incurred for purchasing chips to be used in the domain controllers for these customers.

The COVID-19 outbreaks in China and the measures taken to contain the spread caused delays and/or cancellations of certain on-site office activities, manufacturing processes, and research and development activities. We managed to mitigate the impact on our operations and performance by taking various measures, including implementing remote work arrangements for research and development activities, stocking raw materials, maintaining continuous operation of our factories, and working with logistics and transportation partners to guarantee timely delivery of our products. There were not material disruptions on our production activities due to the COVID-19 outbreak. We believe that our operational and financial performance was not materially adversely affected by the COVID-19 pandemic during the Track Record Period. Since the COVID-19 pandemic subsided from early 2023, our business and the operation has resumed to normal.

### OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Ying, our founder, chairman of our Board, executive Director and general manager, was entitled to exercise approximately 34.14% of the voting rights in our Company through: (i) 32,295,581 Shares (representing approximately 23.14% of the voting rights in our Company) directly held by him, and (ii) 15,350,000 Shares (representing approximately 11.00% of the voting rights in our Company) held by our Employee Incentive Platforms, which were controlled by Mr. Ying as their respective general partner.

Immediately upon completion of the Global Offering, Mr. Ying will, by himself and through our Employee Incentive Platforms, be entitled to exercise approximately 31.77% of the voting rights of our Company (assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Scheme) or approximately 31.44% of the voting rights of our Company (assuming that the Over-allotment Option is exercised in full and without taking into account any Shares to be issued under the Pre-IPO Share Option Scheme). Accordingly, Mr. Ying and our Employee Incentive Platforms constitute a group of Controlling Shareholders upon completion of the Global Offering.

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## SUMMARY

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### PRE-IPO INVESTORS

We have attracted certain Pre-IPO Investors and completed eight rounds of financings from them since our establishment to raise funds for the development of our business as of the Latest Practicable Date. For further details of the identity and background of the Pre-IPO Investors, the amount raised and the usage of proceeds, see “History, Development and Corporate Structure — Pre-IPO Investments.”

### A SHARE LISTING PREPARATION

In January 2022, we entered into a tutoring agreement with Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) to act as a sponsor to undergo a tutoring process (輔導期) for a potential A share listing on the SSE STAR Market (the “**A Share Listing Preparation**”). As of the Latest Practicable Date, we did not submit any A share listing application to the CSRC or any stock exchange for review, nor did we receive any comments or issues raised by the CSRC (including its local offices) or any stock exchange in relation to the A Share Listing Preparation. Following the completion of the Global Offering and the Listing on the Stock Exchange, the Company will continue to monitor market movements and regulatory conditions to weigh and may pursue a listing of Shares at a stock exchange in the PRC. The Company will not pursue a listing on any stock exchanges in the PRC before the completion of, or within six months after, the Listing. See “History, Development and Corporate Structure — A Share Listing Preparation.”

### RECENT DEVELOPMENT

Despite the continuous growth in our business operations, we anticipate continuing to record a significant increase in net loss for the year ending December 31, 2025, primarily because (i) we expect our equity-settled share-based payment expenses to further increase for the year ending December 31, 2025, taking into consideration the share-based compensation awards under the pre-IPO share option scheme adopted by our Company in August 2025 which would have one-off impact on our operating results and dilution effect to our Shareholders, and (ii) we incurred loss from changes in fair value of financial assets at FVTPL associated with our equity interest in a new energy vehicle manufacturer for the five months ended May 31, 2025, compared to a gain we recognized in 2024. We also anticipate continuing to have net cash used in operating activities for the year ending December 31, 2025.

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since May 31, 2025, being the end date of our latest consolidated financial statements as set out in the Accountants’ Report included in Appendix I to this prospectus, and up to the date of this prospectus.

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## SUMMARY

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### DIVIDENDS

During the Track Record Period, we did not declare or distribute any dividend. Pursuant to our Articles of Association, subject to the approval of our Board and Shareholders, we may distribute dividends to our Shareholders when we have 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 our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. We do not have a pre-determined dividend payout ratio. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As advised by our PRC Legal Advisor, our Company may not declare and pay dividends before making up for the accumulated losses and setting aside the required reserve fund in accordance with the PRC laws and regulations. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

### APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and the H Shares to be converted from Domestic Shares, on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2024, which is over HK\$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the Offer Price, exceeds HK\$4.0 billion.

### OFFERING STATISTICS

All statistics in the following table are based on the assumption that the Over-allotment Option is not exercised:

	Based on the Offer Price of HK\$102.23 per H Share
Market capitalization of the H Shares following the completion of the Global Offering <sup>(1)</sup> . . . . .	HK\$7,258.1 million
Market capitalization of our Shares after the completion of the Global Offering <sup>(2)</sup> . . . . .	HK\$15,333.6 million
Unaudited pro forma adjusted consolidated net tangible assets per H Share <sup>(3)</sup> . . . . .	HK\$16.43

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## SUMMARY

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*Notes:*

- (1) The calculation of market capitalization is based on the 70,997,847 H Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The calculation of market capitalization is based on the 149,991,249 Shares expected to be in issue immediately upon completion of the Global Offering.
- (3) The unaudited pro forma net tangible assets per H Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 149,991,249 Shares were in issue assuming that the Global Offering has been completed on May 31, 2025, but takes no account of any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option; (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (iii) which may be issued under employee incentive schemes. For the purpose of this unaudited pro forma adjusted net tangible assets per H Share, the amounts stated in Renminbi are converted into Hong Kong dollars at the rate of HK\$1.00 to RMB0.91331.

### LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees, and other fees in relation to the Listing and the Global Offering. The estimated total listing expenses (assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB135.0 million (approximately HK\$147.8 million), accounting for 13.9% of the gross proceeds from the Global Offering. The estimated total listing expenses consist of (i) sponsor and underwriting-related expenses (including but not limited to commissions) of approximately RMB74.3 million (approximately HK\$81.4 million), and (ii) non-underwriting-related expenses of approximately RMB60.7 million (approximately HK\$66.5 million), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB45.1 million (approximately HK\$49.4 million), and other fees and expenses of approximately RMB15.6 million (approximately HK\$17.1 million).

In 2022 and 2023, we incurred listing expenses for the Global Offering of nil. In 2024 and for the five months ended May 31, 2025, we incurred listing expenses of RMB31.2 million and RMB9.2 million, respectively, which was charged to the consolidated statements of profit or loss. We expect to incur additional listing expenses, (i) approximately RMB25.4 million (approximately HK\$27.9 million) of which is expected to be charged in profit or loss subsequent to the Track Record Period, and (ii) approximately RMB69.1 million (approximately HK\$75.7 million) of which is expected to be directly attributable to the issue of Offer Shares and will be recognized as a deduction in equity directly upon the Listing. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

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## SUMMARY

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### USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$919.1 million, after deducting estimated underwriting commissions, fees and expenses payable by us in connection with the Global Offering, based on the Offer Price of HK\$102.23 per Share, and assuming the Over-allotment Option is not exercised.

We currently intend to apply the net proceeds from the Global Offering for the following purposes:

- Approximately 30% of the net proceeds, or HK\$275.7 million, is expected to be used for 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.
- Approximately 30% of the net proceeds, or HK\$275.7 million, is expected to be allocated to enhance our production, testing, and validation capabilities.
- Approximately 20% of the net proceeds, or HK\$183.8 million, is expected to expand our sales and services network and to raise our brand awareness.
- Approximately 10% of the net proceeds, or HK\$91.9 million, is expected to be used for strategic acquisitions aimed at further integrating industry resources.
- Approximately 10% of the net proceeds, or HK\$91.9 million, will be allocated to working capital and general corporate purposes.

See “Future Plans and Use of Proceeds.”

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in “Glossary of Technical Terms.”*

“Accountants’ Report”	the accountants’ report of the Company, the text of which is set out in “Appendix I — Accountants’ Report”
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of the Company conditionally adopted on June 24, 2024 with effect from the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in “Appendix V — Summary of Articles of Association”
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“Business Day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“Capital Market Intermediary(ies)”	the capital market intermediaries as set out in “Directors, Supervisors and Parties Involved in the Global Offering”
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“China”, “Mainland China” or “PRC”	the People’s Republic of China and for the purpose of this prospectus only and for geographical reference only, except where the context requires, references in this prospectus to “China” and the “PRC” do not apply to Hong Kong SAR, Macau SAR and Taiwan Region

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## DEFINITIONS

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“CIC” or “Industry Consultant”	China Insights Industry Consultancy Limited, our industry consultant, an independent market research and consulting company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	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, or, where the context requires (as the case may be), its predecessor, Shanghai Botai Yuezhen Electronic Equipment Manufacturing Co., Ltd. (上海博泰悅臻電子設備製造有限公司), a limited liability company established in the PRC on October 20, 2009
“Compliance Adviser”	Guotai Junan Capital Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Ying and the Employee Incentive Platforms, further details of which are set out in “Relationship with the Controlling Shareholders”
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)



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## DEFINITIONS

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“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and not listed or traded on any stock exchange
“EIT”	enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Employee Incentive Platforms”	Shanghai Rujia, Shanghai Jinlin, Shanghai Chushui, Shanghai Miaolong, Shanghai Fengwulin, Shanghai Yingzhi, Shanghai Yehe, or any one of them as the context may require
“Exchange Participant”	a person (a) who, in accordance with the Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FINI”	Fast Interface for New Issuance, a software platform developed by HKSCC to manage the Hong Kong public offering settlement process
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group,” “our Group,” “we” or “us”	the Company and our subsidiaries from time to time
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which will be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“ <b>HKSCC EIPO</b> ”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give <b>electronic application instructions</b> via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong”, “HK” or “Hong Kong SAR”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	1,043,700 H Shares (subject to reallocation as set out in “Structure of the Global Offering”) initially offered by the Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering

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## DEFINITIONS

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“Hong Kong Public Offering”	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%), on and subject to the terms and conditions as set out in “Structure of the Global Offering — The Hong Kong Public Offering”
“Hong Kong Underwriters”	the underwriters as set out in “Underwriting — Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated September 19, 2025 relating to the Hong Kong Public Offering entered into by, among others, the Company, the Controlling Shareholders, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators and the Hong Kong Underwriters, as set out in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering”
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board
“independent third party(ies)”	entity(ies) or person(s) which, to the best of our Directors’ knowledge, information, and belief having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“International Offer Shares”	9,393,200 H Shares (subject to reallocation and the exercise of the Over-allotment Option as set out in “Structure of the Global Offering”) initially offered by the Company pursuant to the International Offering
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act, as set out in “Structure of the Global Offering”

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## DEFINITIONS

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“International Underwriters”	the international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering expected to be entered into on or around September 26, 2025 by, among others, the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators and the International Underwriters, as set out in “Underwriting — Underwriting Arrangements and Expenses — International Offering”
“Joint Bookrunners”	the joint bookrunners as named in “Directors, Supervisors and Parties Involved in the Global Offering”
“Joint Global Coordinators”	the joint global coordinators as named in “Directors, Supervisors and Parties Involved in the Global Offering”
“Joint Lead Managers”	the joint lead managers as named in “Directors, Supervisors and Parties Involved in the Global Offering”
“Joint Sponsors”, “Sponsor-Overall Coordinators” and “Overall Coordinators”	the joint sponsors, overall coordinators, and sponsor-overall coordinators as named in “Directors, Supervisors and Parties Involved in the Global Offering”
“Latest Practicable Date”	September 15, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	the date expected to be on or about Tuesday, September 30, 2025 on which the H Shares are listed and from which dealings therein are permitted to take place 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
“Macau” or “Macau SAR”	the Macau Special Administrative Region of the PRC

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## DEFINITIONS

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“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
“Mr. Ying”	Mr. Ying Zhenkai (應臻愷), founder of the Group, chairman of the Board, executive Director and general manager of the Company
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of our Board
“Offer Price”	the offer price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%) of HK\$102.23
“Offer Share(s)”	the Hong Kong Offer Share(s) and/or the International Offer Share(s), as the context may require
“Over-allotment Option”	the option granted by the Company to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, to require the Company to allot and issue up to an aggregate of 1,565,520 additional H Shares at the Offer Price, representing approximately 15% of the Offer Shares initially available under the Global Offering, to cover, among other things, over-allocations in the International Offering, if any, the details of which are set out in “Structure of the Global Offering — Over-allotment Option”
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC AoA Guidelines”	Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“PRC Company Law”	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“PRC Legal Advisor”	Jingtian & Gongcheng, our legal advisor as to PRC law
“Pre-IPO Investment(s)”	the investment(s) in the Company undertaken by the Pre-IPO Investors, the details of which are set out in “History, Development and Corporate Structure”
“Pre-IPO Investor(s)”	the investor(s) as set out in “History, Development and Corporate Structure”
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on August 4, 2025
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Chushui”	Shanghai Chushui Yanguan Enterprise Management Partnership (Limited Partnership) (上海楚水燕關企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on December 5, 2018

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## DEFINITIONS

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“Shanghai Fengwulin”	Shanghai Fengwulin Enterprise Management Partnership (Limited Partnership) (上海鳳午麟企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 3, 2019
“Shanghai Jinlin”	Shanghai Jinlin Enterprise Management Partnership (Limited Partnership) (上海晉鄰企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 10, 2016
“Shanghai Miaolong”	Shanghai Miaolong Enterprise Management Partnership (Limited Partnership) (上海妙瀧企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 24, 2020
“Shanghai Rujia”	Shanghai Rujia Enterprise Management Partnership (Limited Partnership) (上海汝佳企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 10, 2016
“Shanghai Yehe”	Shanghai Yehe Enterprise Management Partnership (Limited Partnership) (上海葉赫企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 24, 2020
“Shanghai Yingzhi”	Shanghai Yingzhi Enterprise Management Partnership (Limited Partnership) (上海應知企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 3, 2019
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Sichuan Fund Employees”	Zheng Yanhua (鄭晏華), An Shuai (安帥), Zhou Yanyu (周彥羽), Zhou Xinzhu (周新築), Feng Yueqian (馮月倩), Bai Dongyu (白棟宇), Guo Qing (郭慶), Yang Jinghao (楊晶昊), Wu Dan (吳丹), Tang Kexin (唐可欣), He Ruixue (何瑞雪) and Yong Ruochen (雍若辰), all being employees of general partners of Sichuan Funds



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## DEFINITIONS

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“SSE STAR Market”	the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板)
“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Strategy Committee”	the strategy committee of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	member(s) of our Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the financial years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“Trial Measures” or “Overseas Listing Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. dollar” or “US\$”	United States dollar, the lawful currency of the United States

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## DEFINITIONS

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“U.S. Export Control Legal Advisor”	Hogan Lovells, the legal advisor as to U.S. export control law to the Company
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“VAT”	value-added tax
“ <b>White Form eIPO</b> ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of <b>White Form eIPO</b> Service Provider at <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>
“ <b>White Form eIPO</b> Service Provider”	Computershare Hong Kong Investor Services Limited
“%”	per cent

*For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.*

*For the purpose of this prospectus, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.*

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

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## GLOSSARY OF TECHNICAL TERMS

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

“3G”	the third generation of mobile telecommunications technology, following the first generation (1G) and the second generation (2G)
“4G”	a collection of fourth generation cellular data technologies, succeeds the third generation (3G)
“5G”	the fifth generation of cellular data technology, succeeds the fourth generation (4G) and related technologies
“2K”	when used with respect to display resolution, refers to any resolution with a horizontal pixel count of approximately 2,000
“4K”	when used with respect to display resolution, refers to any resolution with a horizontal pixel count of approximately 4,000
“AI”	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
“ACL”	access control list, a list of user permissions for a file, folder or other data object
“API(s)”	application programming interface, a set of commands, functions, protocols and objects that programmers can use to create software or interact with an external system
“APK(s)”	android package kit, the file format for applications used on the Android operating system
“ADAS”	advanced driver assistance systems, or advanced driver assistance system, refers to electronic systems developed to automate, adapt, and enhance vehicle systems for safety and better driving, normally featuring level 1 and level 2 (covering level 2+) driving automation on a vehicle supporting human drivers

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## GLOSSARY OF TECHNICAL TERMS

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“ADSP”	acoustic digital signal processor, a specialized microprocessor designed specifically for processing audio signals in the digital domain
“APA”	automatic parking assistance, a feature that uses sensors to help park the car in a parking space
“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
“ASIL”	automotive safety integrity level, a risk classification scheme defined by the ISO 26262, Functional Safety for Road Vehicles standard. There are four ASILs identified by the standard, ASIL-A, ASIL-B, ASIL-C and ASIL-D
“AutoSAR”	Automotive Open System Architecture, a development partnership of automotive interested parties founded in July 2003
“AVM”	automatic vehicle monitoring, a system that uses a GPS to track the location of vehicles in a fleet in real time
“BSP”	board support package, in the context of a SoC, BSP is like a “starter kit” of essential software that helps the operating system communicate directly with the specific hardware on the SoC
“CAGR”	compound annual growth rate
“CAN”	controller area network, a standard designed to allow microcontrollers and other devices to communicate with each other without a host computer
“CAN FD”	CAN with flexible data, a data communication protocol that sends control information and sensor data between parts of an electronic system
“CPU”	central processing unit, the primary component of a computer that processes instructions

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## GLOSSARY OF TECHNICAL TERMS

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“Chinese OEM(s)” or “domestic 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
“Chinese automotive brand(s)”	an automotive brand that is owned and controlled by a Chinese OEM
“CMS”	camera monitoring system
“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
“DIP”	dual in-line package, a type of electronic component housing that contains an integrated circuit (IC) or other device
“DMIPS”	Dhrystone Million Instruction Per Second, a standardized metric to evaluate the integer processing capabilities
“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.
“DVR”	driving video recorder, a camera that records the view from inside or outside a vehicle while it is driving
“E/E”	electronic and electrical architecture, which refers to the structured framework within a vehicle that integrates and manages all electronic and electrical systems

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## GLOSSARY OF TECHNICAL TERMS

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“ECNR”	echo cancellation and noise reduction, methods used in telephony to improve voice quality by preventing echo from being created or removing it after it is already present
“ECU(s)”	electronic control units, embedded systems in automotive electronics that control one or more of the electrical systems or subsystems in a car or other motor vehicle
“EMC”	electromagnetic compatibility, a characteristic of electrical and electric equipment that permits it to operate as intended in the presence of other electrical and electronic equipment, and not to adversely interfere with that other equipment
“ERP”	enterprise resource planning, a term that covers all the resources of an enterprise business, such as accounting, human resource, and sales operations
“EQ algorithm(s)”	equalization algorithm, a digital signal processing technique used to adjust the balance between different frequency components of an audio signal
“FOTA” or “Firmware Over-The-Air”	a technology that allows device manufacturers and network providers to remotely update the firmware of internet-connected devices wirelessly
“full duplex”	in voice systems, full-duplex allows for simultaneous speaking and listening, enabling natural, two-way conversations without the need to alternate between speaking and receiving
“GPS”	global positioning system, a satellite navigation system used to determine the ground position of an object
“GPU”	graphic processing unit, a processor designed to handle graphics operations, such as 2D and 3D calculations and rendering
“HD”	high definition

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## GLOSSARY OF TECHNICAL TERMS

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“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
“HPA”	home-zone parking assistance, a feature that helps drivers park their cars in a private or underground parking space
“HUD”	head-up display, a technology that projects important information onto the windshield or a transparent screen
“IATF 16949”	a standard that establishes the requirements for a quality management system, specifically for the automotive sector
“IMS”	in-cabin monitoring system, which comprises of a set of sensors and cameras designed to observe and analyze the behavior and condition of vehicle occupants
“ICT”	in-circuit testing, a testing mechanism designed to evaluate and verify individual components on a printed circuit board assembly
“IoT”	internet of things, a network of interconnected devices that communicate and exchange data over the internet
“LCD”	liquid crystal display, a type of screen technology that uses liquid crystals between layers of glass or plastic
“LIN”	local interconnected network, a low-cost, single-wire serial network protocol that allows components in a vehicle to communicate with each other
“LLM”	large language model, a type of artificial intelligence system designed to understand and generate human-like text based on vast amounts of data
“MCU(s)”	microcontroller units, small computers on a single IC containing a processor core, memory and programmable input and output
“NEV”	new energy vehicle



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## GLOSSARY OF TECHNICAL TERMS

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“NVH”	noise, vibration and harshness, when used in the automotive industry, a term to describe the quality of a vehicle in terms of the sounds it makes, the vibrations it generates, and the overall feeling of roughness or smoothness that it conveys to users
“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
“open-source software”	a software whose source code is made freely available for possible modification and redistribution
“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
“PCB”	printed circuit board, a flat board that supports and electrically connects electronic components, which uses conductive pathways etched onto its surface to facilitate their operation
“PLM”	product lifecycle management, refers to the handling of a good as it moves through the typical stages of its product life, such as development and introduction, growth, maturity/stability, and decline
“PPAP”	production part approval process
“premium brand(s)”	passenger vehicle brand whose models with different configurations are generally sold at an average manufacturer’s suggested retail price between RMB250,000 and RMB500,000 in China
“QNX”	a Unix-like real-time microkernel operating system primarily used in the embedded systems market

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## GLOSSARY OF TECHNICAL TERMS

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“RPM”	revolutions per minute, a unit of measurement used to describe the rotational speed of an engine or other rotating component in vehicle
“RPA”	remote parking assistance, a feature that helps drivers park and exit parking spaces without being in the car
“RFQ”	request for quote, a process in which a company solicits select suppliers and contractors to submit price quotes and bids for the chance to fulfill certain tasks or projects
“RTOS”	a real-time operating system
“SDK(s)”	software development kits, a collection of software used for developing applications for a specific device or operating system
“SMT”	surface-mount technology, a method in which the electrical components are mounted directly onto the surface of a printed circuit board
“SOA”	service-oriented architecture, a design paradigm where software applications are structured as discrete, interoperable services, which communicate over a network to provide functionality and enable integration across different systems
“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
“SOR”	statement of requirement, a document that defines and specifies the needs, expectations, and objectives of a project, and outlines the requirements that must be met in order to achieve those objectives
“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

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## GLOSSARY OF TECHNICAL TERMS

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“Tier-1 supplier customer(s)”	customers of our Group who are Tier-1 suppliers to OEMs
“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
“TSP(s)”	telematics service providers
“UBI”	usage-based insurance, also known as telematics insurance, is a model where insurance premiums are determined by individual usage and driving behavior
“V2X”	vehicle-to-everything, a communication framework that enables vehicles to exchange information with each other, infrastructure, and other entities
“VLAN”	virtual local area network, a broadcast domain that is partitioned and isolated in a computer network at the data link layer

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future. These forward-looking statements are contained principally in “Summary,” “Risk Factors,” “Industry Overview,” “Business,” “Financial Information” and “Future Plans and Use of Proceeds.” Forward-looking statements typically can be identified by the use of words such as “aim,” “anticipate,” “aspire,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goals,” “intend,” “may,” “objective,” “ought to,” “outlook,” “plan,” “potential,” “project,” “schedules,” “seek,” “should,” “target,” “vision,” “will,” “would” and other similar terms. Forward-looking statements reflect the current views of our Directors with respect to future events, operations, liquidity and capital resources. Some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including those listed in “Risk Factors,” which are beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our future business development, financial condition and results of operations;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our capital expenditure plan;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, suppliers and other partners to conduct our business;
- our planned use of proceeds;
- future developments, trends and competitive landscape in the industries and markets in which we operate or plan to operate;
- relevant government policies and regulations relating to our industry; and
- capital market developments.

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## **FORWARD-LOOKING STATEMENTS**

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By their nature, certain disclosures relating to these and other risks are only estimates. Should one or more of these risks or uncertainties, among others, materialize, or should the underlying assumptions prove to be incorrect, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

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

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## RISK FACTORS

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*An investment in the Shares involves various risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, results of operations, financial condition, and growth prospects. In any such event, the market price of the Shares could significantly decrease, and you may lose all or part of your investment.*

*These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-Looking Statements” in this prospectus.*

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

**The automotive intelligence industry we operate in is highly competitive and rapidly evolving. Any failure to compete effectively with our competitors could have a significant negative impact on our business, results of operations, and financial condition.**

We primarily operate in the highly competitive automotive intelligence industry in China, offering smart cockpit solutions and vehicle connectivity support services. We compete with both domestic and international companies from many perspectives, including technology innovation, product pricing, product quality and safety, customer acquisition and retention, branding, and talent acquisition. Some of our competitors may have advantages in obtaining financial, technical, and operational resources, which enable them to invest greater resources in the R&D, manufacturing, sales and marketing, and customer support for their products and services than we do. Furthermore, they may have a larger customer base and more established market relationships than ours, which enable them to adapt to customers' demand more rapidly than we do.

The markets of smart cockpit solutions and vehicle connectivity support services in China are also subject to constant changes, including technological evolution, launching new products and solutions, and continuous shifts in customer demands. In addition to the existing competitors, we may encounter challenges from new market entrants, including established OEMs and their subsidiaries, as well as other technology companies. These new competitors may enter the markets with aggressive pricing strategies and novel technologies that make their products achieve higher levels of customer or consumer acceptance than ours, which could significantly affect our market position and growth prospects.

Intense competition from both established players and new entrants can lead to significant pricing pressure, forcing us to lower our prices to remain competitive. This pricing pressure can compress our profit margins, impacting our overall profitability. Furthermore, competitors' aggressive pricing strategies and continuous product innovations may challenge our ability to maintain or increase sales volumes. If we fail to compete successfully in the markets, our market share may decrease, and our business, results of operations financial condition, and prospects could be adversely affected.

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## RISK FACTORS

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**Our historical revenue growth may not be indicative of our future growth or financial results. If we fail to effectively manage the growth of our business or execute our growth strategies, our business, financial condition, and results of operations could be materially and adversely affected.**

We have experienced substantial growth in recent years. We sold approximately 4.6 million smart cockpit products in the aggregate during the Track Record Period. Our shipment volume of domain controllers grew at a CAGR of 36.9% from 488 thousand units in 2022 to 915 thousand units in 2024, and increased by 20.4% from 221 thousand units for the five months ended May 31, 2024 to 266 thousand units for the five months ended May 31, 2025. Our revenue increased by 22.8% from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, increased by 70.9% to RMB2,557.0 million in 2024, and further increased by 34.4% from RMB560.9 million for the five months ended May 31, 2024 to RMB753.6 million for the five months ended May 31, 2025. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications and delays in our business growth. In the future, our revenue growth may slow down or even decline for a number of reasons, including slowing demand for our solutions and technologies, intensified competition, material changes in technology, or declining growth rate of our total addressable market. If our assumptions regarding risks and our future revenue growth turn out to be incorrect or if we do not respond effectively to uncertainties and challenges, our operating and financial results could differ from our forecast, and our results of operations and financial condition could be materially and adversely affected.

Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. All these endeavors involve risks and will require significant managerial, financial and human resources. We are likely to encounter challenges across various aspects of our operations arising from rapid business growth, such as overseeing the supply chain to support rapid business growth, navigating new markets, maintaining relationships with our customers, business partners and service providers, and managing our financial resources and liquidity position. If we fail to effectively manage the growth of our business, our costs and expenses may increase more than we have planned, and we may not successfully retain existing customers and attract new customers, respond to competition, or otherwise execute our business strategies. Any of these could adversely affect our business, results of operations, financial condition and prospects.

**If our products and solutions fail to meet the evolving market need in the automotive industry, or if the adoption of automotive intelligence solutions and technologies declines, our business, results of operations, and financial condition could be adversely affected.**

We sell our products and solutions primarily to OEMs to deploy on their vehicle models which are subsequently sold to consumers. Therefore, our success heavily depends on the market acceptance of our products and solutions and related technologies. We cannot assure you that our products and solutions will be or will continue to be accepted by the market.

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## RISK FACTORS

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Our business and prospects also significantly rely on our ability to meet new technological standards and consumer expectations. We have developed comprehensive technology capabilities across software, hardware and cloud-based vehicle connectivity to offer integrated smart cockpit solutions. We also developed technologies underpinning user experience, such as vehicle multi-display, customizable navigation system and emergency rescue system. However, we cannot assure you that we can continuously achieve tremendous market acceptance with all our solutions and technologies standing the test of time. If we fail to develop and introduce new technologies or improve existing ones, or if our solutions do not adequately address emerging industry needs, we risk diminished market acceptance and reduced business performance.

In addition to our strategies to enhance our capabilities, the increased demand for our offerings largely depends on the adoption of automotive intelligence solutions and technologies in China, including the solutions and technologies for smart cockpits to enhance drivers' and passengers' in-vehicle experience. The adoption of smart cockpit solutions and products in the market hinges on various factors, including, among others, comprehensiveness of functionalities, cost considerations, driver and passenger preferences, and consumers' awareness of automotive intelligence solutions and products. There is no guarantee that our solutions and products will gain widespread recognition within the market, and OEMs could realize their objectives to increase consumer acceptance. If our solutions do not appropriately address the evolution of the automotive industry or automotive intelligence technologies, our business could be adversely affected.

**Failure to secure purchases from our existing customers at certain quantities and prices, attract new ones, or increase customer spending could materially and adversely impact our business, results of operations, and financial condition.**

In order to increase our revenue and maintain our growth, we are committed to retaining existing customers and attracting new customers. Our customers primarily consist of Chinese OEMs, sino-foreign joint venture OEMs, and international OEMs that purchase our smart cockpit solutions and products for their vehicle models or our vehicle connectivity support services. We have actively maintained long-term strategic cooperation relationships with many OEMs. However, we cannot guarantee that our existing customers will continue to procure smart cockpit solutions and vehicle connectivity support services from us for their new vehicle models or will maintain their partnerships with us for our ongoing projects or future projects.

Upon obtaining design wins from certain OEMs, we develop customized smart cockpit solutions to be equipped on specific vehicle models of OEM customers. We generally enter into contracts with our OEM customers, which set forth the salient terms such as product specification, pricing, warranty and indemnifications. However, our contracts with OEM customers do not generally specify a fixed purchasing quantity. Instead, we typically receive preliminary estimates from OEMs regarding their anticipated production volumes for vehicle models associated with the design wins. Such estimates are subject to potential revisions by the OEMs, which may be significantly higher or lower than initially estimated, adding uncertainty to the revenue generated.



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## RISK FACTORS

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Our ability to retain existing customers, attract new customers, or increase customer spending also depends on the following factors, some of which are out of our control:

- the competitiveness of our pricing and payment terms for our customers, which may, in turn, be constrained by our capital and financial resources;
- the market acceptance of new products and services and functionalities we may introduce;
- our ability to continue investing in R&D to accommodate our customers' need;
- mergers, acquisitions or other consolidation among market players; and
- the effects of domestic and global economic conditions on the development of the automotive industry generally.

Moreover, OEMs may impose pricing pressure through annual renegotiations or cost-cutting initiatives, and some may require annual price reductions after the mass-production stage. If we are unable to reduce production costs or launch higher-value products to offset such price reductions, our business, results of operations, and financial condition could be adversely affected. If our existing customers reduce or cease purchases, or if we fail to attract new customers or expand sales, our ability to maintain or grow revenue will be materially and adversely impacted.

**We had a history of net loss and net operating cash outflows during the Track Record Period, and we are uncertain about our future profitability.**

We incurred net loss of RMB452.2 million, RMB283.8 million, RMB540.8 million, RMB244.8 million and RMB219.9 million in 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, respectively. During the same periods, our research and development expenses amounted to RMB277.4 million, RMB235.4 million, RMB207.3 million, RMB91.0 million and RMB98.0 million, respectively, which significantly contributed to our net losses. We may continue to incur net losses in the short term as we are in the stage of expanding our business and operations in the rapidly-growing automotive intelligence market in China. We expect to continue to make investments in operating activities in the near future as we will continue enhancing our existing products and services, developing new offerings, hiring qualified personnel and seeking technological breakthroughs. We will also incur substantial administrative expenses associated with our growth, including costs related to internal systems and operating as a public company after the Global Offering. On the other hand, we may not be able to increase our revenue enough to offset the increase in operating expenses resulting from these investments. Failure to grow our customer base, expand product and service offerings, implement effective pricing strategies, manage raw material costs, execute sales and marketing in a cost-efficient manner, and increase operational efficiency, unforeseen trends of customer demand, substantial changes in the industry landscape, increased competition, or opportunities for investments, acquisitions, and capital expenditures could result in decreases in revenues, and significant increases in costs and expenses. Thus, we cannot assure you that we will not incur losses in the future.

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## RISK FACTORS

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We recorded net operating cash outflow of RMB463.7 million, RMB270.6 million and RMB705.8 million, in 2022, 2023, 2024, respectively, primarily due to our operating losses. Although we had net operating cash inflow of RMB90.4 million for the five months ended May 31, 2025, we cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to experience net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition.

**If some of our OEM customers decide to develop their own smart cockpit solutions and vehicle connectivity support services, our business, financial condition, and results of operations could be materially and adversely affected.**

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. For details of our collaboration with these OEMs, see “Business — Our Customers.” In recent years, OEMs have been making in-house efforts to develop their own smart cockpit solutions and vehicle connectivity solutions in response to the automotive intelligence trend, and certain OEMs have managed to develop their own solutions. According to CIC, OEMs with the in-house development capabilities of smart cockpit solutions usually focus on developing software in-house while outsourcing hardware manufacturing to specialized suppliers. For example, among all the passenger vehicles equipped with domain controllers, approximately 34.0% of them are equipped with domain controllers with the operating system and software developed by OEMs. In the future, certain of our OEM customers may choose to develop their own smart cockpit solutions and vehicle connectivity support services, which may reduce their demand for our solutions and products. We cannot assure you that our existing OEM customers will continue to purchase our products and solutions and not develop their proprietary solutions. If some of our OEM customers choose to develop such solutions on their own, it could lead to substantial and adverse effects on our business, financial condition, and results of operations.

**We have been and intend to continue investing substantial resources in R&D. However, there is no assurance that these efforts will prove successful and we will generate the results we expect to achieve.**

Our long-term success in the competitive automotive intelligence industry depends on our ability to continually develop and commercialize products and solutions. We steadfastly invest substantial resources in our R&D activities. We have established several R&D centers in China, including Nanjing, Shenzhen, Dalian, Shenyang, Changchun and Wuhan, enabling us to collaborate closely with OEMs across different locations while attracting top R&D talent nationwide. We have built up an R&D team comprising 709 specialists as of May 31, 2025, which represents 33.7% of our total workforce. We incurred R&D expenses of RMB277.4 million, RMB235.4 million, RMB207.3 million, RMB91.0 million and RMB98.0 million in 2022, 2023, 2024 and for the five months ended May 31, 2024 and 2025, respectively. Our current R&D efforts are focused on key technologies with respect to software and hardware for smart cockpit.

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## RISK FACTORS

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However, our ability to continue substantial investment in research and development would depend on the availability of financial resources. In addition, we cannot guarantee that we will accurately anticipate the market evolution and our significant expenditure on R&D will yield positive results as we expect. If we made any misjudgment with respect to technological developments or experience any delay or other setbacks in our R&D efforts, it could materially and adversely affect our business, results of operations, financial position and prospects. Furthermore, even if our R&D efforts are successful, we cannot guarantee that our R&D achievements will enable us to successfully develop products and solutions that are accepted by OEMs and consumers and make profits. This uncertainty could limit our ability to recover R&D costs, cause potential declines in revenue and profitability, and affect our market position. Consequently, our business, results of operations, financial condition, and prospects could be materially and adversely affected.

***We rely on Qualcomm for stable SoC supplies.***

We have built a long-term and stable business relationship with Qualcomm, our major SoC supplier and we rely on such relationship to conduct our businesses. We entered into a framework agreement with Qualcomm in 2021, under which Qualcomm will provide long-term supply of SoCs for us. In 2022, 2023, 2024 and for the five months ended May 31, 2025, our purchases of Qualcomm SoCs accounted for 67.3%, 44.2%, 87.0% and 80.5% of our total purchase value of SoCs, respectively. The framework agreement between Qualcomm and us has an initial five-year term ending in August 2026 and will automatically renew annually under the same terms. For more details, see “Business — Our Strategic Partnerships — SoC Solution Providers — Reliance on Qualcomm.” We cannot assure you that this framework agreement can be renewed under the same terms or on commercially acceptable terms upon expiry, or at all.

We expect that Qualcomm SoCs will continue to represent a significant portion of our SoCs procured for the foreseeable future. We cannot assure you that we would be able to maintain good business relationship with Qualcomm or we will continue to benefit from our cooperation with Qualcomm in the future. Given Qualcomm has represented, and will continue to, represent a significant portion of our SoC supplies, if our relationship with Qualcomm deteriorates or fails to maintain on commercially viable terms, or if Qualcomm does not honor its performance under the framework agreement with us or does not supply SoCs in part or entirely to us, we will need to procure SoCs from other suppliers and may not be able to find alternative SoC suppliers within a short period of time. Additionally, if any circumstances cause a termination of Qualcomm’s supply to us, some of which are beyond our control, we will have to discuss with the OEM customers who use Qualcomm’s SoCs for the smart cockpit solutions to switch to other alternative SoCs and need to spend time in re-designing the system schematics of the domain controller. The OEM customers may require us to go through their procurement processes to obtain a new design win based on the new SoCs, and in that case, we will face competition from other smart cockpit solution providers. In the case that Qualcomm terminates its SoC supply to us, we cannot assure you that all the OEM customers will agree to switch to other alternative SoCs or we are able to obtain the new design win from the OEM customers who switch to other SoCs. As a result, our ability to maintain our historical level of sales may be materially and adversely affected, which might result in a loss or materially adversely impact our business, financial performance and prospects in general.

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## RISK FACTORS

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**Because 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.**

Chips and modules are critical components for developing our advanced smart cockpit solutions, making our business reliant on chip suppliers. During the Track Record Period, purchases from our largest supplier in each year, all of which were chip or module suppliers, amounted to RMB79.9 million, RMB136.4 million, and RMB478.8 million, which accounted for 8.2%, 13.9%, and 25.2% of our total purchases, respectively. Given that the concentration in the chip and module industry, especially for mid-end and high-end chips and modules, we can only source from single or limited suppliers. As a result, we are dependent on such suppliers to maintain a reliable and sustainable supply chain for continued production.

Historically, we experienced some fluctuations in prices of automotive-grade chips. The COVID-19 pandemic adversely affected the worldwide supply chains and caused a global chip shortage starting in late 2020 which led to a sharp increase in chip prices until 2022. Since 2023, the supply of chips has stabilized, leading to a decline in chip prices. According to CIC, the average price of mainstream SoCs for passenger vehicle smart cockpit solutions was RMB791.1 per unit, RMB684.5 per unit and RMB699.2 per unit in 2022, 2023 and 2024. Despite the stabilization of chip prices since 2023, we remain exposed to the risk of potential shortages or supply disruptions. If chip prices continue to rise, our production costs could increase. This cost escalation may compel us to either absorb the higher expenses, which could adversely affect our financial performance, or pass the increased costs on to customers, potentially leading to a loss of market share and a competitive disadvantage. Suppliers might prioritize allocations based on customer importance or industry demand, leading to selective availability of chips. Under this circumstance, we might fail to secure an adequate supply of chips under favorable business conditions, if at all, which could prevent us from meeting our client commitments. Any failure to fulfill OEM customers' orders could cause us to record lower sales and lose customers. Additionally, the extended lead times associated with chip procurement might delay the development and manufacturing of our smart cockpit solutions, which could affect our time-to-market for new products and our ability to compete effectively in the industry.

**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.**

Our business is closely tied to the success and demand of the vehicles manufactured and sold by our OEM customers. A significant portion of our revenue is derived from sales of smart cockpit solutions that are integrated into our OEM customers' vehicle models. However, the market performance, acceptance, and sales volume of these vehicles are subject to factors beyond our control, including consumer preferences, product positioning, marketing effectiveness, competitive landscape, regulatory developments and macroeconomic conditions.

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## RISK FACTORS

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Even if we deliver high-quality and competitively-priced smart cockpit solutions, if the corresponding vehicle models fail to achieve expected commercial success, our shipment volume, revenue and growth prospects could be adversely affected. Furthermore, any delay, cancellation, or change in the OEM customers' production or sales plans may lead to reduced orders, postponed revenue recognition, or even inventory build-up, which would materially and adversely affect our business, financial condition and results of operations.

**We depend on the continued efforts of our key management, as well as qualified and experienced personnel, and any failure to attract, motivate and retain such individuals would materially and adversely affect our business, results of operations, and financial condition.**

Our success depends on the continued efforts of our key management and certain qualified and experienced personnel. If we lose their services, we may not be able to locate, or may incur great costs to recruit and train suitable or qualified replacements in a timely manner, or at all, which could harm our business, results of operations, and financial condition.

We believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other personnel with experience in the automotive intelligence industry. Even if we were to offer higher compensation and other benefits, there can be no assurance that these individuals will choose to join or continue to work for us. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill important positions, we may be unable to manage our business effectively, which could adversely affect our business, results of operations, and financial condition.

**There can be no assurance that our efforts seeking design wins for our products and solutions will succeed or our existing OEM customers will purchase our products and solutions in any certain quantity or at any certain price. Our revenue from sales of such product and solutions are uncertain.**

We consider obtaining design wins to be a critical milestone in our relationship with OEM customers as it opens up further collaboration opportunities and plays a vital role in developing products and solutions. Therefore, we make significant efforts in presenting our products and solutions to OEMs to obtain design wins. We had cumulatively serviced over 200 car models across more than 50 automotive brands as of May 31, 2025.

However, despite significant efforts, we may fail to achieve a design win for our smart cockpit solutions, which could disrupt the development and commercialization of our solutions, further resulting in a negative impact on our revenue. Furthermore, if we fail to achieve a design win for a specific vehicle model, it would be more challenging for us to compete with our peers on designs for other vehicle models of such OEMs. If we fail to win a significant number of OEM design competitions in the future, it could have an adverse impact on our business, results of operations, and financial condition.

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## RISK FACTORS

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**If the vehicle models featuring our products underperform or fail to gain substantial market acceptance, our business, financial condition, and results of operations could be materially and adversely affected.**

Our business is significantly influenced by the performance and market acceptance of the vehicle models that integrate our products, as demand for our solutions are closely tied to the success of these vehicle models. The market acceptance of these vehicle models is linked to the market share of our OEM customers, influenced by factors beyond our control, such as shifts in consumer preferences towards different vehicle brands, technological advancements that may enhance competing products, economic conditions affecting consumer spending on vehicles, and regulatory changes impacting vehicle production. Furthermore, the success of specific vehicle models is also subject to the OEM customers' internal decisions regarding investment and promotion, which are not within our control. Should the vehicle models featuring our products underperform or fail to gain significant market acceptance, it could lead to substantial and adverse effects on our business, financial condition, and results of operations.

**Our products and solutions and associated hardware and software, due to the intricate nature, may have undetected defects, errors, or bugs, or fail to perform as expected, potentially creating safety issues, reducing market acceptance, diminishing our customer satisfaction, damaging our reputation and brand, and exposing us to product liability and other claims, all of which could adversely affect our results of operations.**

Most of our smart cockpit products and solutions are sold to OEMs for deployment in their specific vehicle models. The products and solutions we develop are technical and complex, requiring rigorous manufacturing standards. They may contain errors, defects, security vulnerabilities, or software issues difficult to detect and correct, especially upon initial release or when introducing new versions or enhancements. We may encounter difficulties in effectively addressing issues to meet the expectations of our OEM customers, which could potentially cause a negative impact on our reputation and may limit our opportunities for collaboration with other OEMs.

Any real or perceived error, defect, security vulnerability, service interruption or software issue in our products and solutions may weaken consumer confidence and trust in our products and solutions and result in even losses to our OEM customers. Although we strive to address any issues identified in our products and solutions promptly, these efforts may not be timely to meet our OEM customers' expectations and may disrupt our production. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources to correct the problem. Furthermore, these issues could potentially lead to lawsuits, including those filed against us by OEMs, consumers or other parties, exposing us to potential liabilities and damages. There may also be subsequent negative publicity associated with litigation or negative user experience, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, our customer satisfaction could be diminished, our reputation and brand could be significantly harmed, and our business, results of operations, and financial condition may be adversely affected.



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## RISK FACTORS

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**Disruptions in the supply of raw materials or components used in our smart cockpit solutions or in the supply of certain services used in our vehicle connectivity support services may materially and adversely affect our business and profitability.**

Our future success depends in part on our ability to manage our supply chain to timely manufacture and deliver our products with quality. We source the raw materials and some of the components for our smart cockpit products from third-party suppliers, including suppliers for automotive-grade chips, integrated circuits and structural components. Our business operation and financial condition rely on our capabilities to efficiently and cost-effectively obtain raw materials and components. Should there be any further rise in price of raw materials and components, our business, financial condition and results of operations could be materially and adversely affected.

Moreover, the lead times associated with certain raw materials and components are lengthy and preclude rapid changes in quantities and delivery schedules. We may in the future experience shortages and price fluctuations of certain key components with limited foresight into their supply stability or price variability. These potential shortages or cost changes could significantly and negatively impact our business in the future.

In addition, the supply chain of our raw materials and components is subject to risks associated with geopolitical tensions or health epidemics globally. Any disruption caused by trade barriers, levies, labor stoppages or other disturbances could hinder our ability to procure raw materials or components both promptly and affordably from our third-party suppliers. Any future shortage may lead to increases in the prices of alternative chips and may cause suppliers to allocate available chips more selectively among their customers across these industries which could disrupt our supply chain and prevent us from meeting our client commitments. Moreover, such shortage could lead to increases in raw material cost and negatively impact our future profitability. We may have to maintain a higher level of inventories to mitigate the anticipated shortage, resulting in increases in inventory costs and potential write-offs. See “— We may be subject to inventory obsolescence risk.”

We also rely on certain third-party service providers to create a comprehensive ecosystem that delivers superior value, innovation, and convenience to end-users, which is essential for our business success. For example, we have cooperated with cloud service providers and content providers. If the supply of these services is disrupted or delayed, there can be no assurance that additional supplies or services can serve as adequate replacements or that supplies will be available on terms that are favorable to us, if at all. Moreover, even if we can identify adequate replacements on substantially similar terms, our business could be adversely affected until those efforts are completed. Any disruption or delay in the supply of these services may interrupt the services of our offerings for the end-users or cause other constraints on our operations that could damage our customer relationships, which would materially and adversely affect our business, results of operations, and financial condition.

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## RISK FACTORS

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We are dependent on certain major suppliers. In 2022, 2023 and 2024 and for the five months ended May 31, 2025, purchases from our five largest suppliers in each period accounted for 32.2%, 40.8%, 56.6% and 60.5% of our total purchases, respectively, and purchases from our largest supplier in the relevant periods accounted for 8.2%, 13.9%, 25.2% and 30.4% of our total purchases, respectively. We cannot guarantee that our business relationships with these suppliers will be successfully maintained in the future. If there is any discontinuation or loss of business with respect to our cooperation with our major suppliers, it could result in interruption or delay in the supply of any of the key materials, components or services, or we may not be able to procure alternative raw materials, components or services in a cost-efficient and timely manner. As a result, our business, results of operations, and financial position could be materially and adversely affected.

**We currently have a concentrated customer base with a limited number of key customers for a significant portion of our revenue. If we were to lose or see a significant drop in sales to these major customers, our revenue could be adversely affected, and our results of operations could be further negatively impacted.**

The sales of our products and solutions for mass-produced vehicle models are dependent on the popularity of such vehicle models, which is subject to evolving consumer preferences and technological advancements. As a result, we generate a substantial portion of our revenue from a limited number of customers, primarily OEM customers. The aggregate revenue generated from our top five customers of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB1,018.5 million, RMB966.4 million, RMB1,902.1 million and RMB610.8 million, which accounted for 83.6%, 64.6%, 74.4% and 81.1% of our total revenue of the relevant year/period, respectively. Revenue from the largest customer of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB404.4 million, RMB428.2 million, RMB998.5 million and RMB375.4 million, which accounted for 33.2%, 28.6%, 39.1% and 49.8% of our total revenue, respectively. For details, see “Business — Our Customers.” It is likely that we will continue to be dependent upon a limited number of customers for a significant portion of our revenue for the foreseeable future and, in some cases, the portion of our revenue attributable to one single customer may increase in the future.

Our future business, results of operations, and financial position may continue to rely on a small number of customers. We cannot ensure that our existing customers will maintain their partnerships with us, sustain their current level of business or upkeep their market position and reputation. Our existing OEM customers may decide to discontinue using our products in their vehicle models, either by developing their own solutions or opting for our competitors’ offerings. To the extent that our product cost or performance does not meet customer expectations, or our reputation or relationships with one or more major customers are impaired for any reason, we may lose future business with such customers, and as a result, our ability to generate revenue would be adversely impacted. Additionally, our OEM customers’ production levels are influenced by a wide range of factors that may be beyond our control, including supply chain challenges and market conditions. If our major customers reduce or terminate their business with us, or if we are unable to negotiate favorable contracts with them, or fail to secure new customers on favorable terms, it could materially and adversely impact our business, results of operations, and financial condition.



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## RISK FACTORS

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**We benefit from business collaboration with our business partners. These relationships may not contribute to significant revenue, and any adverse changes in these partnerships may harm our business, results of operations, and financial condition.**

Building and sustaining key alliances is essential for the ongoing growth and prosperity of our business. We have forged mutually-beneficial partnerships across the industry value chain. For instance, we have a strategic partnership with Qualcomm and were among the first to develop smart cockpit solutions using its fourth-generation Snapdragon 8295 chipset, which has secured design wins for mainstream models from notable customers. We also collaborate with BlackBerry to develop smart cockpit solutions tailored based on BlackBerry's QNX Neutrino real-time operating system, QNX Hypervisor and QNX IVY. We also signed an R&D strategic cooperation agreement with Avatr to collaboratively advance existing smart cockpit solutions and develop new technologies. We highly value our business partners and recognize the importance of continuously seeking and negotiating collaboration opportunities with other industry players. If we cannot sustain our current partnerships or fail to establish new, crucial relationships on favorable terms, or at all, we might struggle to promptly secure alternative agreements on acceptable terms and we may face increased costs to develop and provide capabilities offered by our current partners independently, which could negatively impact our business, results of operations, financial condition and prospects.

The results of our collaboration with these third parties are uncertain, and we cannot assure you that these cooperations are going to generate significant revenue. We may face obstacles and delays in our business if our partners fail to meet agreed-upon timelines or encounter capacity limitations. In addition, disagreements over budget or funding for joint development projects could arise between us and our business partners. There is also the potential for future disputes with partners, particularly regarding intellectual property rights. Any of these issues could negatively impact on our business, results of operations, and financial condition.

**Failure to comply with relevant regulations, or obtain and maintain required licenses, approvals and permits in a timely manner, may harm our business, results of operations, and financial condition.**

The industries we operate in are highly regulated. We are required to obtain and maintain the requisite licenses and approvals required to operate our business. As confirmed by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all the licenses and made all the filings with competent governmental authorities in all material aspects that are essential to the operation of our business in China. For details, see "Business — Licenses and Permits." However, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. The interpretation and implementation of existing and future laws, regulations and policies governing our business activities may be further amended. We cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes in the relevant authorities' interpretation of these laws, regulations and policies. If we fail to complete, obtain

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or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to various penalties, such as confiscation of the revenue that was generated through the unlicensed internet or mobile activities, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may affect our business operations and materially and adversely affect our business, results of operations, and financial condition. For details of the requisite licenses and approvals for our business operations, see “Regulatory Overview.”

**Our future success depends, in part, on our ability to adjust our manufacturing capacity to market demand and to improve our productivity. Any interruption in our production may have an adverse impact on our business, results of operations, and financial condition.**

We undertake the assembly of most of our smart cockpit products in our own manufacturing facilities. Our manufacturing center in Xiamen produced over 2.3 million smart cockpit hardware products during the Track Record Period. We plan to continuously adjust our manufacturing capacity to market demand and to improve our productivity.

Our production operations involve the coordination of raw materials, internal production processes and external distribution processes. We may experience difficulties in coordinating the various aspects of our production processes, thereby causing downtime and delays. We produce and store almost all our products, as well as conduct some of our development activities, at our own facilities. A delay or stoppage of production caused by adverse weather, natural disaster or other unanticipated catastrophic event, including, without limitation, power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to produce our products and operate our business. Our facilities and certain equipment located in these facilities would be difficult to replace and could require substantial replacement lead-time. Catastrophic events may also destroy any inventory located in our facilities. Although we had purchased insurance to cover certain potential risks and liabilities for the property of Xiamen production facility, including the risks of fire, earthquake, typhoon and heavy rain, the occurrence of such an event is still likely to affect our business materially and adversely. Any stoppage in production, even if temporary, or delay in delivery to our customers could adversely affect our business, results of operations, and financial condition.

**Delays, disruptions, cost overruns, or unforeseen outcomes may occur during the construction and expansion of our new production facilities.**

We are currently in the process of constructing production facilities in Liuzhou and Rui'an, and exploring nationally-strategic locations for new production facilities. The expansion could experience delays or other difficulties and will require significant capital. There is no guarantee that we can complete these constructions in a cost-effective manner or recoup these investments through our production and sales. Any construction delays or budget overruns could adversely affect our product capacity, business, results of operations, and financial condition.

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In accordance with PRC laws and regulations, construction projects are subject to government oversight and approval processes, including but not limited to project approvals and filings, approvals for construction land and project planning, environmental protection permits, pollution discharge licenses, drainage permits, work safety approvals, fire protection clearances, and inspections and acceptance by relevant authorities. Entities operating these construction projects may face fines or project use suspensions, any of which would materially and adversely affect our business operations.

**Failure to provide high-quality maintenance and support services to our customers could damage our relationships with them and further harm our business.**

Our ability to retain existing OEM customers and attract new OEM customers depends on our ability to maintain a consistently high level of customer support. Our customers depend on our support team to assist them in resolving issues in connection with our products and solutions quickly and to provide ongoing support. We maintain a product warranty for our OEM customers that typically spans three to five years or 60,000 to 150,000 kilometers. Within this warranty period, any software- or hardware-related quality concerns reported by the OEM that stem from our end will be promptly addressed with repairs or replacements at no additional cost, subject to specific conditions for each issue.

As we expand our operations and support customer growth, it is crucial to maintain efficient customer support that meets their needs on a larger scale. However, we may struggle to recruit or retain enough qualified support personnel experienced with our products and solutions. We may also be unable to respond quickly enough to accommodate short-term increases in demand for customer support. We also may be unable to modify the nature, scope and delivery of our customer support to compete with changes in the support services provided by our competitors. All of these potential situations could hinder our ability to quickly respond to short-term spikes in demand for technical support or maintenance, which would further adversely affect our ability to retain existing customers and could prevent prospective customers from purchasing our products or adopting to our services. Any failure to provide high-quality maintenance and support services, or a market perception that we do not provide high-quality maintenance and support services, could adversely and materially affect our reputation and business.

**Our business success relies on ability to build our brands and reputation. Negative publicity or legal proceedings involving our Company, directors, senior management, employees, business partners, or our industry could adversely affect our reputation, business operations, and financial performance.**

We believe that building our brands and reputation is crucial to our success. Our brand reputation and images may be damaged by product defects, product liability claims, incident reports, negative media coverage or other forms of negative publicity regarding our industry, brands, products, our Company, directors, senior management, employees or business partners. For example, negative publicity concerning the automotive intelligence industry, whether directly or indirectly related to us, may affect the general consumer perceptions and acceptance

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of smart cockpit products and solutions. Negative media coverage including negative comments, reviews or false information about our brand or products on social media platforms, or any negative publicity, regardless of veracity, relating to our Company, Directors or senior management of our Company, or employees, customers and suppliers or other strategic partners of our Group, whether related to us or not, may adversely impact consumer perception and confidence in our brands and products. In particular, as we sell products and solutions to OEMs to integrate them to specific vehicle models, any negative publicity relating to those vehicle models could lead to a decrease in market demand for OEMs, further damaging our sales to OEMs. In addition, we may face negative publicity or legal proceedings involving our Company, directors, senior management, employees, or business partners we collaborate with from time to time, which may adversely affect our brand, reputation and business and diminish the appeal of our brand to consumers. Certain negative publicity may come from malicious harassment or unfair acts by third parties or our competitors, and some of legal proceedings may be without grounds, both of which are beyond our control but likely to affect our reputation and business materially and adversely.

### **Our business is subject to seasonality.**

Our results of operations are affected by seasonal fluctuations in demand for our solutions, as affected by market trends of the automotive industry. Given OEMs in the automotive industry usually deliver more of their vehicle models towards the year end, the delivery of our products and solutions typically increase in the second half of the year, which is generally in line with the trend of sales volume of passenger vehicles in China according to CIC. Such fluctuations are seasonal in nature and thus quarterly or half-year results are not indicative of our results of operations for the full year.

Moreover, we anticipate that our operating costs will increase significantly in specific periods in the future due to various factors, including the development of new solutions and technologies, the enhancement of technological capabilities, the expansion of production facilities and sales networks, and the scaling up of general administrative functions to support our growing operations. During periods when we introduce new products and solutions, we may incur significant R&D or marketing expenses without generating corresponding revenue until the products are delivered to customers in subsequent periods. As a result, a decline in our growth rate or an increase in seasonal spending could significantly affect our revenue, cash flow, and operating results on a period-to-period basis.

**Our payment obligations under our indebtedness may limit the funds available to us. A breach of any of the covenants or other provisions contained in funding facilities could result in an event of default, which could result in amounts outstanding under these facilities becoming immediately due and payable as well as foreclosure by our lenders upon our critical assets.**

As of May 31, 2025, our total bank borrowings amounted to RMB1.8 billion, consisting primarily of loans from commercial banks in China. The fulfillment of these debt obligations could reduce the funds available to us. If we lack adequate cash or fail to secure additional

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financing, or if our cash usage is constrained by laws, regulations or agreements governing our existing or future indebtedness, we may be unable to meet repayment obligations. This failure could constitute an event of default under the respective credit facilities documents, which if not cured or waived, could result in amounts outstanding under such credit facilities becoming immediately due and payable, and potentially lead to cross defaults under other agreements governing our current and future indebtedness.

Our outstanding bank borrowings contain specific financial covenants that may impose restrictions on our operations. Future borrowings may also include similar restrictive covenants limiting our shareholding structure, business and operational flexibility. Failure to meet repayment obligations, comply with affirmative covenants, or violations of negative covenants could constitute an event of default on our borrowings. The occurrence of any such default events may have a material adverse effect on our financial condition, operational results and cash flow.

Some commercial banks that have extended loans or borrowings to us have requested these loans or borrowings be secured by a pledge on trade receivables or intellectual property rights. As of May 31, 2025, among the 1,769 granted patents that we held, 165 patents had been pledged to lenders as collateral. We may not have adequate funds to repay, or the ability to refinance, the outstanding amounts under these loans and borrowings, or our lenders could foreclose upon our critical assets as collateral, including the pledged intellectual property rights, which could have a material adverse effect on our business, results of operations and financial condition.

**Our revenues and financial results may be adversely affected by any economic slowdown in China as well as globally.**

The success of our business ultimately depends on consumer spending. We derive a substantial part of our revenues from China. As a result, our revenues and financial results are impacted to a significant extent by economic conditions in China and globally. The global macroeconomic environment is facing challenges, including the adverse impact on the global economies and financial markets from the COVID-19 pandemic. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine. The slow economic recoveries around the world and the high-inflation, high-interest environment have contributed to higher global volatility. These developments may adversely impact global liquidity, heighten market volatility and increase U.S. dollar funding costs resulting in tightened global financial conditions and fears of a recession. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any severe or prolonged slowdown in the global or China's economy may materially and adversely affect our business, results of operations, and financial condition.

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### **Expanding internationally beyond China brings operational, financial, and regulatory risks.**

We are committed to tapping into international markets and growing our international sales. We have committed resources and are working closely with OEMs and other collaborators outside China to expand our international operations and sales channels. The global nature of our business subjects us to a number of risks and uncertainties, which could have a material adverse effect on our business, results of operations, and financial condition, including, among others:

- international economic and political conditions, and other political tensions between countries in which we do business;
- exchange rate fluctuations;
- global or regional health crises, such as the COVID-19 pandemic or other health epidemics and outbreaks;
- potential for violations of anti-corruption laws and regulations, such as those related to bribery and fraud;
- preference for locally-branded products, and laws and business practices favoring local competition;
- increased difficulty in managing inventory;
- less effective protection of intellectual property;
- exporting or importing issues related to export or import restrictions, including deemed export restrictions, tariffs, quotas and other trade barriers and restrictions; and
- revisions in local tax and customs duty laws or revisions in the enforcement, application or interpretation of such laws.

The occurrence of any of these risks could negatively affect our international business and consequently our business, results of operations, and financial condition.

### **We are subject to risks associated with strategic collaborations, alliances or acquisitions.**

We may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by third parties, and increases in expenses in establishing new strategic alliances, any of which may materially and adversely affect our

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business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these third parties suffers negative publicity or harm to their reputation from events relating to their businesses, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, if appropriate opportunities arise, we may acquire additional assets, products, technologies, or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations of China or other jurisdictions, which could result in increasing delay and costs, and may derail our business strategy if we fail to do so. Moreover, the costs of identifying and consummating acquisitions may be significant. Furthermore, future acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets, and exposure to potential unknown liabilities of the acquired business. Any acquired business may be involved in legal proceedings originating from historical periods prior to the acquisition, and we may not be fully indemnified, or at all, for any damage to us resulting from such legal proceedings, which could materially and adversely affect our financial position and results of operations.

**We may not be able to obtain or maintain adequate protection for our intellectual property rights, or the scope of such intellectual property rights protection may not be sufficiently broad, which could harm our business and competitive position.**

Intellectual property rights serve as a cornerstone of our business strategy and are instrumental in safeguarding our future commercial success. We have invested significant resources to develop our own intellectual property. However, events and factors beyond our control may pose risks to our intellectual property rights as well as our solutions.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position. We also rely on a combination of patent, copyright, trademark, and trade secret laws and restrictions on disclosure to protect our intellectual property rights.



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Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property.

**The expiration or non-extension of our patents, along with potential challenges to our patent applications and rights, may weaken their ability to protect us effectively. This could lead to difficulties in preventing others from developing or exploiting competing technologies, which could have significant adverse effects on our business, results of operations, and financial condition.**

As of the Latest Practicable Date, we have applied for 6,114 patents, among which 5,051 are invention patents, accounting for approximately 82.6% of our applications. We had been granted 1,769 patents as of May 31, 2025, among which 921 are invention patents, accounting for 52.1% of the granted patents. We cannot assure you that all our pending patent applications will result in issued patents. Even if our patent applications are granted and we are issued patents accordingly, it is still uncertain whether these patents will be contested, circumvented, or invalidated in the future. Our competitors may be able to circumvent our patents by developing similar or alternative technologies or products and solutions in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords are limited. For example, in the PRC, invention patents and utility model patents are valid for 20 years and 10 years from the date of application, respectively. We may face competition for any approved product or solution candidates even if we successfully obtain patent protection once the patent life has expired for the product or solution. Therefore, we do not know the degree of future protection that we will have on our proprietary technologies, if any, and we may not be able to obtain adequate intellectual property protection with respect to our products and solutions. Any of the foregoing could materially and adversely affect our business, results of operations, and financial condition.

**We may be involved in litigation brought by third parties claiming infringement by us of their intellectual property rights, which could be time-consuming and would cause us to incur substantial costs.**

In light of the increased competition among other market participants in the automotive intelligence industry, we may be exposed to higher risk of infringement or violation of intellectual property rights. Our competitors or other third parties may in the future claim that our products and services and underlying technology infringe on their intellectual property rights, and we may be found to be infringing on such rights. We may be unaware of the intellectual property rights of others that may cover some or all our technology.



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Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products and services, require us to develop alternative non-infringing technology or require that we comply with other unfavorable terms, any of which could have a material adverse effect on our business, financial condition and results of operations. We may also be obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses or modify our products and services, which could further exhaust our resources. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding intellectual property could be costly and time-consuming and divert the attention of our management and other employees from our business.

**Our use of open-source software in our applications could subject our proprietary software to general release, adversely affect our ability to sell our products and solutions and subject us to possible litigation, claims or proceedings.**

We use open-source software in the development and deployment of our products and services, and we expect continued reliance on open-source software in the future. Companies that use open-source software for their products have, from time to time, encountered challenges related to the use of such software and potential non-compliance with open-source licensing terms. As a result, we could be subject to legal actions initiated by third parties who claim ownership of software that we believe falls under the category of open-source software, or who allege breaches of open-source licensing terms.

Certain open-source software licenses may require users that distribute proprietary software containing or linked to open-source software to publicly disclose some or all of the source code of that proprietary software and/or make any derivative works of the open-source code available under the same open-source license, which could include our proprietary source code.

**Security breaches and other disruptions of our systems, infrastructure, integrated software and related data, or those of third parties we partner with, could endanger the trust of our customers and adversely impact our business.**

Our automotive intelligence solutions and products contain complex information technology. We have designed, implemented, and tested security measures intended to prevent unauthorized access to these systems. For details, see “Business — Privacy and Data Security.” However, our systems, infrastructure, integrated software and related data may be vulnerable to security breaches. Hackers may attempt in the future to gain unauthorized access to modify, alter, and use such systems to gain control of, or to change, the functionality, user interface and performance characteristics of vehicles incorporating our solutions and products, or to gain access to data stored in or generated by the vehicle. Unauthorized third parties may circumvent our security measures, misappropriate proprietary information and cause interruptions in our information technology systems.

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In addition, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Any actual or perceived security breach that leads to leakage of our confidential information, even though anonymized, could still interrupt our operations, temporarily or permanently disable our platform, result in fraudulent transfer of funds, damage our relationships with our customers and other business partners, and subject us to legal liabilities, regulatory sanctions, financial exposure and reputational damage, any of which may materially and adversely affect our business, results of operations, and financial condition.

**Potential disruptions or failures in our information technology and communication systems could affect the availability and functionality of our software systems. Our networks and systems are susceptible to malfunctions, unexpected failures, interruptions, insufficiencies, and security breaches.**

The proper functioning of our information technology and communication systems is essential to our business. The satisfactory performance, reliability and availability of our information technology and communication systems are critical to our success, our ability to attract and retain members and other users and our ability to maintain and deliver consistent services to our OEM customers and end-users of our products and services. However, our technology or infrastructure may not always function properly. Our systems are vulnerable to damage or interruption from, among others, physical theft, fire, terrorist attacks, natural disasters, power loss, war, telecommunications failures, viruses, denial or degradation of service attacks, ransomware, social engineering schemes, insider theft or misuse or other attempts to harm our systems. Besides, any problems with our third-party service providers, such as cloud services providers and mapping service providers, could result in unexpected failures and lengthy interruptions in our business. The occurrence of such incidents, along with insufficiencies and security breaches which may occur from time to time in our information technology and communication systems could result in the unavailability or slowdown of the services we provide, which in turn could reduce the attractiveness of our offerings and cause severe disruption to our daily operations. As a result, our reputation may be materially and adversely affected, our market share could decline and we could be subject to liability claims.

**We may be subject to inventory obsolescence risk.**

Our business expansion requires us to manage a large volume of inventory effectively. During the Track Record Period, our inventories and contract costs consisted primarily of raw materials and components for mass production, as well as contract costs, representing labor costs and raw material costs related to contract fulfillment, work in progress, finished goods and products under delivery. Our inventories and contract costs increased from RMB467.3 million as of December 31, 2022 to RMB488.1 million as of December 31, 2023, and further to RMB503.9 million as of December 31, 2024 and RMB591.6 million as of May 31, 2025. See “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Assets — Inventories and Contract Costs.” Our turnover days of inventories and contract assets remained relatively stable at 135 days and 138 days in 2022 and 2023, respectively, and decreased to 80 days in 2024, primarily due to the significant increase in our sales, leading to improved turnover efficiency of inventories. The turnover days of inventories and contract assets were 127 days for the five months ended May 31, 2025, which

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were higher than the turnover days in the full year of 2024, primarily due to the seasonal fluctuation of our business. We maintain a strategic level of finished goods and key raw materials (such as chips) to support our timely customer delivery, driving the growth in the balance amount of our inventories and contract assets, whereas we usually recognize a significantly lower amount of cost of sales in the five months ended May 31 of the year in line with the seasonal pattern for our revenue in the same period. We cannot guarantee that our inventories can be fully utilized within their shelf life. As our business expands, our inventory obsolescence risk may also increase commensurately with the increase in our inventories and our inventory turnover days.

**We are subject to credit risk related to delay in payment and defaults of customers.**

We are exposed to credit risk related to delays in payment and defaults of our various customers. As of December 31, 2022, 2023 and 2024, and May 31, 2025, our trade receivables amounted to RMB418.7 million, RMB619.7 million, RMB1,125.0 million and RMB681.6 million, respectively, and our trade receivables turnover days were 91 days, 127 days, 125 days and 182 days in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. The increases in our trade receivables turnover days during the Track Record Period were primarily due to the seasonal fluctuations in demand for our smart cockpit solutions as affected by market trends of the automotive industry. We may not be able to collect all of our trade receivables due to factors beyond our control, such as adverse operating conditions or financial conditions of our customers, and customers' inability to pay due to delays in payment from their own end users. For example, our impairment losses under expected credit loss model increased significantly to RMB149.9 million in 2024, primarily due to the recognition of credit loss for trade receivables from one OEM customer which is experiencing difficulties in its operations. As of both December 31, 2024 and May 31, 2025, the outstanding amount of all trade receivables due from this customer was RMB117.6 million, for which we have made full provision of allowance for impairment loss. If our customers delay or default on their payments to us, we may need to make impairment provisions and write off the relevant receivables. This would have a negative impact on our liquidity and financial condition.

**We are subject to risk related to the prolonged cash conversion cycle.**

During the Track Record Period, we experienced fluctuations in turnover days of inventories and contract costs, which are 135 days, 138 days and 80 days in 2022, 2023 and 2024, respectively, and 127 days for the five months ended May 31, 2025. In addition, our trade receivables turnover days increased from 91 days in 2022 to 127 days in 2023, and remained relatively stable at 125 days in 2024. Our trade receivable turnover days are 182 days for the five months ended May 31, 2025. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Assets — Inventories and Contract Costs" and "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Assets — Trade and Other Receivables." Our trade payable turnover days were 125 days, 149 days, 96 days and 132 days in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. During the Track Record Period, our conversion cycle (calculated by adding the trade receivable turnover days and inventory turnover days, then subtracting trade payable turnover days) was 101 days, 116 days, 109 days and 177 days in 2022, 2023, 2024 and the five months ended May 31, 2025.

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Although we have made efforts to improve the collection of trade receivables and the turnover days by strengthening communication with customers, actively collecting and discussing repayment schedules, these efforts may not be successful and if our inventory turnover days and our trade receivables turnover days continue to increase or remain relatively high, it may lead to a longer cash conversion cycle, which could further add pressure to our cash flow and working capital. Our financial position, business and results of operations might be adversely and materially impacted.

**We have granted, and may continue to grant options and other types of share-based payments, which may result in increased share-based compensation expenses.**

We may grant share-based compensation awards to qualified individuals, primarily comprising our employees, to incentivize their performance and align their interests with ours. We recognize equity-settled share-based payment expenses in our consolidated financial statements in accordance with IFRSs. We recorded equity-settled share-based payments of RMB61.6 million, RMB65.4 million, RMB157.2 million and RMB46.1 million in 2022, 2023, 2024, and for the five month ended May 31, 2025, respectively.

We believe the granting of share-based compensation is important to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations, and the shareholding of existing shareholders may experience further dilution.

**We may not continue to enjoy the level of government grants that we received in the past.**

We have received government grants in the past for our continuous effort in R&D activities. Over the past decades, the Chinese government has implemented various policies to support the development of technological innovation including provisions of government grant to promote and support research and development activities. We have recognized government grants for our continuing operations of RMB40.4 million, RMB27.0 million, RMB56.6 million and RMB35.0 million in 2022, 2023, 2024, and for the five months ended May 31, 2025, respectively.

The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received according to the law, which could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations, and financial condition.

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**We have not made adequate contributions to the social insurance and housing provident fund, which could subject us to penalties.**

In accordance with the PRC Social Insurance Law (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Fund (《住房公積金管理條例》) and other relevant laws and regulations, China has established a social insurance system, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing fund system. An employer is required to make contributions for the statutory social insurance and housing fund for its employees in accordance with the rates provided under relevant regulations and withhold the contribution amounts to be paid by the employees themselves.

During the Track Record Period and as of the Latest Practicable Date, we had not made social insurance and housing provident fund contributions for some of our employees in full, primarily because (i) some employees were not willing to bear the costs associated with social insurance and housing provident funds strictly in proportion to their salary, and (ii) for some employees there was a timing gap between their onboarding date and the completion of requisite administrative procedures before we could make the contributions. During the Track Record Period and up to the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay any shortfall with respect to social insurance and housing provident funds or imposing any administrative penalties on us. We have made full provisions in respect of the outstanding amount of the social insurance fund and housing provident fund contributions. During the Track Record Period, the amount of our aggregate shortfall in respect of the social insurance fund and housing provident fund contributions amounted to approximately RMB4.2 million. See “Business — Employees.”

However, we cannot assure you that the relevant government authorities will not require us to pay the outstanding amount and impose late fees or fines on us. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, prospects, results of operations, financial condition, and cash flows may be adversely affected.

**Non-compliance with law of any third parties with which we conduct business could disrupt our business and adversely affect our business, results of operations, and financial condition.**

Third parties with whom we do business, such as suppliers and business partners, might face regulatory penalties or sanctions due to non-compliance with relevant laws or infringement on other parties' legal rights. This could disrupt our business operations directly or indirectly. We conduct thorough legal reviews and verify certifications before entering into contracts with these parties and implement measures to mitigate risks associated with their potential non-compliance. However, we cannot guarantee that these third parties have not or will not violate regulatory requirements or infringe on other parties' legal rights. For instance,

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we may not detect all instances of intellectual property infringement, potentially resulting in liability and damages for us. Consequently, our business, financial condition, and operational results could be significantly and negatively impacted.

We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliance in the business practices of third parties we conduct business with, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputations, and may in turn affect our business, results of operations, and financial condition.

**Failure to deal effectively with fraudulent or illegal activities or misconduct by our employees would harm our business.**

Illegal, fraudulent, or otherwise inappropriate activities by our employees may adversely affect our brand, business, results of operations, and financial condition. These activities may include assault, abuse, theft and other misconduct and fraud. Despite our efforts to identify and prevent such conduct, there can be no assurance that our policies and internal controls regarding the review and approval of payment accounts, sales and marketing activities, interactions with business partners and government officials and other relevant matter will prevent fraud or illegal activities or misconduct by our employees or that similar incidents will not occur in the future. Furthermore, any negative publicity related to the foregoing may adversely affect our reputation and brand, which could potentially lead to increased regulatory or litigation exposure. Any illegal, fraudulent, corrupt or collusive activity, misconduct, or perceptions of conflicts of interest and rumors could severely damage our brand and reputation, even if they are baseless or satisfactorily addressed, which could drive our clients away from us, and materially and adversely affect our business, results of operations, and financial condition.

**Increasing focus on evolving environmental, social and governance matters by regulators, customers and other stakeholders may result in additional risk and compliance costs.**

We are subject to multiple environmental and safety laws and regulations related to the manufacturing of our products, including the use of hazardous materials in the manufacturing process and the operation of our manufacturing plants. Such laws and regulations govern the use, storage, discharge and disposal of hazardous materials during the manufacturing process. In addition, from time to time, the Chinese government issues new regulations, which may require additional actions on our part to comply. If our plants or any of our other future constructions fail to comply with applicable regulations, we could be subject to substantial liability for clean-up efforts, personal injury or fines or be forced to close or temporarily cease the operations of our plants or other relevant constructions, any of which could have a material adverse effect on our business, results of operations, and financial condition.



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Moreover, there is a growing global focus on the environmental practices of manufacturers. Additionally, more stringent social responsibility laws and regulations may be adopted in the future, which may result in an increase in our cost of compliance. Compliance with such regulations is considered costly industrywide. As we expand into new markets, we will become subject to additional environmental and safety laws and regulations. We may incur additional costs to ensure compliance with such laws and regulations, as well as to manage local labor practices.

**We face risks related to health epidemics, natural disaster, terrorist activities, political unrest, financial or economic crisis and other force majeure events, which could significantly disrupt our operations.**

Natural disaster events (such as earthquakes, tsunamis, volcanic eruptions, floods, tropical weather conditions and landslides), health epidemics (such as swine flu, avian influenza, severe acute respiratory syndrome (SARS), Ebola, Zika and COVID-19), terrorist attacks, political unrest, financial or economic crisis and other force majeure events may adversely disrupt our operations in the countries we may expand into in the future, lead to economic weakness in such countries in which they occur and affect worldwide financial markets, and could potentially lead to economic recession, which could materially and adversely affect our business operations, financial performance, financial condition, results of operations and prospects. These events could precipitate sudden significant changes in regional and global economic conditions and cycles. These events may also potentially pose significant risks to our people and to our business operations.

**We face certain risks relating to our lease properties, including any legal defects and unforeseen lease terminations of such properties.**

As of the Latest Practicable Date, we leased seven properties in the PRC, among which three of our lease agreements had not been registered with the relevant local authorities and the lessor of one property had not provided title certificates. There is no assurance that the lessors will cooperate and complete the registration in a timely manner. As advised by our PRC Legal Advisor, failure to complete the registration of lease agreements will not directly affect the legality, validity and enforcement of such leases, but could result in the imposition of fines up to RMB10,000 for each unregistered lease if we fail to rectify the breach within the time prescribed. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreements. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

Furthermore, we cannot assure you that we are able to renew our lease on commercially acceptable terms upon expiry, or at all. If the title of any of our leased properties is controversial or the validity of the relevant lease is challenged by any third party, or if we fail to renew our lease upon expiry, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

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**We may not have sufficient insurance coverage to cover our business risks.**

We have purchased insurance to cover certain potential risks and liabilities, such as all-risk property insurance for our Xiamen production facility, which covers risks such as fire, earthquake, typhoon and heavy rain. We do not maintain business interruption insurance, key-man life insurance or litigation insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. If such risk materializes, we may also suffer substantial losses as we do not have insurance coverage.

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

For the enhancement of our operations, we have established risk management and internal control systems that are tailor-made for our business in order to minimize our actual or potential risk exposures. Despite of our ongoing efforts in implementing and improving such systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks arisen from our operations, in a timely manner, and our precautions taken to prevent and address actual or potential risks may not be effective. Also, the effectiveness of our risk management and internal control systems also depends on the implementation by our employees. We cannot assure you that such implementation will not involve any human errors or mistakes, which may in turn adversely affect our operations. As such, if we fail to implement effective risk management and internal control systems in a timely manner or our preventive measures are not effective, our business, results of operations, and financial conditions could be adversely affected.

**Any failure by us or our business partners to comply with applicable anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations, could subject us to administrative, civil, and criminal penalties and damages to our reputation, which may adversely affect our business, results of operations, and financial condition.**

We or our business partners may be subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations in various jurisdictions in which we or our business partners conduct business activities. Any failure to comply with applicable anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations could lead to significant penalties and damage to our reputation. To comply effectively with such laws and regulations, we must establish sound internal control policies and procedures with respect to anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations, which can require significant resources and expenditures.



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The policies and procedures we and our business partners have adopted may not be effectively implemented in protecting our products, solutions and services from being exploited for money laundering, terrorist financing, bribery and corruption, terrorism, and other illegal purposes. If there is any violation of anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations associated with our products, solutions or services, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, or other penalties levied by government authorities, and damages to our reputation, all of which may adversely affect our business, results of operations, and financial condition. Similarly, if any of our subsidiaries, affiliated entities, directors, senior management, employees, business partners or agents engage in fraudulent, corrupt, or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, results of operations, and financial condition.

**We may be exposed to risks related to litigation and administrative proceedings that could materially and adversely affect our business, results of operations, and financial condition.**

We may be subject to claims and various legal and administrative proceedings, and, as a result, penalties and new claims may arise in the future. In addition, agreements we entered into sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party.

Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time-consuming or disruptive to our operations and distracting to management. In recognition of these considerations, we may enter into new or further licensing agreements or other arrangements to settle litigation and resolve such disputes. No assurance can be given that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our operating expenses.

Our Directors have confirmed that during the Track Record Period and up to the Latest Practicable Date, there were no legal or administrative proceedings against us or any of our Directors that could, individually or in the aggregate, have a material and adverse effect on our business, financial condition or results of operations. However, new legal or administrative proceedings and claims may arise in the future and the current legal or administrative proceedings and claims we face are subject to inherent uncertainties. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our solutions, our business and financial conditions could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. For details regarding our legal proceedings and compliance matters, see "Business — Legal Proceedings and Compliance."

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### **RISKS RELATING TO JURISDICTIONS WHERE WE OPERATE**

**We may be are required to complete approval, filing or other procedures with the CSRC or other PRC governmental authorities in connection with future capital-raising activities.**

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the previous regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The Global Offering will be considered a direct overseas offering and listing activity by a PRC domestic company under the Overseas Listing Trial Measures. Pursuant to the Overseas Listing Trial Measures, where an issuer submits an application for Global Offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. Accordingly, we have submitted the filing application pursuant to the Overseas Listing Trial Measures and received the CSRC's filing notice in connection with the Global Offering. We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from the Global Offering into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

**Changes in international relationships, geopolitical tensions and trade protections policies around the world may materially and adversely affect our business, financial condition and results of operations.**

We are susceptible to constantly changing international relations and trade policies. Such trade policies, laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are beyond our control. The overall international relationships between China and other foreign countries and regions, including the United States, may affect our business prospects, business partners, suppliers and customers. Recently, the United States proposed to impose multiple rounds of tariffs on a wide range of goods imported from multiple countries, including China, and China responded with

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retaliatory tariffs. Since February 2025, both countries raised reciprocal tariffs on each other's imported goods to 125%. However, on May 12, 2025, both the U.S. and China modified these tariff measures: the U.S. removed the 125% tariff and temporarily reduced tariffs on Chinese goods to 10% by suspending a 24% duty for 90 days. The PRC government announced the same tariff adjustments, removing the 125% retaliatory tariff and cutting tariffs on U.S. goods from 34% to 10% for the same period. On August 12, 2025, both the U.S. and China announced to extend these tariff measures for another 90 days. Political tensions as a result of trade policies could reduce trade volume, cross-border investment, technological exchange, and other economic activities between major economies, resulting in a material adverse effect on global economic conditions and the stability of global financial and stock markets.

Additionally, the rapid changes in trade policies, treaties, government regulations and tariffs, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may among other things, adversely affect our business, financial condition, results of operations, cash flow and prospects, require significant management's attention and subject us to fines, penalties or orders that we cease or modify our existing business practices. For instance, increased tariffs imposed by the U.S. government on certain imported goods from China in recent years, and the tariffs implemented by the European Union on Chinese-made electric vehicles may have a negative impact on the competitiveness of vehicles produced by Chinese OEMs in the U.S. and the European Union markets. The United States and the European Union may continue to increase tariffs on Chinese-made electric vehicles and other goods in the future. While these tariffs are subject to further negotiations and uncertainties, they may indirectly affect the demand for our products if Chinese OEMs have to reduce the sales of their vehicles in the U.S. and European Union markets.

**We could be adversely affected as a result of any transactions we make with certain entities or in certain industries that are, or become subject to, sanctions and export controls administered by the United States and other relevant sanctions authorities.**

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies. See "Regulatory Overview — U.S. Trade Laws and Regulations — Export Controls." For example, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "EAR"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "BIS"), which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "Entity List"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. If any of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or products and solutions by us, there can be no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers, or that such permits will cover all our existing and potential transactions with such customers and suppliers.

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During the Track Record Period, several chips we procured were subject to the EAR, and we had business collaborations with a customer designated on the Entity List. These activities during the Track Record Period did not represent a violation of the applicable U.S. export controls. For more details and analysis of our compliance with U.S. export control laws and regulations, see “Business — Compliance with U.S. Export Control Laws and Regulations.”

While our business activities were not affected by U.S. export control laws and regulations in any material respect during the Track Record Period, we cannot be certain what additional export control actions the U.S. government may take that could impact our products and services, suppliers or customers. The U.S. government could further expand the scope of items subject to the EAR in a manner that captures our products and services. Additional actions could also take the form of additional designations on the Entity List, which could make our products and services subject to the EAR for certain transactions if involving those parties. Furthermore, other countries may continue to adopt export controls that could impact our products, services and business operations. The aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by the Office of Foreign Assets Control of the United States (the “OFAC”) or other relevant authorities in other jurisdictions, may materially and adversely affect our customers’ and suppliers’ ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service offerings and business operations, which in turn may adversely affect our business, results of operations and financial condition.

Furthermore, the U.S. government has recently increased regulatory scrutiny on Chinese technology in the U.S. automotive sector. On September 23, 2024, the BIS issued a Notice of Proposed Rulemaking that would prohibit the sale in or import into the United States of connected vehicles integrating specific hardware and software, or those components or software if sold or imported separately, with a sufficient nexus to certain foreign adversaries including China and The Russian Federation (Russia) (the “Proposed Connected Vehicles Rule”). The Proposed Connected Vehicles Rule was formalized in BIS Final Rule on January 16, 2025 (“Final Rule”) with a narrower scope of the restrictions and reduced compliance burden on the automotive industry. In particular, the Final Connected Vehicles Rule does not apply to commercial vehicles; vehicles with a gross vehicle weight rating of over 10,000 pounds are excluded from the Final Connected Vehicles Rule. For more details, see “Regulatory Overview — U.S. Trade Laws and Regulations — BIS Connected Vehicles Rule.” Although, as of the Latest Practicable Date, we did not sell our products to customers in the United States or, to our best knowledge, to customers that incorporated them into products for sale to the United States, and we do not intend to actively develop our business in the United States as a market in the future, the Final Connected Vehicles Rule or similar regulations could limit the potential market for our solutions, specifically for end users in the United States market. Other countries could also consider and adopt similar technology restrictions. Accordingly, we may be adversely affected by new sanctions and export controls or other trade-related measures and our business, financial condition and results of operation may suffer as a result.

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In August 2023, President Joe Biden signed an Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern (the “Executive Order”). In October 2024, the U.S. Department of Treasury issued a final rule to implement the Executive Order (the “Reverse CFIUS Rule”). The Reverse CFIUS Rule provides the operative regulations for certain U.S. investments into China (including Hong Kong and Macau) in entities engaged in activities involving sensitive technologies critical to national security in three sectors, namely, semiconductors and microelectronics, quantum information technologies, and artificial intelligence. The program took effect on January 2, 2025, and prohibits U.S. persons from undertaking certain transactions and requires notification by U.S. persons on certain investments. The Reverse CFIUS Rule excludes certain “excepted transactions,” such as passive investments into publicly-traded securities. We cannot assure you that our business and operations will not be adversely affected. If any similar or more expansive restrictions imposed by the U.S. or other jurisdictions are adopted in the future, our business, results of operations, financial condition and prospects may be adversely affected.

**The automotive intelligence industry is an emerging industry in China and may be subject to governmental regulations from time to time.**

The automotive intelligence industry in China is still in its nascent stages and is likely to face changes in the regulatory landscape as it evolves. As government authorities continue to understand and regulate this rapidly developing sector, new regulations and compliance requirements are expected to emerge. These evolving regulations could cover various aspects such as data security, safety standards, environmental impact, and consumer protection. Navigating this changing regulatory environment may require significant adjustments to our products and services to meet new standards, lead to increased compliance costs, or result in operational delays. Additionally, any failure to comply with these regulations could expose us to legal penalties and reputational damage, and hinder our ability to operate or expand within the Chinese market. The changes in regulations add a layer of complexity to our strategic planning and could materially affect our business operations, financial condition, and overall growth prospects.

**Changes in the economic and legal conditions, as well as the interpretation and implementation of the relevant laws, rules and regulations in China may affect our business, results of operations, and financial condition.**

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are inherently influenced by economic and legal developments within the PRC. We are subject to laws, rules and regulations from time to time, including those related to such aspects as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade. Any material changes of the economic regulatory, political and social conditions in China may have material and adverse effect on our results of operations, financial performance and business prospects. There can be no assurance that we will successfully adapt to the dynamic interpretation or implementation of existing laws, regulations or government policies, or new regulations that will come into effect.

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**We are subject to a dynamic legal and regulatory environment regarding cybersecurity, privacy, data protection and information security. Any failure or perceived failure to adhere to these laws and regulations or other concerns about our practices or policies with respect to the processing of data, could damage our reputation and materially and adversely affect our business, results of operations, and financial condition.**

In recent years, government authorities across the world have been increasingly focusing on privacy and data protection. Particularly in China, the substantial base of our business operations, the PRC government has enacted a series of laws and regulations on the protection of personally identifiable data in the past few years. We may be subject to laws and regulations regarding privacy and data protection in China and other areas and jurisdictions. In addition, as our customers expand their footprints globally, they may leverage our solutions in other countries or territories outside China and are thus required to comply with laws and regulations regarding privacy and data protection in such jurisdictions. As a result, we may be required to upgrade our solutions to help them comply with such laws and regulations.

We have adopted various measures to ensure legal compliance. For details, see “Business — Privacy and Data Security.” However, the laws and regulations regarding privacy and data protection in China, as well as in other jurisdictions, are evolving, and we may not adapt to changes in such laws and regulations in a timely manner. As such, we cannot assure you that our privacy and data protection measures are, and will always be, considered sufficient under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation, deter current and potential users from using our solutions and could subject us to significant legal, financial and operational consequences.

**Fluctuations in exchange rates could result in foreign currency exchange losses or a decrease in our gross profit margin.**

The value of RMB against other currencies may fluctuate, subject to changes resulting from relevant government policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rates between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

In 2022, 2023, 2024 and for the five month ended May 31, 2024 and 2025, we had net foreign exchange losses of RMB0.6 million, RMB3.5 million, RMB12.0 million, RMB5.9 million and RMB4.0 million respectively. Our net foreign exchange gains and losses primarily represent gains and losses resulting from the fluctuation of the foreign exchange rate between the invoice date and the settlement date. During the Track Record Period, the fluctuation of our net foreign currency exchange fluctuations was primarily due to our exposure to changes in the foreign exchange rates of Renminbi to U.S. dollars in relation to our purchases of raw materials from suppliers outside mainland China. Along with the proceeds from the Global Offering that



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will be received in Hong Kong dollars, any appreciation of the RMB against the Hong Kong dollar and the U.S. dollar may result in a decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

### **Our operations are subject to PRC tax laws and regulations.**

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. Although we believe that in the past, we have acted in compliance with the requirements under the PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

### **Holders of H Shares may be subject to PRC income taxes.**

Holders of H Shares, being non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of H shares by such shareholders.

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), both of which came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region (the “Hong Kong SAR”) for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “Double Taxation Arrangements”) executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owners of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends.

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## RISK FACTORS

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According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Double Taxation Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; or (ii) otherwise, 10% of the total amount of dividends.

Considering the foregoing, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

### **Payment of dividends is subject to relevant PRC laws and regulations.**

Under PRC law, dividends may be paid only out of distributable profit, for which the PRC laws do not specify the applicable accounting principles. Distributable profit is our profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Our PRC Legal Advisor is of the view that after making up losses and appropriation of statutory reserves, we may distribute after-tax profits.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The PRC regulatory authorities may further amend the dividend distribution rules for listed companies in the future, which may significantly affect the amount of capital available to support the development and growth of our business.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distribution from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those years in which our financial statements indicate that our operations have been profitable.



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## RISK FACTORS

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**While this may also apply to other jurisdictions, there might be difficulties in effecting service of legal process, enforcing foreign judgments against us or our Directors, Supervisors and senior management in the PRC according to the laws of other jurisdictions.**

The capacity to enforce foreign judgments is inconsistent globally. We are a joint stock company incorporated in China. In addition, a majority of our Directors, Supervisors and senior management reside within mainland China, and substantially all of our and their assets are located within the PRC. Therefore, it may be difficult for investors to directly effect service of legal process upon us or our Directors, Supervisors and senior management in the PRC according to the laws of other jurisdictions.

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgment of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.

### **RISKS RELATING TO THE GLOBAL OFFERING**

**There has been no prior public market for our H Shares. The liquidity of our H Shares may be limited, and the price and trading volume of our H Shares may be volatile.**

Prior to the completion of the Global Offering, there has been no public market for our H Shares. There can be no guarantee that an active trading market for our H Shares will develop or be sustained after the completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our H Shares will be traded following completion of the Global Offering. The market price of our H Shares may drop below the Offer Price and the trading volume may decline at any time after completion of the Global Offering.

**The price and trading volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the Global Offering.**

The price and trading volume of our H Shares may be highly volatile. Factors, some of which are beyond our control, such as variations in our revenue, net profit and cash flows, demand for our products or services, changes in our pricing policy as a result of competition, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, or litigations, legal or regulatory proceedings involving our Group, could cause substantial and sudden changes in the volume and price at which our H Shares will

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## RISK FACTORS

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trade and affect the liquidity of our H Shares. In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our H Shares and the value of our H Shares may decline.

**Our future financing may cause dilution of your shareholding or place restrictions on our operations.**

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may further limit our ability or discretion to pay dividends and increase our risks in adverse economic conditions. Further, it will adversely affect our cash flows and limit our flexibility in business development and strategic plans.

**We have significant discretion as to how we will use the net proceeds from the Global Offering, and you may not necessarily agree with how we use them.**

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return. For details of our intended use of proceeds from the Global Offering, see “Future Plans and Use of Proceeds.” However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from this Global Offering.

**We have been, and will continue to be, substantially influenced by our Controlling Shareholders, whose interests may differ from those of other Shareholders.**

Our Controlling Shareholders will, through their voting power at the Shareholders’ meetings and its delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

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## RISK FACTORS

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**Any possible conversion of Domestic Shares into H Shares could increase the supply of H Shares in the market, which will negatively impact the market price of H Shares.**

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes and CSRS filing (but without the necessity of Shareholders' approval) have been duly completed. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the trading price of H Shares.

**If equity research analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price for our H Shares and trading volume may decline.**

The trading market for our H Shares will be influenced by research or reports that equity research analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price for our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume of our H Shares to decline.

**Future sales or perceived sales of a substantial number of our H Shares in the public market following the Global Offering could materially and adversely affect the price of our H Shares and our ability to raise additional capital in the future and may result in dilution of your shareholding.**

Prior to the Global Offering, there has not been a public market for our H Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the Global Offering could result in a significant decrease in the prevailing market price of our H Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

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## RISK FACTORS

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**There can be no assurance that we will declare and distribute any amount of dividends in the future.**

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. See “Financial Information — Dividend.”

**Certain facts, forecasts and statistics in this prospectus relating to the PRC economy, the automotive intelligence and related industries may not be fully reliable.**

Facts, forecasts and statistics in this prospectus relating to the PRC economy and the automotive intelligence industry in and outside China are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by the CIC that we commissioned. Neither we, the Joint Sponsors, the Underwriters nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the industry statistics in this prospectus may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

**Forward-looking statements contained in this prospectus are subject to risks and uncertainties.**

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

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## RISK FACTORS

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**Investors should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media coverage regarding us or the Global Offering.**

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong when making your investment decision regarding our H Shares. Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of any such press articles or other media coverage, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us in any such press articles or media coverage. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

### MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

The Company's headquarters, management, business operations and assets are primarily located in the PRC. The Company's executive Directors are based in the PRC as the Board believes it would be more effective and efficient for its executive Directors to be based in a location where the Company's significant operations are located. The executive Directors are not or will not be ordinarily resident in Hong Kong upon the proposed Listing. The Directors consider that relocation of the executive Directors to Hong Kong will be burdensome and costly for the Company, and it may not be in the best interests of the Company and the Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong.

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

- (a) pursuant to Rule 3.05 of the Listing Rules, the Company has appointed and will continue to maintain two authorized representatives (the “**Authorized Representatives**”), namely Mr. Ying and Ms. Leung Hoi Yan (梁鯉欣). The Authorized Representatives are authorized to communicate on the Company's behalf with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the Authorized Representatives will have means to contact all of the Directors promptly at all times. The Company will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;
- (b) the Company has provided the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to contact any of the Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with the Directors when they are travelling;

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## **WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES**

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- (c) the Company confirms and will ensure that all Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required; and
- (d) the Company has appointed Guotai Junan Capital Limited as its Compliance Adviser, pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will have access at all times to the Authorized Representatives, Directors and senior management of the Company, and will act as an additional channel of communication between the Stock Exchange and the Company for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The Compliance Adviser will maintain constant contact with the Authorized Representatives, Directors and senior management of the Company through various means, including regular meetings and telephone discussions whenever necessary. The Authorized Representatives, Directors and other officers will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules.

### **JOINT COMPANY SECRETARIES**

Rule 8.17 of the Listing Rules provides that the issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers that the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience", the Stock Exchange will consider the individual's: (a) length of employment with the issuer and other issuers and the roles he played; (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code; (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (d) professional qualifications in other jurisdictions.



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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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Paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants provides that the Stock Exchange will consider waiver applications in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include: (a) whether the applicant has principal business activities primarily outside Hong Kong; (b) whether the applicant is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and (c) why the directors consider the proposed company secretary to be suitable to act as the applicant's company secretary.

Further, pursuant to Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the **“Waiver Period”**) and on the following conditions: (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

The Group's principal business operations are in the PRC. The Company considers that apart from being able to meet the professional qualification or the relevant experience requirements under the Listing Rules, its company secretary also needs to have (i) experience relevant to the Company's operations; (ii) nexus to the Board; and (iii) close working relationship with the management of the Company, in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of the Company to appoint a person who is familiar with the Company's business and affairs as a company secretary.

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 currently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, the Company has appointed Ms. Leung Hoi Yan (梁鵬欣) (**“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. For details on Dr. Liu's and Ms. Leung's qualifications and experience, see “Directors, Supervisors and Senior Management”.

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## **WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES**

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

Since Dr. Liu does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Dr. Liu may be appointed as a joint company secretary of the Company. The waiver is valid for an initial period of three years from the Listing Date on the conditions that (a) Dr. Liu must be assisted by Ms. Leung who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver will be revoked immediately if there are material breaches of the Listing Rules by the Company.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus, for which our Directors (including any proposed Director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### **CSRC FILING**

According to the Trial Measures, we are required to complete the filing procedures with the CSRC in connection with the proposed Listing. The Company has submitted a filing to the CSRC for application for the Listing on July 3, 2024. On June 12, 2025, the CSRC has issued a notification on our Company's completion of such filing. No other approvals from the CSRC are required to be obtained for the Listing.

### **INFORMATION ON THE GLOBAL OFFERING**

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 1,043,700 Offer Shares and the International Offering of initially 9,393,200 Offer Shares (subject to, in each case, reallocation on the basis as set out in "Structure of the Global Offering" and, in case of the International Offering, any exercise of the Over-allotment Option).

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, create any implication that there has been no change or development in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any date subsequent to the date of this prospectus.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering”, and the procedures for applying for Hong Kong Offer Shares are set out in “How to Apply for Hong Kong Offer Shares.”

### **INFORMATION ON THE CONVERSION OF DOMESTIC SHARES INTO H SHARES**

The Company has applied for the conversion of 60,560,947 Domestic Shares held by 30 Shareholders into H Shares. See “History, Development and Corporate Structure” and “Share Capital” for details of their interests in the Company and relevant procedures for the conversion of Domestic Shares into H Shares. Such H Shares to be converted from Domestic Shares are restricted from trading for a period of one year after the Listing. We have filed with the CSRC for the conversion of Domestic Shares into H Shares on July 3, 2024.

### **RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES**

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her/its acquisition of the Hong Kong Offer Shares to, confirm that he/she/it is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares outside Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances where such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC.

### **UNDERWRITING**

The listing of our H Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters pursuant to the terms of the International Underwriting Agreement which is expected to be entered into on or around the September 26, 2025. For more information on the Underwriters and the Underwriting Agreements, see “Underwriting.”

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE**

We have applied to the Stock Exchange for the granting of the listing of, and permission to deal in, the H Shares to be issued by us pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from the Domestic Shares.

Dealings in the H Shares on the Stock Exchange are expected to commence on Tuesday, September 30, 2025. No part of our Shares is listed or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought on any other stock exchange as of the date of this prospectus.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our H Shares on the Stock Exchange pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

### **H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests.

### **H SHARE REGISTER AND STAMP DUTY**

All H Shares issued pursuant to applications made in the Global Offering and converted from Domestic Shares will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **DIVIDENDS PAYABLE TO HOLDERS OF H SHARES**

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on our H Share register of members in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

According to the Guide to the Program for "Full Circulation" of H shares promulgated by CSDC on February 7, 2020, cash dividends to domestic investors of H-share "full circulation" shall be distributed through CSDC. An H-share listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

### **REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES**

We have instructed our H Share Registrar, and it has agreed not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law and our Articles of Association;
- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates of any of our Directors, Supervisors or an existing Shareholder or a nominee of any of the foregoing.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to the H Shares. None of the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, the H Shares.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in the English prospectus that are not in the English language and are English translations, the names in their respective original languages shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages.

### ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this prospectus may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

### EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars at specified rates.

Unless otherwise specified, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this prospectus was made at the following rates:

RMB0.91331 to HK\$1.00

RMB7.1056 to US\$1.00

HK\$7.7801 to US\$1.00

The RMB to HK\$ and US\$ to RMB exchange rates are quoted by the PBOC for foreign exchange transactions prevailing the Latest Practicable Date. No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

### OTHER

Unless otherwise specified, all references to any shareholdings in the Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.



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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>
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**Executive Directors**

Ying Zhenkai (應臻愷)	Room 702, No. 18, Lane 619 Huangjincheng Avenue Changning District Shanghai, PRC	Chinese
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Zhang Fukai (張富凱)	Room 101, No. 2, Lane 1876 Qishan Road, Pudong New Area Shanghai, PRC	Chinese
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Xu Zhenhui (徐真慧)	Room 101, No. 54, Zizhuyuan Lane 948, Pubei Road, Xuhui District Shanghai, PRC	Chinese
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Lai Weilin (賴偉林)	Room 304, No. 21, Lane 121 Donglan Road, Xuhui District Shanghai, PRC	Chinese
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Gao Yinghui (高穎輝)	Room 601, No. 106, Lane 155 Liming Road, Minhang District Shanghai, PRC	Chinese
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**Non-executive Directors**

Wang Bihui (王碧輝)	Room 251, Building 1-2 Lincheng First Village Nanming Street, Xinchang County Zhejiang Province, PRC	Chinese
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Wang Yue (王越)	No. 203, Shanghai Road Gulou District, Nanjing Jiangsu Province, PRC	Chinese
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Ma Xiaoyong (馬曉詠)	Room 101, No. 65, Jufuyuan Gulou District, Nanjing Jiangsu Province, PRC	Chinese
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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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<b>Name</b>	<b>Address</b>	<b>Nationality</b>
<b>Independent Non-executive Directors</b>		
Li Yuanpeng (李遠鵬)	No. 220, Handan Road Yangpu District Shanghai, PRC	Chinese
Wang Yanfeng (王延峰)	Room 701, No. 85, Lane 2077 Guangfuxi Road, Putuo District Shanghai, PRC	Chinese
Pang Chunlin (龐春霖)	No. 9D, Block 3, Building 32 Yangguang Zonglvyan Qianhai Road Nanshan District, Shenzhen Guangdong Province, PRC	Chinese
Zhang Xiaoliang (張曉亮)	No. 2, Unit 1, Building 21 New Century Community Haigang District, Qinhuangdao Hebei Province, PRC	Chinese
Liu Gongshen (劉功申)	No. 1954, Huashan Road Xuhui District Shanghai, PRC	Chinese
Xu Lili (徐黎黎)	Flat E, 29/F, Island Lodge 180 Java Road, North Point Hong Kong	Chinese

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**SUPERVISORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>
Liang Chen (梁晨)	No. 130, Meilong Road Xuhui District Shanghai, PRC	Chinese
Xu Tingting (徐婷婷)	Room 407, No. 112 Tianshan Second Village Changning District Shanghai, PRC	Chinese
Wu Yunyun (吴芸芸)	No. 1127, Caimao Village Bao Town, Chongming County Shanghai, PRC	Chinese
Shi Wan (施万)	No. 18, Checheng North Road Hanyang District, Wuhan Hubei Province, PRC	Chinese
Li Zijie (李自洁)	No. 11, Lane 262, Shimen first Road Jingan District Shanghai, PRC	Chinese

For more information on our Directors and Supervisors, see “Directors, Supervisors and Senior Management.”

**PARTIES INVOLVED IN THE GLOBAL OFFERING**

**Joint Sponsors**

**China International Capital Corporation**

**Hong Kong Securities Limited**

29/F, One International Finance Centre

1 Harbour View Street

Central

Hong Kong

**Guotai Junan Capital Limited**

27/F, Low Block

Grand Millennium Plaza

181 Queen's Road Central

Hong Kong

**CMB International Capital Limited**

45th Floor, Champion Tower

3 Garden Road

Central

Hong Kong

**Huatai Financial Holdings**

**(Hong Kong) Limited**

62/F, The Center

99 Queen's Road Central

Hong Kong

**CITIC Securities (Hong Kong) Limited**

18/F, One Pacific Place

88 Queensway

Hong Kong

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**Sponsor-Overall Coordinators,  
Overall Coordinators and  
Joint Global Coordinators**

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

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

**CMB International Capital Limited**  
45th Floor, Champion Tower  
3 Garden Road  
Central  
Hong Kong

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

**CLSA Limited**  
18/F, One Pacific Place  
88 Queensway  
Hong Kong

**Joint Bookrunners**

**China International Capital Corporation**

**Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**Guotai Junan Securities**

**(Hong Kong) Limited**

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

**CMB International Capital Limited**

45th Floor, Champion Tower  
3 Garden Road  
Central  
Hong Kong

**Huatai Financial Holdings**

**(Hong Kong) Limited**

62/F, The Center  
99 Queen's Road Central  
Hong Kong

**CLSA Limited**

18/F, One Pacific Place  
88 Queensway  
Hong Kong

**BOCI Asia Limited**

26/F, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower  
50 Connaught Road  
Central  
Hong Kong

**Livermore Holdings Limited**

Unit 1214A, 12/F  
Tower II Cheung Sha Wan Plaza  
833 Cheung Sha Wan Road  
Kowloon  
Hong Kong

**Tiger Brokers (HK) Global Limited**

23/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

**Joint Lead Managers**

**China International Capital Corporation**

**Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**Guotai Junan Securities**

**(Hong Kong) Limited**

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

**CMB International Capital Limited**

45th Floor, Champion Tower  
3 Garden Road  
Central  
Hong Kong

**Huatai Financial Holdings**

**(Hong Kong) Limited**

62/F, The Center  
99 Queen's Road Central  
Hong Kong

**CLSA Limited**

18/F, One Pacific Place  
88 Queensway  
Hong Kong



**BOCI Asia Limited**

26/F, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

**ABCI Securities Company Limited**

10/F, Agricultural Bank of China Tower  
50 Connaught Road  
Central  
Hong Kong

**Livermore Holdings Limited**

Unit 1214A, 12/F  
Tower II Cheung Sha Wan Plaza  
833 Cheung Sha Wan Road  
Kowloon  
Hong Kong

**Tiger Brokers (HK) Global Limited**

23/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

**Capital Market Intermediaries**

**China International Capital Corporation**

**Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**Guotai Junan Securities**

**(Hong Kong) Limited**

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

**CMB International Capital Limited**

45th Floor, Champion Tower  
3 Garden Road  
Central  
Hong Kong

**Huatai Financial Holdings**

**(Hong Kong) Limited**

62/F, The Center

99 Queen's Road Central

Hong Kong

**CLSA Limited**

18/F, One Pacific Place

88 Queensway

Hong Kong

**BOCI Asia Limited**

26/F, Bank of China Tower

1 Garden Road

Central

Hong Kong

**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower

50 Connaught Road

Central

Hong Kong

**ABCI Securities Company Limited**

10/F, Agricultural Bank of China Tower

50 Connaught Road

Central

Hong Kong

**Livermore Holdings Limited**

Unit 1214A, 12/F

Tower II Cheung Sha Wan Plaza

833 Cheung Sha Wan Road

Kowloon

Hong Kong

**Tiger Brokers (HK) Global Limited**

23/F, Li Po Chun Chambers

189 Des Voeux Road Central

Hong Kong

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## DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### **Legal Advisors to the Company**

*As to Hong Kong and United States law:*

**Cooley HK**

35/F, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

*As to PRC law:*

**Jingtian & Gongcheng**

34/F, Tower 3  
China Central Place  
77 Jianguo Road  
Chaoyang District  
Beijing  
PRC

*As to U.S. export control law:*

**Hogan Lovells**

11th Floor, One Pacific Place  
88 Queensway  
Hong Kong

### **Legal Advisors to the Joint Sponsors and the Underwriters**

*As to Hong Kong and United States law:*

**Clifford Chance**

27/F, Jardine House  
One Connaught Place  
Central  
Hong Kong

*As to PRC law:*

**Commerce & Finance Law Offices**

12-15/F, China World Office 2  
No. 1 Jianguomenwai Ave  
Beijing  
PRC

### **Reporting Accountants and Independent Auditor**

*Certified Public Accountants*

**Deloitte Touche Tohmatsu**

35/F, One Pacific Place  
88 Queensway  
Hong Kong

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**Industry Consultant****China Insights Industry Consultancy  
Limited**

10F, Block B, Jing'an International Center  
88 Puji Road  
Jing'an District  
Shanghai  
PRC

**Receiving Bank****CMB Wing Lung Bank Limited**

45 Des Voeux Road Central  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered Office</b>	Room 3701, 866 East Changzhi Road Hongkou District Shanghai, PRC
<b>Headquarters and Principal Place of Business in the PRC</b>	Room 3701, 866 East Changzhi Road Hongkou District Shanghai, PRC
<b>Principal Place of Business in Hong Kong</b>	46/F, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong
<b>Company's Website</b>	<u><a href="http://www.pateo.com.cn">www.pateo.com.cn</a></u> <i>(The information contained on this website does not form part of this prospectus)</i>
<b>Joint Company Secretaries</b>	<b>Dr. Liu Yicheng (劉意成)</b> 37/F, AIA Central 866 Dong Changzhi Road Hongkou District Shanghai, PRC  <b>Ms. Leung Hoi Yan (梁皚欣)</b> <i>(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> 46/F, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong
<b>Authorized Representatives</b>	<b>Mr. Ying</b> Room 702, No. 18, Lane 619 Huangjincheng Avenue Changning District Shanghai, PRC  <b>Ms. Leung Hoi Yan (梁皚欣)</b> 46/F, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong
<b>Audit Committee</b>	Dr. Li Yuanpeng (李遠鵬) ( <i>Chairman</i> ) Mr. Zhang Xiaoliang (張曉亮) Ms. Xu Lili (徐黎黎)

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## CORPORATE INFORMATION

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**Nomination Committee**

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

**Remuneration Committee**

Dr. Wang Yanfeng (王延峰) (*Chairman*)  
Dr. Li Yuanpeng (李遠鵬)  
Mr. Ying

**Compliance Adviser**

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

**H Share Registrar**

**Computershare Hong Kong Investor Services Limited**  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

**Principal Bank**

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

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### OVERVIEW

The Group's history can be traced back to the establishment of the predecessor of the Company, Shanghai Botai Yuezhen Electronic Equipment Manufacturing Co., Ltd. (上海博泰悦臻電子設備製造有限公司) (“**Botai Yuezhen Electronic Equipment Manufacturing**”) in October 2009. On December 2, 2021, the Company was converted into a joint stock limited liability company with its corporate name changed to PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司). As of the Latest Practicable Date, the registered capital of the Company was RMB139,554,349, divided into 139,554,349 Shares, with a nominal value of RMB1.00 each.

Recognizing the emerging opportunities presented by the rapid development of 3G networks and internet technologies, Mr. Ying, our founder, established the Group in 2009, during the early stages of the automotive intelligence industry. Since then, the Group has continuously adapted its business focus in response to industry advancement. Initially, the Group concentrated on developing vehicle connectivity systems and unveiled China's first 3G vehicle connectivity system that enables vehicles to connect with external networks through the 3G mobile communication infrastructure in 2010. In 2013, the Group introduced the first-ever automotive-grade operating system developed by a private-owned enterprise in China, according to CIC, and achieved its commercialization in 2014. As the market evolved, the Group shifted its focus to smart cockpit solutions in 2018, integrating software, hardware and cloud-based vehicle connectivity. Through strategic initiatives such as collaborating with key partners, diversifying its customer base, and expanding into international markets, the Group has steadily strengthened its position as a leading independent domestic provider in China's automotive intelligence industry, with a comprehensive business model and a scalable operation that addresses diverse customer needs.

For the biography of Mr. Ying, see “Directors, Supervisors and Senior Management.”

### MILESTONES

The following sets out a summary of our key development milestones:

Year	Milestone(s)
2009 . . . . .	The predecessor of the Company, Botai Yuezhen Electronic Equipment Manufacturing was established in the PRC in October
2010 . . . . .	Unveiled China's first 3G vehicle connectivity system, according to CIC
2013 . . . . .	Introduced the first ever automotive-grade operating system developed by a private-owned enterprise in China, according to CIC
2016 . . . . .	Launched our QingCloud 1.0 advanced cloud service platform, supporting a comprehensive range of vehicle connectivity platform services



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone(s)
2018 . . . . .	Jointly developed the first Dongfeng Aeolus WindLink 3.0 intelligent vehicle connectivity system
2020 . . . . .	Included in Headquarters of Private Companies (民營企業總部) by Shanghai Municipal Commission of Commerce (上海市商務委員會), Shanghai Municipal Development and Reform Commission (上海市發展和改革委員會), Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會) and Shanghai Federation of Industry and Commerce (上海市工商業聯合會)
2022 . . . . .	Two of our proprietary technological innovations related to smart cockpit and intelligent vehicle connectivity were acknowledged as internationally leading technologies by the National New Energy Vehicle Technology Innovation Center of China (國家新能源汽車技術創新中心)  Included in Forbes China's Unicorn List
2023 . . . . .	Recognized as a National Enterprise Technology Center (國家企業技術中心) by National Development and Reform Commission (國家發展和改革委員會), Ministry of Finance of the PRC (中華人民共和國財政部), General Administration of Customs of the PRC (中華人民共和國海關總署) and State Taxation Administration (國家稅務總局)  Named as a National Intellectual Property Leading Enterprise (國家知識產權優勢企業) by China National Intellectual Property Administration (國家知識產權局)  Included in Shanghai Headquarters of Innovative Companies (上海市創新型企業總部) by Shanghai Municipal Leading Group Office for Strategic New Industries (上海市戰略性新興產業領導小組辦公室)  Found a joint laboratory focused on setting standards for verification, validation and testing of domestic automotive-grade chips with the National New Energy Vehicle Technology Innovation Center of China  Became one of the first companies to offer smart cockpit solutions powered by Qualcomm's fourth generation Snapdragon 8295 chipset in China, which, according to CIC, are among the latest-generation automotive-grade chips for smart cockpit solutions with the highest computing power

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### OUR MAJOR SUBSIDIARIES

The following table sets out certain information of our major subsidiaries which made material contribution to our results of operation and financial position during the Track Record Period:

Subsidiaries	Date and place of establishment	Registered capital/capital contribution committed	Approximate equity interest attributable to the Group	Principal business activities
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd. (上海博泰悅臻網絡技術服務有限公司) ("Shanghai PATEO Yuezhen") . . . . .	October 26, 2006; PRC	RMB34,000,000	100%	R&D of intelligent vehicle connectivity
Shanghai Qinggan Intelligent Technology Co., Ltd. (上海擎感智能科技有限公司) ("Shanghai Qinggan Intelligent") . . . . .	May 29, 2013; PRC	RMB5,000,000	100%	R&D of electronic technology and communication engineering
Shenyang Jingyi Zhijia Technology Co., Ltd. (瀋陽精一智駕科技有限公司) . . . . .	January 3, 2017; PRC	RMB1,000,000	100%	Electronic product technology development
PATEO CONNECT (Nanjing) Co., Ltd. (博泰車聯網(南京)有限公司) ("PATEO CONNECT Nanjing") . . . . .	November 5, 2019; PRC	RMB200,000,000	100%	R&D of intelligent vehicle connectivity, and software systems, AI, IoT, and software development
PATEO CONNECT (Xiamen) Co., Ltd. (博泰車聯網(廈門)有限公司) . . . . .	November 18, 2019; PRC	RMB200,000,000	100%	Manufacture of parts and accessories of vehicles
Liuzhou PATEO CONNECT Co., Ltd. (柳州博泰車聯網有限公司) . . . . .	September 8, 2020; PRC	RMB100,000,000	100%	Manufacture of parts and accessories of vehicles
PATEO CONNECT (Dalian) Co., Ltd. (博泰車聯網(大連)有限公司) . . . . .	November 12, 2020; PRC	RMB500,000	100%	R&D of intelligent vehicle connectivity and specializing in smart cockpit software systems and cloud-based development
PATEO CONNECT (Wuhan) Co., Ltd. (博泰車聯網(武漢)有限公司) . . . . .	January 22, 2021; PRC	RMB50,000,000	100%	Information system integration services and concentrating on cloud platform development.
PATEO CONNECT (Ruian) Co., Ltd. (博泰車聯網(瑞安)有限公司) . . . . .	November 28, 2022; PRC	RMB100,000,000	100%	Manufacture of parts and accessories of vehicles

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### ESTABLISHMENT AND CORPORATE DEVELOPMENT

#### Establishment and Shareholding Changes in the Company Prior to Series A Financing

On October 20, 2009, Botai Yuezhen Electronic Equipment Manufacturing, the predecessor of the Company, was established under the laws of the PRC with a registered capital of RMB10,000,000 by Mr. Ying and Zhong Zhifeng (鍾志峰), an independent third party, holding 99.00% and 1.00% of the Company's then registered capital, respectively. Zhong Zhifeng later exited the Company in May 2014 by transferring all his equity interest in the Company to Mr. Ying at a consideration of RMB100,000, the same amount as the registered capital of the Company transferred.

On April 16, 2010, the registered capital of the Company was increased from RMB10,000,000 to RMB13,330,000 and Liu Jianhui (劉劍輝), an independent third party, contributed the increased capital of RMB3,330,000, reflecting the amount of registered capital of the Company being increased. Liu Jianhui later exited the Company in January 2015 by transferring all his equity interest in the Company to Mr. Ying at a consideration of RMB3,330,000, the same amount as the registered capital of the Company transferred.

On July 29, 2013, Mr. Ying transferred approximately 15% of the equity interest in the Company to Shanghai Yangzi Investment Management Co., Ltd. (上海揚梓投資管理有限公司) (“**Shanghai Yangzi**”), an investment vehicle of Mr. Ying, at a consideration of RMB2,000,000, reflecting the amount of registered capital of the Company being transferred. Shanghai Yangzi later exited the Company in January 2015 by transferring 10.00% and 5.00% of the equity interest in the Company held by him to Mr. Ying and Li Zhenwei (李楨瑋) (mother of Mr. Ying), respectively, at an aggregated consideration of RMB2,000,000, reflecting the amount of registered capital of the Company being transferred.

On March 10, 2016, the registered capital of the Company was increased from RMB13,330,000 to RMB58,330,000 and Mr. Ying, Li Zhenwei, Shanghai Longmao Investment Management Partnership (Limited Partnership) (上海龍茂投資管理合夥企業(有限合夥)) (“**Shanghai Longmao**”), Shanghai Xiazhi Enterprise Management Partnership (Limited Partnership) (上海夏置企業管理合夥企業(有限合夥)) (“**Shanghai Xiazhi**”), Shanghai Rujia and Shanghai Jinlin contributed the increased capital of RMB32,833,500, RMB500,100, RMB4,666,400, RMB3,000,000, RMB2,000,000 and RMB2,000,000, respectively. Shanghai Longmao, a partnership established in the PRC, later exited the Company by transferring all its equity interest in the Company to certain Pre-IPO Investors. For details, see “— Series A+ Financing” and “— Series B Financing — Equity transfers in Series B Financing.”

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### Series A Financing

Under the capital contribution agreements dated November 13, 2015 and April 20, 2016, the registered capital of the Company was increased from RMB58,330,000 to RMB65,683,830, and Chongqing Gaoxin Venture Capital Liangjiang Brand Automobile Industry Investment Center (Limited Partnership) (重慶高新創投兩江品牌汽車產業投資中心(有限合夥)) (“**Chongqing Gaoxin**”), an independent third party, agreed to subscribe the increased registered capital of RMB7,353,830 of the Company at a consideration of RMB120,000,000 (the “**Series A Financing**”).

Under an equity transfer agreement entered into between Chongqing Gaoxin and Shanghai Xiazhi on June 18, 2017, Chongqing Gaoxin transferred all equity interest held by it in the Company to Shanghai Xiazhi at a consideration of RMB180,000,000 (the “**Equity Transfer in June 2017**”) and ceased to be a Shareholder. The consideration of the Equity Transfer in June 2017 was determined based on previous capital contribution made by Chongqing Gaoxin and taking into account the timing of the transfer and the Company’s development stage. At the time of the Equity Transfer in June 2017, both Chongqing Gaoxin and Shanghai Xiazhi were managed by their general partner Chongqing Hongma Xiazhi Information Technology Consulting Service Co., Ltd. (重慶紅馬夏置信息技術諮詢服務有限公司) (“**Chongqing Hongma**”) and the Equity Transfer in June 2017 was for their internal restructuring purpose.

### Series A+ Financing

Under the capital contribution agreement dated June 7, 2017 entered into among our Company, our then Shareholders and Suning Rundong Equity Investment Management Co., Ltd. (蘇寧潤東股權投資管理有限公司) (“**Suning Rundong**”), the registered capital of the Company was increased from RMB65,683,830 to RMB71,485,185 and Suning Rundong agreed to subscribe the increased registered capital of RMB5,801,355 of the Company at a consideration of RMB142,000,000 (the “**Series A+ Financing**”). Suning Rundong designated its indirectly-controlled entity Jiangsu Jiequan Suning Rundong New Consumer Service Industry M&A Fund (Limited Partnership) (江蘇建泉蘇寧潤東新消費服務產業併購基金(有限合夥)) (“**Jiequan Rundong**”) to hold such increased registered capital.

Under the equity transfer agreement dated June 7, 2017 entered into between Shanghai Longmao and Suning Rundong, Shanghai Longmao transferred the registered capital of the Company of RMB4,267,848 to Jiequan Rundong at a consideration of RMB78,000,000 (“**Equity Transfer in Series A+ Financing**”). The consideration of the Equity Transfer in Series A+ Financing was determined based on arm’s length negotiations among the parties taking into account previous capital contribution made by Shanghai Longmao, the timing of the transfer and the Company’s development stage.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### Series B Financing

The Company underwent series B financing through capital increases and equity transfers (the “**Series B Financing**”).

#### *Equity transfers in Series B Financing*

Under the equity transfer agreements entered into among the Series B Financing investors and our then Shareholders set forth below, the following Series B Financing investors agreed to acquire registered capital of the Company from the then Shareholders:

Equity transfers	Date of the equity transfer agreements	Transferees	Transferors	Registered capital acquired (RMB)	Consideration (RMB)	Basis of consideration
Equity Transfers in 2019 (“ <b>Equity Transfers in 2019</b> ”) .	November 8, 2019	Ningbo Yinxing Investment Management Partnership (Limited Partnership) (寧波垠星投資管理合夥企業(有限合夥)) (“ <b>Ningbo Yinxing</b> ”)	Shanghai Longmao Shanghai Xiazhi	398,552 113,758	16,725,937 4,774,063	Determined based on arm’s length negotiations among the relevant parties taking into account the timing of the transfers and the Company’s development stage.
Equity Transfer in March 2020 (“ <b>Equity Transfer in March 2020</b> ”) . .	March 26, 2020	Tianjin Jinmi Investment Partnership (Limited Partnership) (天津金米投資合夥企業(有限合夥)) (“ <b>Tianjin Jinmi</b> ”)	Shanghai Xiazhi	4,135,929	200,000,000	Determined based on arm’s length negotiations among the relevant parties taking into account the timing of the transfer and the Company’s development stage.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *Subscription of increased registered capital in Series B Financing*

Under the capital contribution agreements entered into among the Series B Financing investors set forth below, our Company and our then Shareholders, the following Series B Financing investors agreed to subscribe the increased registered capital of the Company:

Subscriptions	Date of the capital contribution agreements	Subscribers	Registered capital subscribed for (RMB)	Consideration (RMB)
Subscriptions in 2018 and 2019 (“Subscriptions in 2018 and 2019”) . . . . .	August 27, 2018 <sup>(1)</sup>	Xinyu Yifeng No. 4 Investment Partnership (Limited Partnership) (新余一豐肆號投資合夥企業(有限合夥)) (“Xinyu Yifeng”)	446,782	25,000,000
	September 13, 2018	Xinyu Yifeng	446,782	25,000,000
	November 15, 2019 <sup>(1)</sup>	Hangzhou Nansheng Jiarong Investment Management Partnership (Limited Partnership) (杭州楠盛嘉融投資管理合夥企業(有限合夥)) (“Hangzhou Nansheng”)	89,356	5,000,000
Subscriptions in 2020 (“Subscriptions in 2020”) . . . . .	March 13, 2020	Dongfeng Motor Group Co., Ltd. (東風汽車集團股份有限公司) (“Dongfeng Group”)	3,622,560	200,000,000
	March 27, 2020	Tianjin Jinmi	3,622,560	200,000,000

- (1) Under the capital contribution agreement dated August 27, 2018 entered into among Xinyu Yifeng, our Company and our then Shareholders, Xinyu Yifeng subscribed for RMB89,356 additional registered capital of the Company at a consideration of RMB5,000,000 (“Additional Subscription”). The Additional Subscription was later transferred from Xinyu Yifeng to Hangzhou Nansheng prior to its settlement pursuant to a supplemental agreement dated November 15, 2019.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### Equity Transfers in July 2020

Under equity transfer agreements dated July 31, 2020 entered into among certain Pre-IPO Investors and our then Shareholders set forth below, the following Pre-IPO Investors agreed to acquire registered capital of the Company from the then Shareholders (the “**Equity Transfers in July 2020**”):

Equity transfers	Transferees	Transferors	Registered capital acquired  (RMB)	Consideration  (RMB)	Basis of consideration
Equity Transfers in July 2020 I (the “ <b>Equity Transfers in July 2020 I</b> ”) . . .	Hubei Hongtai Hailian Equity Investment Partnership Enterprise (Limited Partnership) (湖北宏泰海聯股權投資合夥企業(有限合夥)) (“ <b>Hubei Hongtai</b> ”)	Shanghai Xiazhi	1,033,982	50,000,000	Determined based on arm’s length negotiations among the relevant parties taking into account the timing of the transfers and the Company’s development stage.
	Hangzhou Fuyang Jiuxi Equity Investment Partnership (Limited Partnership) (杭州富陽久義股權投資合夥企業(有限合夥)) (“ <b>Hangzhou Fuyang</b> ”)	Mr. Ying Shanghai Xiazhi	532,943 87,446	25,771,395 4,228,605	



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity transfers	Transferees	Transferors	Registered capital acquired  (RMB)	Consideration  (RMB)	Basis of consideration
Equity Transfers in July 2020 II (the “ <b>Equity Transfers in July 2020 II</b> ”) . . . . .	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)) (“ <b>Zhuhai Shengguang</b> ”)	Shanghai Xiazhi	1,771,901	97,825,896	Determined based on arm’s length negotiations among the relevant parties taking into account the timing of the transfers and the Company’s development stage.
Equity Transfer in July 2020 III (the “ <b>Equity Transfer in July 2020 III</b> ”) . . . . .	Wu Lingdong (吳淩東) Zhuhai Shengguang	Mr. Ying	750,000 2,485,076	41,407,181 49% equity	The terms of the equity swap was determined based on arm’s length negotiation between Mr. Ying and Zhuhai Shengguang, with reference to the valuation of Shanghai Kaida at the time based on a valuation report prepared by an independent valuer.
				Shanghai Kaida Advertising Co., Ltd. (上海愷達廣告有限公司) (“ <b>Shanghai Kaida</b> ”) held by Zhuhai Shengguang	

### Equity Transfer in August 2020

Under an equity transfer agreement entered into between Li Zhenwei (mother of Mr. Ying) and Mr. Ying on August 28, 2020, Li Zhenwei transferred approximately 1.46% of the equity interest in the Company to Mr. Ying, at nominal value, and ceased to be a Shareholder.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### Series B+ Financing

Under the capital contribution agreements and supplemental agreements entered into among the series B+ financing investors set forth below, our Company and our then Shareholders, the following Series B+ financing investors agreed to subscribe increased registered capital of the Company (the “**Series B+ Financing**”):

Date of the capital contribution agreements	Subscribers	Registered capital subscribed for <i>(RMB)</i>	Consideration <i>(RMB)</i>
December 15, 2020 . . . . .	Wuhan Karuitong New Energy Automobile Industry Investment Partnership (Limited Partnership) (武漢卡睿通新能源汽車產業投資 合夥企業(有限合夥)) (“ <b>Wuhan Karuitong</b> ”)	362,256	20,000,000
	Nanjing Intelligent Headquarters Venture Capital Center (Limited Partnership) (南京智能總部創業 投資中心(有限合夥)) (“ <b>Nanjing Intelligent Headquarters Fund</b> ”)	1,811,280	100,000,000
December 20, 2020 . . . . .	Ningbo Yaxin Huachuang Investment Partnership (Limited Partnership) (寧波亞信華創投資 合夥企業(有限合夥)) (“ <b>Ningbo Yaxin</b> ”)	2,562,961	141,500,000
December 30, 2020 . . . . .	Qingdao Jianhua Star Private Equity Investment Fund Partnership (Limited Partnership) (青島建華星空私募股權投資基金 合夥企業(有限合夥)) (formerly known as Qingdao Jianxin Star Enterprise Management Center (Limited Partnership) (青島建信 星空企業管理中心(有限合夥)) (“ <b>Qingdao Jianhua</b> ”)	1,086,768	60,000,000
	Qingdao Qiandao Ronghui Investment Management Center (Limited Partnership) (青島乾道 榮輝投資管理中心(有限合夥)) (“ <b>Qiandao Ronghui</b> ”)	1,086,768	60,000,000
	Jin Jun (金駿)	452,820	25,000,000

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Date of the capital contribution agreements	Subscribers	Registered capital subscribed for  (RMB)	Consideration  (RMB)
	Shanghai Fuding Phase II Equity Investment Fund Partnership (Limited Partnership) (上海複鼎 二期股權投資基金合夥企業(有限 合夥)) (“ <b>Shanghai Fuding Phase II</b> ”)	1,449,024	80,000,000
January 8, 2021 . . . . .	Jiaxing Jingkai Bojing Equity Investment Partnership (Limited Partnership) (嘉興晶凱博璟股權 投資合夥企業(有限合夥)) (“ <b>Jiaxing Jingkai</b> ”)	727,953	40,190,000
April 19, 2021 .	Huaibei Jianyuan Lujin Carbon Valley Venture Capital Fund Partnership (Limited Partnership) (淮北建元綠金碳谷創業投資基金 合夥企業(有限合夥)) (“ <b>Jianyuan Lujin</b> ”)	1,811,280	100,000,000
	Yiqi Equity Investment (Tianjin) Co., Ltd. (一汽股權投資(天津)有 限公司) (“ <b>Yiqi Investment</b> ”)	3,260,304	180,000,000
	Jilin Jisheng Automobile Industry Investment Partnership (Limited Partnership) (吉林省吉晟汽車產 業投資合夥企業(有限合夥)) (“ <b>Jisheng Investment</b> ”)	543,384	30,000,000

### Conversion into a Joint Stock Company

On December 2, 2021, the Company was converted into a joint stock company with its corporate name changed to PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司). Upon the completion of the conversion, the registered capital of the Company became RMB94,868,024 divided into 94,868,024 Shares with a nominal value of RMB1.00 each.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### Series C Financing

Under the capital contribution agreement dated February 16, 2022 entered into among the Company, 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**”) and our then Shareholders, the registered capital of the Company was increased from RMB94,868,024 to RMB100,114,577, and Shengying VC agreed to subscribe 5,246,553 newly issued Shares at a consideration of RMB298,640,000 (the “**Series C Financing**”).

### Series C+ Financing

Under the capital contribution agreements entered into among the series C+ financing investors set forth below, our Company and our then Shareholders, the following series C+ financing investors agreed to subscribe newly issued Shares (the “**Series C+ Financing**”):

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration (RMB)
May 16, 2022 . .	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)) (“ <b>Guangzhou Ping An</b> ”)	5,840,017	350,000,000
June 2, 2022 . . .	Gongqingcheng Shanyuan Innovation Investment Center (Limited Partnership) (共青城善源創新投資中心(有限合夥)) (“ <b>Gongqingcheng Shanyuan</b> ”)	5,840,017	350,000,000

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### Series C++ Financing

Under the capital contribution agreements entered into among the series C++ financing investors set forth below, our Company and our then Shareholders, the following series C++ financing investors agreed to subscribe newly issued Shares (the “**Series C++ Financing**”):

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration  (RMB)
November 15, 2022 . . . . .	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)) (“ <b>Ruian Fuhai</b> ”)	5,005,729	300,000,000
November 11, 2022 . . . . .	Jiangxi Wenxin No. 2 Cultural Industry Development Investment Fund (Limited Partnership) (江西省文信二 號文化產業發展投資基金(有 限合夥)) (“ <b>Jiangxi Wenxin No. 2</b> ”)	834,289	50,000,000
October 13, 2022 . . . . .	Suzhou Xinjing Fuying Venture Capital Partnership (Limited Partnership) (蘇州 新景富盈創業投資合夥企業 (有限合夥)) (“ <b>Suzhou Xinjing</b> ”)	333,715	20,000,000

### Equity Transfer in 2023

Under an equity transfer agreement entered into between Qingdao Jianhua and Jiaxing Chenyue Equity Investment Partnership (Limited Partnership) (嘉興宸玥股權投資合夥企業(有限合夥)) (“**Jiaxing Chenyue**”) on January 18, 2023, Qingdao Jianhua transferred approximately 0.92% of the equity interest in the Company to Jiaxing Chenyue at a consideration of RMB60,000,000 (the “**Equity Transfer in 2023**”) and ceased to be a Shareholder. The consideration of the Equity Transfer in 2023 was determined based on previous capital contribution made by Qingdao Jianhua. At the time of the Equity Transfer in 2023, Jiaxing Chenyue was managed by its general partner, CCB (Beijing) Investment Fund Management Co., Ltd. (建信(北京)投資基金管理有限責任公司) (“**CCB Investment**”), and Qingdao Jianhua was managed by its general partner, a company also owned as to approximately 19.90% by CCB Investment. The Equity Transfer in 2023 was for their internal restructuring purpose.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### Series D Financing

Under the capital contribution agreements entered into among the series D financing investors set forth below, our Company and our then Shareholders, the following series D financing investors agreed to subscribe newly issued Shares (the “**Series D Financing**”):

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration  (RMB)
February 25, 2024 .	Xinchang Hi-Tech Venture Capital Co., Ltd. (新昌高投創業投 資有限公司) (“ <b>Xinchang VC</b> ”)	7,864,556	500,000,000
March 12, 2024 . . .	Anhui Tieji Botai Equity Investment Partnership (Limited Partnership) (安徽省鐵基博泰股權投 資合夥企業(有限合夥)) (“ <b>Anhui Tieji</b> ”)	3,806,445	242,000,000
January 22, 2024 . .	Changchun Equity Investment Fund Management Co., Ltd. (長春市股權投資基金管 理有限公司) (“ <b>Changchun PE</b> ”) <sup>(1)</sup>	471,873	30,000,000
June 14, 2024 . . . .	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)) (“ <b>Sichuan Manufacturing Fund</b> ”)	4,404,152	280,000,000
	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)) (“ <b>Sichuan Regional Cooperative Fund</b> ”)	314,582	20,000,000
	Sichuan Fund Employees	5,663	360,000

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration (RMB)
August 29, 2024 . .	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”)	4,718,734	300,000,000

- (1) Under the equity transfer agreement dated June 7, 2024 entered into between Changchun PE and Changchun Changxing Equity Investment Fund Partnership (Limited Partnership) (長春長興股權投資基金合夥企業(有限合夥)) (“**Changchun Changxing**”), Changchun PE transferred all its equity interest in the Company to Changchun Changxing at a consideration of RMB30,000,000 (the “**Equity Transfer in June 2024**”). The consideration of the Equity Transfer in June 2024 was determined based on previous capital contribution made by Changchun PE. At the time of the Equity Transfer in June 2024, Changchun Changxing was managed and controlled by Changchun PE and the Equity Transfer in June 2024 was for their internal restructuring purpose.

### Equity Transfers in July 2024

Under an equity transfer agreement entered into between Wuhan Karuitong and Gongqingcheng Zhongkezhucheng Venture Capital Partnership (Limited Partnership) (共青城中科築誠創業投資合夥企業(有限合夥)) (“**Gongqingcheng Zhongkezhucheng**”) on July 16, 2024, Wuhan Karuitong transferred approximately 0.10% of the equity interest in the Company to Gongqingcheng Zhongkezhucheng at a consideration of RMB8,000,000 (the “**Gongqingcheng Zhongkezhucheng Equity Transfer**”). The consideration of the Gongqingcheng Zhongkezhucheng Equity Transfer was determined based on previous capital contribution made by Wuhan Karuitong and was paid on July 25, 2024.

Under an equity transfer agreement entered into between Gongqingcheng Shanyuan and Shanghai Juteng Technology Co., Ltd. (上海駒騰技術有限公司) (“**Shanghai Juteng**”) on July 25, 2024, Gongqingcheng Shanyuan transferred approximately 0.29% of the equity interest in the Company to Shanghai Juteng at a consideration of RMB30,000,000 (the “**Shanghai Juteng Equity Transfer**”). The consideration of the Shanghai Juteng Equity Transfer was determined based on arm’s length negotiations among the relevant parties taking into account the timing of the transfers and the Company’s development stage and was paid on July 25, 2024.



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, we established following Employee Incentive Platforms, with Mr. Ying being their respective sole general partner:

Employee Incentive Platforms	Date of establishment	Shareholding in the Company <sup>(1)</sup>	As at the Latest Practicable Date	
			Limited partners	Limited partners holding more than 10% partnership interests
Shanghai Rujia . . .	March 10, 2016	3.08%	Zhang Fukai (our Director), Xu Tingting (our Supervisor), Zhang Yi (our senior management) and 40 current or former employees of our Group	Zhang Fukai (12.33%)
Shanghai Jinlin . . .	March 10, 2016	2.69%	Lai Weilin (our Director), Xu Zhenhui (our Director), Liang Chen (our Supervisor) and 42 current or former employees of our Group	N/A
Shanghai Chushui .	December 5, 2018	1.58%	Xu Zhenhui (our Director), Zhang Fukai (our Director) and 39 current or former employees of our Group	Xu Zhenhui (14.55%)
Shanghai Miaolong.	April 24, 2020	1.07%	25 current or former employees of our Group	Liwei (李煒) (13.33%) and Ye Peifang (葉佩芳) (13.33%)
Shanghai Fengwulin.	April 3, 2019	0.86%	Zhang Fukai (our Director) and 37 current or former employees of our Group	Zhang Fukai (20.83%)
Shanghai Yingzhi. .	April 3, 2019	0.86%	Zhang Yi (our senior management) and 30 current or former employees of our Group	Li Hexing (李賀興) (16.67%)
Shanghai Yehe . . .	April 24, 2020	0.86%	24 current or former employees of our Group	Zhu Qing <sup>(2)</sup> (55.00%)

(1) On March 10, 2016, Shanghai Rujia and Shanghai Jinlin contributed the increased registered capital of the Company of RMB2,000,000 and RMB2,000,000, respectively, at nominal value. For details, see “— Establishment and Corporate Development — Establishment and Shareholding Changes in the Company Prior to Series A Financing” in this section.

Pursuant to the equity transfer agreement entered into between Mr. Ying and Shanghai Chushui on December 6, 2018, Mr. Ying transferred the registered capital of the Company in an amount of RMB2,000,000, at nominal value, to Shanghai Chushui.

Pursuant to the equity transfer agreements dated August 28, 2020, Mr. Ying transferred, at nominal value, approximately 2.89%, 2.20%, 0.26%, 1.51%, 1.88%, 1.51% and 1.51% of the equity interest in the Company to Shanghai Rujia, Shanghai Jinlin, Shanghai Chushui, Shanghai Yehe, Shanghai Miaolong, Shanghai Fengwulin and Shanghai Yingzhi, respectively.

(2) Zhu Qing is the associate president of the Company, mainly responsible for the Company’s capital markets activities.

# HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

## CAPITALIZATION OF THE COMPANY

The following table is a summary of the capitalization of the Company:

Shareholder	As at the Latest Practicable Date		Immediately following the completion of the Global Offering and conversion of the Domestic Shares into H Shares (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme)				
	Number of Domestic Shares	Shareholding in the Domestic Shares	Number of Domestic Shares	Shareholding in the Domestic Shares	Number of H Shares	Shareholding in the H Shares	Shareholding in the Total Issued Share Capital
Mr. Ying . . . . .	32,295,581	23.14%	32,295,581	40.88%	–	–	21.53%
Shanghai Ruja . . . . .	4,300,000	3.08%	–	–	4,300,000	6.06%	2.87%
Shanghai Jinlin . . . . .	3,750,000	2.69%	–	–	3,750,000	5.28%	2.50%
Shanghai Chushui . . . . .	2,200,000	1.58%	–	–	2,200,000	3.10%	1.47%
Shanghai Miaolong . . . . .	1,500,000	1.07%	–	–	1,500,000	2.11%	1.00%
Shanghai Fengwulin . . . . .	1,200,000	0.86%	–	–	1,200,000	1.69%	0.80%
Shanghai Yingzhi . . . . .	1,200,000	0.86%	–	–	1,200,000	1.69%	0.80%
Shanghai Yehe . . . . .	1,200,000	0.86%	–	–	1,200,000	1.69%	0.80%
<b>Sub-total . . . . .</b>	<b>47,645,581</b>	<b>34.14%</b>	<b>32,295,581</b>	<b>40.88%</b>	<b>15,350,000</b>	<b>21.62%</b>	<b>31.77%</b>
Jiequan Rundong . . . . .	10,069,203	7.22%	–	–	10,069,203	14.18%	6.71%
Xinchang VC . . . . .	7,864,556	5.64%	7,864,556	9.96%	–	–	5.24%
Tianjin Jinmi . . . . .	7,758,489	5.56%	–	–	7,758,489	10.93%	5.17%
Guangzhou Ping An . . . . .	5,840,017	4.18%	5,840,017	7.39%	–	–	3.89%
Gongqingcheng Shanyuan . . . . .	5,440,017	3.90%	5,440,017	6.89%	–	–	3.63%
Shengying VC . . . . .	5,246,553	3.76%	–	–	5,246,553	7.39%	3.50%
Ruian Fuhai . . . . .	5,005,729	3.59%	5,005,729	6.34%	–	–	3.34%
Wuxi Huicuihengyi . . . . .	4,718,734	3.38%	4,718,734	5.97%	–	–	3.15%
Sichuan Manufacturing Fund . . . . .	4,404,152	3.16%	4,404,152	5.58%	–	–	2.94%
Zhuhai Shengguang . . . . .	4,256,977	3.05%	4,256,977	5.39%	–	–	2.84%
Anhui Tieji . . . . .	3,806,445	2.73%	3,806,445	4.82%	–	–	2.54%
Dongfeng Group . . . . .	3,622,560	2.60%	–	–	3,622,560	5.10%	2.42%
Yiqi Investment . . . . .	3,260,304	2.34%	–	–	3,260,304	4.59%	2.17%
Ningbo Yaxin . . . . .	2,562,961	1.84%	1,048,750	1.33%	1,514,211	2.13%	1.71%
Shanghai Xiazhi . . . . .	2,460,814	1.76%	1,230,407	1.56%	1,230,407	1.73%	1.64%

# HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Immediately following the completion of the Global Offering and conversion of the Domestic Shares into H Shares (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme)

As at the Latest Practicable Date

Shareholder	Number of Domestic Shares	Shareholding in the Domestic Shares	Number of Domestic Shares	Shareholding in the Domestic Shares	Number of H Shares	Shareholding in the H Shares	Number of Total Shares	Shareholding in the Total Issued Share Capital
Nanjing Intelligent Headquarters Fund . . . . .	1,811,280	1.30%	-	-	1,811,280	2.55%	1,811,280	1.21%
Jianyuan Lujin . . . . .	1,811,280	1.30%	-	-	1,811,280	2.55%	1,811,280	1.21%
Shanghai Fuding Phase II. . . . .	1,449,024	1.04%	-	-	1,449,024	2.04%	1,449,024	0.97%
Jiaxing Chenyue . . . . .	1,086,768	0.78%	-	-	1,086,768	1.53%	1,086,768	0.72%
Qiandao Ronghui . . . . .	1,086,768	0.78%	-	-	1,086,768	1.53%	1,086,768	0.72%
Hubei Hongtai . . . . .	1,033,982	0.74%	-	-	1,033,982	1.46%	1,033,982	0.69%
Xinyu Yifeng . . . . .	893,565	0.64%	-	-	893,565	1.26%	893,565	0.60%
Jiangxi Wenxin No. 2. . . . .	834,289	0.60%	250,287	0.32%	584,002	0.82%	834,289	0.56%
Wu Lingdong . . . . .	750,000	0.54%	750,000	0.95%	-	-	750,000	0.50%
Jiaxing Jingkai . . . . .	727,953	0.52%	-	-	727,953	1.03%	727,953	0.49%
Hangzhou Fuyang . . . . .	620,389	0.44%	-	-	620,389	0.87%	620,389	0.41%
Jisheng Investment . . . . .	543,384	0.39%	271,692	0.34%	271,692	0.38%	543,384	0.36%
Ningbo Yinxing . . . . .	512,310	0.37%	256,155	0.32%	256,155	0.36%	512,310	0.34%
Changchun Changxing . . . . .	471,873	0.34%	235,936	0.30%	235,937	0.33%	471,873	0.31%
Jin Jun . . . . .	452,820	0.32%	452,820	0.57%	-	-	452,820	0.30%
Shanghai Juteng . . . . .	400,000	0.29%	400,000	0.51%	-	-	400,000	0.27%
Wuhan Karuitong . . . . .	217,354	0.16%	-	-	217,354	0.31%	217,354	0.14%
Suzhou Xinjing . . . . .	333,715	0.24%	-	-	333,715	0.47%	333,715	0.22%
Sichuan Regional Cooperative Fund . . . . .	314,582	0.23%	314,582	0.40%	-	-	314,582	0.21%
Gongqingcheng Zhongkezhucheng . . . . .	144,902	0.10%	144,902	0.18%	-	-	144,902	0.10%
Hangzhou Nansheng . . . . .	89,356	0.06%	-	-	89,356	0.13%	89,356	0.06%
Sichuan Fund Employees . . . . .	5,663	0.0041%	5,663	0.0072%	-	-	5,663	0.0038%
<b>Sub-total</b> . . . . .	<b>91,908,768</b>	<b>65.86%</b>	<b>46,697,821</b>	<b>59.12%</b>	<b>45,210,947</b>	<b>63.68%</b>	<b>91,908,768</b>	<b>61.28%</b>
Investors taking part in the Global Offering . . . . .	-	-	-	-	10,436,900	14.70%	10,436,900	6.96%
<b>Total</b> . . . . .	<b>139,554,349</b>	<b>100%</b>	<b>78,993,402</b>	<b>100%</b>	<b>70,997,847</b>	<b>100%</b>	<b>149,991,249</b>	<b>100%</b>

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### PUBLIC FLOAT

Except for the 15,350,000 H Shares held by the Employee Incentive Platforms, all the other H Shares will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon completion of the Global Offering and conversion of the Domestic Shares into H Shares, assuming that the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme.

Upon completion of the Global Offering and conversion of the Domestic Shares into H Shares, assuming that (i) 10,436,900 H Shares being issued in the Global Offering; (ii) the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme; (iii) 60,560,947 Domestic Shares being converted to H Shares; and (iv) 149,991,249 Shares are issued and outstanding in the share capital of our Company upon completion of the Global Offering, 55,647,847 Shares, representing approximately 37.10% of the Company's total issued Shares, will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules.

### FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000.

Take into consideration the number of issued share capital of the Company, Offer Shares to be issued under the Global Offering, Shares held by the existing Shareholders subject to lock-up requirement under the PRC laws and regulations, and Shares to be allocated to cornerstone investors, the expected market value of the H Shares being held by the public and not subject to any disposal restrictions at the time of Listing under Rule 19A.13C of the Listing Rules would amount to approximately HK\$601 million.

### A SHARE LISTING PREPARATION

In January 2022, we entered into a tutoring agreement (the “**Tutoring Agreement**”) with Guotai Junan Securities Co., Ltd. to act as a sponsor to undergo a tutoring process for a potential A share listing on the SSE STAR Market. Considering that the Stock Exchange would provide us with an international platform to access foreign capital, attract diverse overseas investors, raise our profile and market awareness, we decided to pursue the Listing on the Stock Exchange. As of the Latest Practicable Date, we did not submit any A share listing application to the CSRC or any stock exchange for review, nor did we receive any comments or issues raised by the CSRC (including its local offices) or any stock exchange in relation to

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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the A Share Listing Preparation. While the Tutoring Agreement has not been terminated by the Company as at the Latest Practicable Date, the Company will not pursue a listing on any stock exchanges in the PRC before the completion of, or within six months after, the Listing.

Our Directors are not aware of any matters or findings from the A Share Listing Preparation which have been brought to their attention and would have a material adverse implication on the Listing, or any matters that might materially and adversely affect our Company's suitability for the Listing. Our Directors further confirm that there is no other matter in relation to the A Share Listing Preparation that needs to be brought to the attention of the Stock Exchange or potential investors. Based on the due diligence conducted by the Joint Sponsors, the Joint Sponsors are not aware of any material matters in relation to the A Share Listing Preparation that need to be brought to the investor's attention.

Following the completion of the Global Offering and the Listing on the Stock Exchange, the Company would continue to monitor market movements and regulatory conditions to weigh and may pursue a listing of Shares at a stock exchange in the PRC.

### **MAJOR ACQUISITIONS, DISPOSALS AND MERGERS**

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals and mergers that we consider to be material to us.

#### **Pre-IPO Share Option Scheme**

Our Company adopted the Pre-IPO Share Option Scheme on August 4, 2025. See "Appendix VI — Statutory and General Information — Further Information about the Directors, Supervisors and Substantial Shareholders — Pre-IPO Share Option Scheme."

## PRE-IPO INVESTMENTS

### Summary of Pre-IPO Investments

The following table sets forth a summary of the details of the Pre-IPO Investments<sup>(4)(5)(7)</sup>:

	Series B Financing <sup>(3)</sup>					Series D Financing <sup>(6)</sup>			
	Series A Financing <sup>(1)</sup>	Series A+ Financing <sup>(2)</sup>	Subscriptions in 2018 and 2019	Subscriptions in 2020	Series B+ Financing				
Amount of registered capital or number of Shares subscribed for . . . . .	RMB7,353,830	RMB5,801,355	RMB982,921	RMB7,245,120	RMB15,154,798	5,246,553 Shares	11,680,034 Shares	6,173,733 Shares	21,586,005 Shares
Amount of consideration paid . . . . .	RMB120,000,000	RMB142,000,000	RMB55,000,000	RMB400,000,000	RMB836,690,000	RMB298,640,000	RMB700,000,000	RMB370,000,000	RMB1,372,360,000
Post-money valuation of the Company . . . . .	RMB1,071,830,543	RMB1,749,745,753	RMB4,055,021,823 <sup>(3)</sup>	RMB4,400,933,373	RMB5,237,623,338	RMB5,698,640,093	RMB6,699,999,991	RMB7,069,999,185	RMB8,872,360,000
Date of payment of full consideration . . . . .	November 17, 2015	May 18, 2018	November 22, 2019	April 23, 2020	July 31, 2021	February 23, 2022	June 28, 2022	December 23, 2022	August 29, 2024
Cost per Share paid under the Pre-IPO Investment . . . . .	RMB16.32 <sup>(8)</sup>	RMB24.48 <sup>(8)</sup>	RMB55.96 <sup>(8)</sup>	RMB55.21 <sup>(8)</sup>	RMB55.21 <sup>(8)</sup>	RMB56.92	RMB59.93	RMB59.93	RMB63.58
Discount to the Offer Price <sup>(9)</sup> . . . . .	82.52%	73.78%	40.06%	40.87%	40.87%	39.04%	35.81%	35.81%	31.90%
Basis of consideration . . . . .	The consideration for each round of the Pre-IPO Investments were determined based on arm's length negotiations among the relevant parties taking into consideration the timing of the investments and the Company's development stage.								

Use of proceeds and whether they have been fully utilized . . . . . We utilized the proceeds from the Pre-IPO Investments for the principal business of our Company, including but not limited to the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, approximately 85% of the net proceeds from the Pre-IPO Investments had been utilized.

Lock-up . . . . . Under the applicable PRC laws and regulations, within the 12 months following the Listing Date, no current Shareholders (including the Pre-IPO Investors) may dispose of any of the Shares held by them.

Strategic benefits . . . . . At the time of the Pre-IPO Investments, the Directors were of the view that (i) the Company would benefit from the additional capital provided by the Pre-IPO Investors and their market influence, knowledge and experience and (ii) the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group.

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- (1) The equity interest held by the Series A Financing investor were all subsequently transferred to another Shareholder due to their internal restructuring purposes. For more details, see “— Establishment and Corporate Development — Series A Financing.”

The Equity Transfer in June 2017 is not included in the above table as the consideration of the transfer in the amount of RMB180,000,000 was paid to Chongqing Gaoxin (instead of our Company) by the relevant Pre-IPO Investor, with the date on which full consideration was paid being November 21, 2017. Taking into account of the Company’s conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB24.48. The discount to the Offer Price of such transfer is approximately 73.78%. For details, see “— Establishment and Corporate Development — Series A Financing.”

Prior to the Series A Financing, Shanghai Xiazhi also acquired the increased registered capital of the Company of RMB3,000,000 at nominal value, with the date on which full consideration was paid being May 4, 2016. The discount to the Offer Price of such subscription is approximately 98.93%. For details, see “— Establishment and Corporate Development — Establishment and Shareholding Changes in the Company Prior to Series A Financing.”
- (2) The Equity Transfer in Series A+ Financing is not included in the above table as the aggregate consideration of the transfers in the amount of RMB78,000,000 was paid to Shanghai Longmao (instead of our Company) by the relevant Pre-IPO Investor, with the date on which full consideration was paid being May 18, 2018. Taking into account of the Company’s conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB18.28. The discount to the Offer Price of such transfer is approximately 80.42%. For details, see “— Establishment and Corporate Development — Series A+ Financing.”
- (3) The increase in the Company’s post-money valuation of its Series B Financing from Series A+ Financing was mainly because the Group shifted its focus to smart cockpit solutions in 2018, integrating software, hardware and cloud-based vehicle connectivity and obtained design wins for smart cockpit solutions from notable customers in 2018, which enhanced Pre-IPO Investors’ confidence in the development of the Company, alongside other achievements made by the Company, including but not limited to development of the first Dongfeng Aeolus WindLink 3.0 intelligent vehicle connectivity system.
- (4) The Equity Transfers in 2019 is not included in the above table as the aggregate consideration of the transfers in the amount of RMB21,500,000 was paid to Shanghai Longmao and Shanghai Xiazhi (instead of our Company) by the relevant Pre-IPO Investor, with the date on which full consideration was paid being April 18, 2019. Taking into account of the Company’s conversion into a joint stock limited company, the cost per Share of such transfers was approximately RMB41.97. The discount to the Offer Price of such transfers is approximately 55.05%. For details, see “— Establishment and Corporate Development — Series B Financing — Equity transfers in Series B Financing.”
- The Equity Transfer in March 2020 is not included in the above table as the consideration of the transfer in the amount of RMB200,000,000 was paid to Shanghai Xiazhi (instead of our Company) by the relevant Pre-IPO Investor, with the date on which full consideration was paid being April 23, 2020. Taking into account of the Company’s conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB48.36. The discount to the Offer Price of such transfer is approximately 48.20%. For details, see “— Establishment and Corporate Development — Series B Financing — Equity transfers in Series B Financing.”
- (4) The Equity Transfers in July 2020 I is not included in the above table as the aggregate consideration of the transfers in the amount of RMB80,000,000 was paid to Shanghai Xiazhi and Mr. Ying (instead of our Company) by the relevant Pre-IPO Investors and as of August 25, 2020, such consideration has been fully paid. Taking into account of the Company’s conversion into a joint stock limited company, the cost per Share of such transfers was approximately RMB48.36. The discount to the Offer Price of such transfers is approximately 48.20%. For details, see “— Establishment and Corporate Development — Equity Transfers in July 2020.”
- The Equity Transfers in July 2020 II is not included in the above table as the aggregate consideration of the transfers in the amount of RMB139,233,077 was paid to Shanghai Xiazhi (instead of our Company) by the relevant Pre-IPO Investors and as of July 29, 2020, such consideration has been fully paid. Taking into account of the Company’s conversion into a joint stock limited company, the cost per Share of such transfers was approximately RMB55.21. The discount to the Offer Price of such transfers is approximately 40.87%. For details, see “— Establishment and Corporate Development — Equity Transfers in July 2020.”



The Equity Transfer in July 2020 III is not included in the above table as the consideration of the transfer, i.e., the 49% equity interest in Shanghai Kaida held by Zhuhai Shengguang, was transferred to Mr. Ying (instead of our Company) by the relevant Pre-IPO Investor, with the date on which such equity transfers were completed being July 31, 2020. For details, see “— Establishment and Corporate Development — Equity Transfers in July 2020.”

- (5) The Equity Transfer in 2023 is not included in the above table as the consideration of the transfer in the amount of RMB60,000,000 was paid to Qingdao Jianhua (instead of our Company) by the relevant Pre-IPO Investor, with the date on which full consideration was paid being March 29, 2023. The cost per Share of such transfer was approximately RMB55.21. The discount to the Offer Price of such transfer is approximately 40.87%. For details, see “— Establishment and Corporate Development — Equity Transfer in 2023.”
- (6) The Equity Transfer in June 2024 is not included in the above table as the consideration of the transfer in the amount of RMB30,000,000 was paid to Changchun PE (instead of our Company) by the relevant Pre-IPO Investor, with the date on which full consideration was paid being June 12, 2024. The cost per Share of such transfer was approximately RMB63.58. The discount to the Offer Price of such transfer is approximately 31.90%. For details of the Equity Transfer in June 2024, see “— Establishment and Corporate Development — Series D Financing.”
- (7) Shanghai Juteng Equity Transfer is not included in the above table as the consideration of the transfer in the amount of RMB30,000,000 was paid to Gongqingcheng Shanyuan (instead of our Company) by the relevant Pre-IPO Investor, with the date on which full consideration was paid being July 25, 2024. The cost per Share of such transfer was approximately RMB75.00. The discount to the Offer Price of such transfer is approximately 19.67%. For details of the Shanghai Juteng Equity Transfer, see “— Establishment and Corporate Development — Equity Transfers in July 2024.”
- Gongqingcheng Zhongkezhucheng Equity Transfer is not included in the above table as the consideration of the transfer in the amount of RMB8,000,000 was paid to Wuhan Karuitong (instead of our Company) by the relevant Pre-IPO Investor, with the date on which full consideration was paid being July 25, 2024. The cost per Share of such transfer was approximately RMB55.21. The discount to the Offer Price of such transfer is approximately 40.87%. For details of the Gongqingcheng Zhongkezhucheng Equity Transfer, see “— Establishment and Corporate Development — Equity Transfers in July 2024.”
- (8) Taking into account of the Company’s conversion into a joint stock limited company in December 2021.
- (9) Calculated based on the currency translation of HK\$1 to RMB0.91331 and on the Offer Price of HK\$102.23.

### **Rights of the Pre-IPO Investors**

In connection with the Pre-IPO investments, the Controlling Shareholders, the Company and the Pre-IPO investors are the contract parties. Certain of our Pre-IPO Investors were granted certain special rights, including but not limited to co-sale right, redemption right, and right of first refusal by the Controlling Shareholders, and the Company is not the obligor to such special rights. Each of the Pre-IPO investors, the Company and the Controlling Shareholder Mr. Ying Zhenkai entered into a confirmation letter to confirm the termination of the special rights granted (including the redemption right). Each of the confirmation letters was duly signed prior to the Company's submission of the initial listing application to the Stock Exchange on June 28, 2024. Therefore, (i) no liability was recognized for the investments from the Pre-IPO Investors during the Track Record Period; and (ii) all of the special rights were terminated on or before the date of our first submission of the listing application form to the Stock Exchange in relation to the Listing. There is no side arrangement between the Company and any Pre-IPO Investor or between the Company and the Controlling Shareholders in respect of any redemption right, and the Company has not provided any guarantee on the redemption right. As confirmed by the Controlling Shareholders, there is no side arrangement between the Controlling Shareholders and any Pre-IPO Investor in respect of any redemption right.

### **Information about our Pre-IPO Investors**

The background information on our Pre-IPO Investors are as set out below.

#### ***Jiequan Rundong***

Jiequan Rundong is a limited partnership established in the PRC on December 5, 2017, primarily engaged in equity investments, and is managed by its general partner 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**"). Nanjing Rundong was managed by its general partner Suning Rundong, which was in turn owned as to 80.00% by Suning Holdings Group Co., Ltd. (蘇寧控股集團有限公司) ("**Suning Holdings**"). Suning Holdings was owned as to 51.00% by Zhang Jindong (張近東) and as to 39.00% by Zhang Kangyang (張康陽). As of the Latest Practicable Date, Jiequan Rundong had five limited partners with Everbright Asset Management – China Merchants Bank – Suning No. 1 Targeted Asset Management Program (光大資管-招商銀行-蘇寧1號定向資產管理計劃) being the largest one holding 30.00% partnership interest in Jiequan Rundong. Everbright Asset Management – China Merchants Bank – Suning No.1 Targeted Asset Management Program was managed by Everbright Securities Asset Management Co., Ltd. (上海光大證券資產管理有限公司), which was in turn wholly-owned by Everbright Securities Company Limited (光大證券股份有限公司) (a company listed on Shanghai Stock Exchange (stock code: 601788) and Stock Exchange (stock code: 06178)).

To the best knowledge of the Directors, each of Jiequan Rundong and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

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### *Xinchang VC*

Xinchang VC is a limited liability company established in the PRC on March 25, 2022, primarily engaged in equity investment and venture capital in unlisted enterprises. Xinchang VC was owned as to 49.00% by Xinchang County Financial Holdings Investment Development Co., Ltd. (新昌縣金控投資發展有限公司) (“**Xinchang Financial Holdings**”) and 31.00% by Xinchang High Tech Park Investment Group Co., Ltd. (新昌縣高新園區投資集團有限公司) (“**Xinchang High Tech**”). Xinchang Financial Holdings and Xinchang High Tech were both indirectly wholly-owned by State-owned Assets Supervision and Administration Office of Xinchang County People’s Government (新昌縣人民政府國有資產監督管理辦公室) (“**Xinchang SASAO**”), a state-owned entity.

To the best knowledge of the Directors, each of Xinchang VC and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Tianjin Jinmi*

Tianjin Jinmi is a limited partnership established in the PRC on July 16, 2014, engaged in the equity investment in industries such as electronics, technology and the Internet, and is managed and owned as to approximately 86.20% by its general partner Tianjin Jinxing Investment Co., Ltd. (天津金星創業投資有限公司) (“**Tianjin Jinxing**”). Tianjin Jinxing was wholly-owned by Xiaomi Inc. (小米科技有限責任公司), which is controlled by Xiaomi Corporation (小米集團) (a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (stock code: 1810)). As of the Latest Practicable Date, Tianjin Jinmi had only one limited partner, Tianjin Zhongmi Enterprise Management Partnership (Limited Partnership) (天津眾米企業管理合夥企業(有限合夥)), holding approximately 13.80% partnership interest in Tianjin Jinmi.

To the best knowledge of the Directors, each of Tianjin Jinmi and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Guangzhou Ping An*

Guangzhou Ping An is a limited partnership established in the PRC on December 30, 2020, and is an investment fund managed by its general partner and fund partner Ping An Capital Co., Ltd. (平安資本有限責任公司) (“**Ping An Capital**”), which is an equity investment platform focusing on investments in high-end manufacturing, energy conservation and environmental protection, medical and health, modern technology and services, and consumer sectors. Ping An Capital was indirectly wholly-owned by 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**”) (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 of the Latest Practicable Date, Guangzhou Ping An had seven limited partners with Shanghai Jahwa United

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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Co., Ltd. (上海家化聯合股份有限公司) being the largest one, holding approximately 27.87% partnership interest in Guangzhou Ping An, and none of the remaining six limited partners holding more than 22.36% partnership interest in Guangzhou Ping An.

To the best knowledge of the Directors, each of Guangzhou Ping An and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Gongqingcheng Shanyuan*

Gongqingcheng Shanyuan is a limited partnership established in the PRC on June 1, 2022, primarily engaged in equity investment, investment management and asset management with private equity funds, and is managed by its general partner 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**”). Hangzhou Shanqian was managed by its general partners Jiangxi 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**”) and 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**”). Jinggangshan Beiyuan VC was owned by four shareholders with none of them holding more than 30% equity interest of Jinggangshan Beiyuan VC. Hangzhou Gaojun was managed by its general partner Hangzhou Gaotuo Enterprise Management Co., Ltd. (杭州高拓企業管理有限責任公司) (“**Hangzhou Gaotuo**”), which was in turn owned as to 60.00% by Jin Yunqin (金允勤) and as to 40% by two other shareholders with none of them holding more than 20.00% equity interest of Hangzhou Gaotuo.

As of the Latest Practicable Date, Gongqingcheng Shanyuan had three limited partners with Xian 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**”) being the largest one, holding approximately 98.90% partnership interest in Gongqingcheng Shanyuan. Shanmei Fund was managed by its general partner Shaanxi Coal and Chemical Industry Group Co., Ltd. (西安善美基金管理有限公司) (a state-owned company).

To the best knowledge of the Directors, each of Gongqingcheng Shanyuan and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Shengying VC*

Shengying VC is a limited partnership established in the PRC on November 24, 2021, primarily engaged in venture capital in unlisted enterprises, and is managed by its general partner Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司) (“**Shanghai Guosheng**”). Shanghai Guosheng was owned as to approximately 49.80% by State-owned Assets Supervision and Administration Commission of Shanghai (上海市國有資產監督管理委員會) through its wholly controlled entities. As of the Latest Practicable Date, Shengying VC had six limited partners with Shanghai State-owned Enterprise Reform and

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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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**”) being the largest one, holding approximately 65.56% partnership interest in Shengying VC, and none of the remaining five limited partners holding more than 24.00% partnership interest in Shengying VC. Shanghai Reform Fund was managed by its general partner Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司), which was in turn owned as to 30.00% by Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) (a state-owned company).

To the best knowledge of the Directors, each of Shengying VC and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### ***Ruian Fuhai***

Ruian Fuhai is a limited partnership established in the PRC on October 14, 2021, primarily engaged in equity investment and venture capital in unlisted enterprises, and is managed by its general partner 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**”). Oriental Fortune was wholly-owned by 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**”), which was in turn owned as to approximately 41.67% by its largest shareholder Chen Wei (陳瑋) (directly as to approximately 12.89% by himself and indirectly as to approximately 28.78% through his controlled corporation Wuhu Fuhai Jiutai Investment Consult Partnership (Limited Partnership) (蕪湖市富海久泰投資諮詢合夥企業(有限合夥))). As of the Latest Practicable Date, Ruian Fuhai had two limited partners, Ruian State-owned Assets Investment Group Co., Ltd. (瑞安市國有資產投資集團有限公司) (a state-owned company) and Ruian Industrial Fund Co., Ltd. (瑞安市產業基金有限公司) (a state-owned company), holding 69.00% and 30.00% partnership interest in Ruian Fuhai, respectively.

To the best knowledge of the Directors, each of Ruian Fuhai and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### ***Wuxi Huicuihengyi***

Wuxi Huicuihengyi is a limited partnership established in the PRC on December 13, 2022, primarily engaged in venture capital and equity investment, and is managed by its general partner 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**”). Wuxi Huicuihengyi Management was owned as to 80.00% by Wuxi Huicuihengyi Management Consulting Co., Ltd. (無錫惠萃恒益管理諮詢有限公司), which was in turn wholly-owned by Pu Jiong (浦炯). As of the Latest Practicable Date, Wuxi Huicuihengyi had two limited partners with 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**”) being the largest one

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holding 79.999% partnership interest in Wuxi Huicuihengyi. Wuxi Huicuihengyi New VC was managed by its general partner Wuxi Huicui Hengyi Private Equity Fund Management Co., Ltd. (無錫惠萃恒益私募基金管理有限公司), which was in turn ultimately controlled by Pu Jiong (浦炯).

To the best knowledge of the Directors, each of Wuxi Huicuihengyi and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Sichuan Funds and Sichuan Fund Employees*

Sichuan Manufacturing Fund and Sichuan Regional Cooperative Fund (collectively, “**Sichuan Funds**”), both controlled by the state-owned 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**”), made Pre-IPO Investments in the Company. As an incentive, Sichuan Fund Employees were invited by Sichuan Funds to also participate in the Series D Financing.

Sichuan Manufacturing Fund is a limited partnership established in the PRC on August 31, 2021, primarily engaged in fund management, investment and assets management, and is managed by its general partner 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**”), which is in turn owned as to 68.00% by Sichuan Xingchuan. Sichuan Xingchuan was indirectly controlled by Department of Finance of Sichuan Province (四川省財政廳). As of the Latest Practicable Date, Sichuan Manufacturing Fund had two limited partners, namely, Sichuan Regional Cooperative Fund and National Manufacturing Transformation and Upgrading Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司), holding approximately 69.83% and 29.93% of Sichuan Manufacturing Fund, respectively.

Sichuan Regional Cooperative Fund is a limited partnership established in the PRC on December 20, 2019, primarily engaged in fund management and investment, and is managed by its general partner Sichuan Xingchuan. As of the Latest Practicable Date, Sichuan Regional Cooperative Fund had 16 limited partners with Shudao Capital Holdings Group Co., Ltd. (蜀道資本控股集團有限公司) being the largest one, holding approximately 21.26% partnership interest in Sichuan Regional Cooperative Fund.

To the best knowledge of the Directors, save as disclosed above, each of the Sichuan Funds, their ultimate beneficial owners and each of the Sichuan Fund Employees is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.



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### *Zhuhai Shengguang*

Zhuhai Shengguang is a limited partnership established in the PRC on August 21, 2018, primarily engaged in external investments with its own funds, and is managed by its general partner Shanghai Yisong Investment Management Co., Ltd. (上海益松投資管理有限公司) (“**Shanghai Yisong**”). Shanghai Yisong was owned as to 80.00% by Wu Lingdong (吳淩東), one of our Pre-IPO Investors. As of the Latest Practicable Date, Zhuhai Shengguang had only one limited partner, 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**”), holding 99.90% partnership interest in Zhuhai Shengguang. Zhuhai Shengguang Yisong New Power was ultimately controlled by Wu Lingdong.

To the best knowledge of the Directors, save as disclosed above, each of Zhuhai Shengguang and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Anhui Tiejie*

Anhui Tiejie is a limited partnership established in the PRC on December 24, 2023, primarily engaged in equity investment, investment management and asset management with private equity funds, and is managed by its general partner Anhui Zhongan Capital Management Ltd. (安徽中安資本管理有限公司) (“**Anhui Zhongan**”). Anhui Zhongan was wholly-owned by Anhui Railway Construction Investment Fund Co., Ltd. (安徽省鐵路發展基金股份有限公司) (“**Anhui Railway Fund**”), which was in turn owned as to 46.67% by Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股有限公司) (“**Anhui Investment Holdings**”), a state-owned entity, and as to 42.37% by Anhui Railway Investment Co., Ltd. (安徽省鐵路投資有限責任公司) (“**Anhui Railway**”), which was in turn wholly-owned by Anhui Investment Holdings. As of the Latest Practicable Date, Anhui Tiejie had two limited partners, namely Lu'an High Tech Construction Investment Group Co., Ltd. (六安高新建設投資集團有限公司) (“**Lu'an High Tech**”) (a state-owned company) and Anhui Railway Fund (a state-owned company), holding 60.00% and 38.40% partnership interest in Anhui Tiejie, respectively.

To the best knowledge of the Directors, each of Anhui Tiejie and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Dongfeng Group*

Dongfeng Group is a joint stock limited company established in the PRC on May 18, 2001 and listed on the Main Board of the Stock Exchange (stock code: 00489) on December 7, 2005, primarily engaged in the manufacturing businesses of commercial vehicles, passenger cars, engines, other automotive parts, and other vehicle-related businesses.

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To the best knowledge of the Directors, each of Dongfeng Group and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Yiqi Investment*

Yiqi Investment is a wholly state-owned corporation established in the PRC on March 28, 2018, primarily engaged in investment management, asset management and investment consulting. Yiqi Investment was wholly-owned by China FAW Group Corporation (中國第一汽車集團有限公司), which was in turn wholly-owned by State-owned Assets Supervision and Administration Commission of State Council of the PRC.

To the best knowledge of the Directors, save as disclosed below in “— Jisheng Investment” in this section, each of Yiqi Investment and its ultimate beneficial owner is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Ningbo Yaxin*

Ningbo Yaxin is a limited partnership established in the PRC on July 21, 2016, primarily engaged in investment management, asset management and investment consulting, and is managed by its general partner Jinding Huachuang (Beijing) Investment Management Co., Ltd. (金鼎華創(北京)投資管理有限公司) (“**Jinding Huachuang**”). Jinding Huachuang was owned as to 82.00% by Zhang Jie (張傑). As of the Latest Practicable Date, Ningbo Yaxin had 17 limited partners with Sun Jianhua (孫建華) being the largest one holding approximately 13.25% partnership interest in Ningbo Yaxin.

To the best knowledge of the Directors, each of Ningbo Yaxin and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Shanghai Xiazhi*

Shanghai Xiazhi is a limited partnership established in the PRC on March 10, 2016, primarily engaged in business management consulting, and is managed by its general partner Chongqing Hongma Xiazhi Information Technology Consulting Service Co., Ltd. (重慶紅馬夏置信息技術諮詢服務有限公司) (“**Chongqing Hongma**”). Chongqing Hongma was owned as to 99.00% by Chongqing Hi-Tech Venture Capital Redhorse Capital Mgmt. Co., Ltd. (重慶高新創投紅馬資本管理有限公司) (“**Chongqing Hi-Tech**”), which was in turn owned as to 36.88% by Chongqing Red Horse Gallop Investment Center (Limited Partnership) (重慶紅馬奔騰投資中心(有限合夥)), which was in turn ultimately controlled by Li Jun (李軍). As of the Latest Practicable Date, Shanghai Xiazhi had only one limited partner, Chongqing Gaoxin VCLiangjiang Automobile Industry Investment Center (Limited Partnership) (重慶高新創投兩



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江品牌汽車產業投資中心(有限合夥)), holding approximately 99.98% partnership interest in Shanghai Xiazhi. Chongqing Gaoxin VCLiangjiang Automobile Industry Investment Center (Limited Partnership) was managed by its general partner Chongqing Hi-Tech.

To the best knowledge of the Directors, each of Shanghai Xiazhi and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Nanjing Intelligent Headquarters Fund*

Nanjing Intelligent Headquarters Fund is a limited partnership established in the PRC on May 29, 2020, primarily engaged in venture capital, and is managed by its general partner NANJING JIANGBEI SBI Equity Investment Fund Co., Ltd. (南京江北思佰益私募投資基金有限公司) (“**NANJING JIANGBEI SBI**”). NANJING JIANGBEI SBI was owned as to 60.00% by SBI China Co., Ltd. (思佰益(中國)投資有限公司) (“**SBI China**”) and as to 40% by two other shareholders with none of them holding more than 20% equity interest of NANJING JIANGBEI SBI. SBI China was wholly-owned by SBI Holdings, Inc. (a company whose issued shares are listed on the Tokyo Stock Exchange (stock code: 8473)). As of the Latest Practicable Date, Nanjing Intelligent Headquarters Fund had two limited partners with Nanjing Beilian Venture Capital Co., Ltd. (南京北聯創業投資有限公司) being the largest one, holding approximately 89.11% partnership interest in Nanjing Intelligent Headquarters Fund. Nanjing Beilian Venture Capital Co., Ltd. was ultimately controlled by the Administrative Committee of Nanjing Jiangbei New Area (南京江北新區管理委員會).

To the best knowledge of the Directors, each of Nanjing Intelligent Headquarters Fund and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Jianyuan Lujin*

Jianyuan Lujin is a limited partnership established in the PRC on September 27, 2020, primarily engaged in equity investment management, asset management, investment consulting and venture capital investment, with its general partner Shanghai Jianyuan Equity Investment Fund Management Partnership (Limited Partnership) (上海建元股權投資基金管理合夥企業(有限合夥)) (“**Shanghai Jianyuan**”) acting as its fund manager. The general partner of Shanghai Jiayuan is Shanghai Jianyuan Enterprise Management Partnership (Limited Partnership) (上海建元企業管理合夥企業(有限合夥)) with Shanghai Pingxin Business Consulting Co., Ltd. (上海平心商務諮詢有限公司) (“**Shanghai Pingxin**”) being its general partner. Shanghai Pingxin was owned as to 72.00% by Shen Peiliang (沈培良). As of the Latest Practicable Date, Jianyuan Lujin had seven limited partners with Shanghai Jianyuan Investment Co., Ltd. (上海建元投資有限公司) being the largest one, holding approximately 54.22% partnership interest in Jianyuan Lujin only, and none of other six limited partners holding more than 13.26% partnership interest in Jianyuan Lujin. Shanghai Jianyuan Investment Co., Ltd. was wholly-owned by Shanghai Tunnel Engineering Co., Ltd. (上海隧道工程股份有限公司) (a company listed on Shanghai Stock Exchange (stock code: 600820)).

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To the best knowledge of the Directors, each of Jianyuan Lujin and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Shanghai Fuding Phase II*

Shanghai Fuding Phase II is a limited partnership established in the PRC on July 30, 2020, primarily engaged in equity investment, and is managed by its general partner Shanghai Fuding Investment Management Partnership (Limited Partnership) (上海複鼎投資管理合夥企業(有限合夥)) (“**Shanghai Fuding**”). Shanghai Fuding was managed by its general partner Liu Zhengmin (劉正民). As of the Latest Practicable Date, Shanghai Fuding Phase II had 28 limited partners with Shanghai Aixiang Information Technology Co., Ltd. (上海艾驤信息技術有限公司) being the largest one, holding approximately 19.05% partnership interest in Shanghai Fuding Phase II.

To the best knowledge of the Directors, each of Shanghai Fuding Phase II and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Jiaxing Chenyue*

Jiaxing Chenyue is a limited partnership established in the PRC on August 18, 2020, primarily engaged in equity and industrial investment, and is managed by its general partner CCB Investment. CCB Investment was wholly-owned by CCB Trust CO., LTD. (建信信託有限責任公司), which was in turn owned as to 67.00% by China Construction Bank Corporation (中國建設銀行股份有限公司) (a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939)), and indirectly as to 33.00% by State-owned Assets Supervision and Administration Commission of Hefei Municipal People’s Government (合肥市人民政府國有資產監督管理委員會). As of the Latest Practicable Date, Jiaxing Chenyue had only one limited partner, Beijing Juxinde Investment Management Center (Limited Partnership) (北京聚信德投資管理中心(有限合夥)), holding 99.80% partnership interest in Jiaxing Chenyue. Beijing Juxinde Investment Management Center (Limited Partnership) was managed by its general partner CCB Investment Funds Management Co., Ltd. (建信(北京)投資基金管理有限責任公司), which was ultimately controlled by China Construction Bank Corporation (中國建設銀行股份有限公司) (a company listed on Shanghai Stock Exchange (stock code: 601939)).

To the best knowledge of the Directors, each of Jiaxing Chenyue and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

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### *Qiandao Ronghui*

Qiandao Ronghui is a limited partnership established in the PRC on December 5, 2019, primarily engaged in external investments with its own funds, and is managed by its general partner Qiandao Investment Fund Management Co., Ltd. (乾道投資基金管理有限公司) (“**Qiandao Investment**”). Qiandao Investment was wholly-owned by Qiandao Investment Holding Group Co., Ltd. (乾道投資控股集團有限公司), which was in turn owned as to approximately 60.78% by Yan Zurong (鄢祖容) and as to approximately 39.22% by other two shareholders with none of them holding more than 25% equity interest of Qiandao Investment Holding Group Co., Ltd. As of the Latest Practicable Date, Qiandao Ronghui had 21 limited partners with Qingdao Qiandao Glory Investment Management Center (Limited Partnership)(青島乾道榮耀投資管理中心(有限合夥)) being the largest one, holding approximately 26.19% partnership interest in Qiandao Ronghui.

To the best knowledge of the Directors, each of Qiandao Ronghui and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Hubei Hongtai*

Hubei Hongtai is a limited partnership established in the PRC on December 15, 2017, primarily engaged in non-securities equity investment and related consulting services, and is managed by its general partner Hubei Hongtai Hailian Investment Management Co., Ltd. (湖北宏泰海聯投資管理有限公司) (“**Hongtai Hailian**”). Hongtai Hailian was owned as to 40.00% by Shanghai Dishui Chenghai Investment Management Co., Ltd. (上海滴水成海投資管理有限公司), which was in turn owned as to 87.88% by Haier Group (Qingdao) Jinying Holding Co., Ltd. (海爾集團(青島)金盈控股有限公司) (“**Haier Group (Qingdao)**”), and as to 60% by two other shareholders with none of them holding more than 30% equity interest of Hongtai Hailian. Haier Group (Qingdao) was wholly-owned by Qingdao Haironghui Holdings Co., Ltd. (青島海融匯控股有限公司) which was in turn owned as to 51.20% by Haier Group Corporation (海爾集團公司) (an urban collectively-owned enterprise without any shareholder with its body of the employee representatives being its governing body), and as to 48.80% by Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) (青島海創客管理諮詢企業(有限合夥)), a limited partnership managed by its general partner Qingdao Haichuangke Investment Management Co., Ltd. (青島海創客投資管理有限公司), which was in turn owned as to 51.10% by Zhang Ruimin (張瑞敏) and as to 48.90% by three other shareholders with none of them holding more than 16.30% equity interest of Qingdao Haichuangke Investment Management Co., Ltd. As of the Latest Practicable Date, Hubei Hongtai had six limited partners with Hubei Changchuang Industrial Investment Fund Co., Ltd. (湖北長創產業投資基金有限公司) being the largest one, holding approximately 29.03% partnership interest. Hangzhou Fuyang, one of our Pre-IPO Investors, was also one of the limited partners of Hubei Hongtai, holding approximately 9.00% partnership interest.

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To the best knowledge of the Directors, save as disclosed above and below in “—Hangzhou Fuyang” in this section, each of Hubei Hongtai, its ultimate beneficial owners, and its general partner and limited partners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Xinyu Yifeng*

Xinyu Yifeng is a limited partnership established in the PRC on March 7, 2018, primarily engaged in investment management and enterprise investment, and is managed by its general partner Zhejiang Huiyifeng Asset Management Co., Ltd. (浙江惠一豐資產管理有限公司) (“**Zhejiang Huiyifeng**”). Fu Lixin (付立新) was in charge of the daily operations of Zhejiang Huiyifeng. Zhejiang Huiyifeng was owned as to 70.00% by Zhu Yulong (朱裕龍) and as to 30.00% by another individual shareholder. As of the Latest Practicable Date, Xinyu Yifeng had 47 limited partners with Ma Xianhai (馬憲海) being the largest one, holding approximately 4.20% partnership interest in Xinyu Yifeng.

To the best knowledge of the Directors, save as disclosed above and below in “—Hangzhou Nansheng” in this section, each of Xinyu Yifeng and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Jiangxi Wenxin No. 2*

Jiangxi Wenxin No. 2 is a limited partnership established in the PRC on August 22, 2022, primarily engaged in equity investment, and is managed by its general partner Jiangxi Jindujuan Private Equity Fund Management Co., Ltd. (江西省金杜鵑私募基金管理有限公司) (“**Jindujuan Capital**”). Jindujuan Capital was indirectly wholly-owned by Propaganda Department of the Jiangxi Provincial Committee of the Communist Party of the PRC (中共江西省委宣傳部). As of the Latest Practicable Date, Jiangxi Wenxin No. 2 had seven limited partners with Jiangxi Chinese Media Blue Ocean International Investment Co., Ltd. (江西中文傳媒藍海國際投資有限公司) being the largest one, holding approximately 42.86% partnership interest in Jiangxi Wenxin No. 2, and none of the remaining six limited partners holding more than 22.00% partnership interest in Jiangxi Wenxin No. 2. Jiangxi Chinese Media Blue Ocean International Investment Co., Ltd. was wholly-owned by Chinese UNIVERSE Publishing and Media Group Co., Ltd. (中文天地出版傳媒集團股份有限公司) (a company listed on Shanghai Stock Exchange (stock code: 600373)).

To the best knowledge of the Directors, each of Jiangxi Wenxin No. 2 and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

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### *Wu Lingdong*

Wu Lingdong is an individual investor and invested in the Company by acquiring equity interest directly from Shanghai Xiazhi, with a view to benefiting from our future growth. Wu Lingdong became aware of the potential investment opportunity in the Group through Mr. Ying. Wu Lingdong has been the chairman and general manager of Shanghai Yisong (being the general partner of Zhuhai Shengguang, our another Pre-IPO Investor, as of the Latest Practicable Date) since May 2015. To the best knowledge of the Directors, save as disclosed above, Wu Lingdong is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Jiaxing Jingkai*

Jiaxing Jingkai is a limited partnership established in the PRC on November 26, 2020, primarily engaged in equity investment and related consulting services, and is managed by its general partner Shanghai Jingkai Yingte Investment Management Co., Ltd. (上海晶凱贏特投資管理有限公司) (“**Shanghai Jingkai**”). Shanghai Jingkai was owned as to 96.00% by Zhang Jingtian (張晶天). As of the Latest Practicable Date, Jiaxing Jingkai had five limited partners with Jiaxing Mingyan Equity Investment Partnership (Limited Partnership) (嘉興明琰股權投資合夥企業(有限合夥)) being the largest one, holding approximately 70.92% partnership interest in Jiaxing Jingkai. Jiaxing Mingyan Equity Investment Partnership (Limited Partnership) was managed by its general partner Beijing Tsinghua Redbud Fund Management Co., Ltd. (北京紫荊創業投資基金管理有限公司), which was in turn owned as to 35.00%, 35.00% and 30.00% by Beijing Redbud Investment Co., LTD. (北京紫荊投資有限公司), Wang Jiao (王嬌) and TusStar Beijing Investment Management Co., Ltd. (啟迪之星(北京)投資管理有限公司), respectively. Beijing Redbud Investment Co., LTD. was owned as to 45.00% and 35.00% by Kang Zijian (康子建) and Beijing Shuimu Zijing Investment Co., Ltd. (北京水木紫荊投資有限公司), respectively. Beijing Shuimu Zijing Investment Co., Ltd. was owned as to 40.00% and 40.00% by Kang Zijian and Xie Yunfa (謝雲發), respectively. TusStar Beijing Investment Management Co., Ltd. was ultimately controlled by Wang Ying (王影).

To the best knowledge of the Directors, each of Jiaxing Jingkai and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Hangzhou Fuyang*

Hangzhou Fuyang is a limited partnership established in the PRC on December 10, 2019, primarily engaged in equity investment, and is managed by its general partner Hangzhou Hairi Dinghui Equity Investment Management Co., Ltd. (杭州海日鼎輝股權投資管理有限公司) (“**Hangzhou Hairi**”). Hangzhou Hairi was indirectly controlled by Haier Group (Qingdao). For details of background of Haier Group (Qingdao), see “— Hubei Hongtai.” As of the Latest Practicable Date, Hangzhou Fuyang had four limited partners with Shanghai Dishui Chenghai Investment Management Co., Ltd. (上海滴水成海投資管理有限公司) being the largest one, holding approximately 32.08% partnership interest in Hangzhou Fuyang, and none of the



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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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remaining three limited partners holding more than 30.00% partnership interest in Hangzhou Fuyang. Shanghai Dishui Chenghai Investment Management Co., Ltd. was ultimately controlled by Haier Group (Qingdao).

To the best knowledge of the Directors, save as disclosed above and in “— Hubei Hongtai” in this section, each of Hangzhou Fuyang, its ultimate beneficial owners, and its general partner and limited partners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Jisheng Investment*

Jisheng Investment is a limited partnership established in the PRC on November 13, 2020, primarily engaged in external investments with its own funds, and is managed by its general partner Zhejiang Jisheng Asset Management Co., Ltd. (浙江吉晟資產管理有限公司) (“**Zhejiang Jisheng**”). Zhejiang Jisheng was wholly-owned by Changchun FAWSN Group Co., Ltd. (長春富晟集團有限公司) (“**Changchun FAWSN Group**”), which was in turn owned as to 35.00% by Changchun Fuan Management Co., Ltd. (長春富安管理有限公司) (“**Changchun FAWSN Management**”) and as to 65.00% by three other shareholders with none of them holding more than 30.00% equity interest of Changchun FAWSN Group. Changchun FAWSN Management was wholly-owned by Fusheng Holdings (Changchun) Group Co., Ltd. (富晟控股(長春)集團有限公司) (“**Fusheng Holdings**”). Fusheng Holdings was owned as to approximately 32.69% by Changchun Shengchuang Investment Partnership (Limited Partnership) (長春晟創投資合夥企業(有限合夥)) (“**Changchun Shengchuang**”), as to approximately 33.98% by Changchun Shengjun Investment Partnership (Limited Partnership) (長春晟駿投資合夥企業(有限合夥)) (“**Changchun Shengjun**”), and as to approximately 33.32% by Changchun Shengchi Investment Partnership (Limited Partnership) (長春晟馳投資合夥企業(有限合夥)) (“**Changchun Shengchi**”). Changchun Shengchuang was managed by its general partner Changchun Shengling Enterprise Management Co., Ltd. (長春晟領企業管理有限公司), which was in turn owned as to 70.00% by Zhang Xin (張昕) and 30.00% by other two shareholders with none of them holding more than 30% equity interest of Changchun Shengling Enterprise Management Co., Ltd. Changchun Shengjun and Changchun Shengchi were managed by their general partner Changchun Shengtou Enterprise Management Co., Ltd. (長春晟投企業管理有限公司), which was in turn owned as to 70.00% by Zhang Xin and 30.00% by other two shareholders with none of them holding more than 30% equity interest of Changchun Shengtou Enterprise Management Co., Ltd. As of the Latest Practicable Date, Jisheng Investment had eight limited partners with Changchun FAWSN Group being the largest one, holding 30.00% partnership interest in Jisheng Investment, and none of the remaining seven limited partners holding more than 20% partnership interest in Jisheng Investment. Yiqi Investment, our another Pre-IPO Investor, held 25.00% equity interests in Changchun FAWSN Group.

To the best knowledge of the Directors, save as disclosed above, each of Jisheng Investment and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### *Ningbo Yinxing*

Ningbo Yinxing is a limited partnership established in the PRC on June 1, 2018, primarily engaged in investment management, asset management and investment consulting, and is managed by its general partner Ample Harvest Investment Management Co., Ltd. (上海豐實股權投資管理有限公司) (“**Ample Harvest**”). Ample Harvest was wholly-owned by Shanghai Ample Harvest Capital (Group) Co., Ltd. (上海豐實金融服務(集團)有限公司), which was in turn owned as to approximately 58.67% by Shanghai Fengshi Asset Management Co., Ltd. (上海豐實資產管理有限公司) (“**Shanghai Fengshi**”) and as to approximately 41.33% by Shanghai Jufeng Asset Management Co., Ltd. (上海鉅豐資產管理有限公司) (“**Shanghai Jufeng**”). Shanghai Fengshi was owned as to approximately 59.20% by Lu Changqi (盧長祺) and as to approximately 40.80% by Shanghai Haijia Business Consulting Co., Ltd. (上海海嘉商務諮詢有限公司), which was in turn owned as to 51% by Xi Li (奚利) and as to 49% by Lu Changqi (盧長祺). Shanghai Jufeng was owned as to 70% by Lu Changqi and as to 30% by another individual shareholder. As of the Latest Practicable Date, Ningbo Yinxing had ten limited partners with Hou Yi (侯毅) being the largest one, holding approximately 23.26% partnership interest in Ningbo Yinxing.

To the best knowledge of the Directors, each of Ningbo Yinxing and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Changchun Changxing*

Changchun Changxing is a limited partnership established in the PRC on December 29, 2023, primarily engaged in fund management, investment and operation, and is managed by its general partner Changchun PE. Changchun PE was wholly-owned by Changchun Municipal Holding Group Co., Ltd. (長春市金融控股集團有限公司), which was in turn wholly-owned by Changchun Municipal Finance Bureau (長春市財政局). As of the Latest Practicable Date, Changchun Changxing had one limited partner, namely Changchun Rongxing Economic Development Co., Ltd. (長春市融興經濟發展有限公司), holding 97.00% partnership interest in Changchun Changxing.

To the best knowledge of the Directors, each of Changchun Changxing and its ultimate beneficial owner is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Jin Jun*

Jin Jun is an individual investor and invested in the Company by participating in the Series B+ Financing, with a view to benefiting from our future growth. Jin Jun became aware of the potential investment opportunity in the Group through Mr. Ying. To the best knowledge of the Directors, Jin Jun is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.



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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### *Shanghai Juteng*

Shanghai Juteng is a limited liability company established in the PRC on June 20, 2020, primarily engaged in manufacturing of computer, communication and other electronic equipment. As of the Latest Practicable Date, Shanghai Juteng was wholly-owned by Dai Xiaoying (戴小英).

To the best knowledge of the Directors, each of Shanghai Juteng and its ultimate beneficial owner is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Wuhan Karuitong*

Wuhan Karuitong is a limited partnership established in the PRC on April 26, 2017, primarily engaged in investment in the new energy vehicle industry, and is managed by its general partner Beijing Karui Venture Capital Management Center (Limited Partnership) (北京卡睿創業投資管理中心(有限合夥)) (“**Beijing Karui**”). Beijing Karui was managed by its general partner Karuida (Beijing) Technology Incubator Co., Ltd. (卡睿達(北京)科技孵化器有限公司), which was in turn owned as to 99% by Beijing Tongxin Weichuang Management Consulting Center (General Partnership) (北京同心偉創管理諮詢中心(普通合夥)). Beijing Tongxin Weichuang Management Consulting Center (General Partnership) was managed by its general partner Zhang Han (張晗). As of the Latest Practicable Date, Wuhan Karuitong had four limited partners with Hubei Yangtze River Weilai New Energy Industry Development Fund Partnership (Limited Partnership) (湖北長江蔚來新能源產業發展基金合夥企業(有限合夥)) being the largest one, holding 37.50% partnership interest in Wuhan Karuitong, and none of the remaining three limited partners holding more than 25.00% partnership interest in Wuhan Karuitong. Hubei Yangtze River Weilai New Energy Industry Development Fund Partnership (Limited Partnership) was managed by its general partner Hubei Changjiang NIO New Energy Equity Investment Partnership Enterprise (Limited Partnership) (湖北長江蔚來新能源股權投資合夥企業(有限合夥)). Hubei Changjiang NIO New Energy Equity Investment Partnership Enterprise (Limited Partnership) was managed by its general partner Hubei Yangtze NIO New Energy Investment Management Co., Ltd. (湖北長江蔚來新能源投資管理有限公司), which was in turn ultimately beneficially owned by Zhu Qian (朱茜), Lv Yuanxing (呂元興), Li Yao (李堯), Guan Yufan (管宇凡), Ling Wen (凌雯), Li Bin (李斌) and NIO Inc. (stock code: 9866).

To the best knowledge of the Directors, each of Wuhan Karuitong and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### *Suzhou Xinjing*

Suzhou Xinjing is a limited partnership established in the PRC on April 27, 2021, primarily engaged in venture capital in unlisted enterprises, and is managed by its general partner Shanghai Jinfuying Management Consulting Co., Ltd. (上海金馥盈管理諮詢有限公司) (“**Shanghai Jinfuying**”). Shanghai Jinfuying was owned as to 51.00% by Shanghai Jinjingchengpu Private Fund Management Co., Ltd. (上海金景城濮私募基金管理有限公司) (“**Shanghai Jinjingchengpu**”) and as to 40.00% by Fuying Management Consulting (Shanghai) Co., Ltd. (馥盈管理諮詢(上海)有限公司) which was in turn owned as to 50.00% by Tso Bingti (左炳堤) and as to 50.00% by Leung Hiukong (梁曉剛). Shanghai Jinjingchengpu was owned as to 35.00% by Shanghai Danrong Enterprise Management Co., Ltd. (上海丹戎企業管理有限公司) (“**Shanghai Danrong**”) and as to 35.00% by Shanghai Jinjing Investment Management Consulting Co., Ltd. (上海金景投資管理諮詢有限公司) (“**Shanghai Jinjing**”). Shanghai Danrong was owned as to 60% by Dejie Enterprise Management (Shanghai) Co., Ltd. (德頡企業管理(上海)有限公司) which was in turn wholly-owned by Cho Techin (卓德欽), and as to 40% by Shanghai Hongcai New Energy Technology Co., Ltd. (上海鴻彩新能源科技有限公司) which was in turn owned as to 98% by Zhou Weilun (周薇倫). Shanghai Jinjing was wholly-owned by Ample Pacific Development Limited (中太發展有限公司) which was in turn indirectly wholly-owned by an independent individual.

As of the Latest Practicable Date, Suzhou Xinjing had two limited partners, namely Xince Investment (Shanghai) Co., Ltd. (鑫車投資(上海)有限公司) and Jinjing Growth (Xiamen) Venture Capital Partnership (Limited Partnership) (金景成長(廈門)創業投資合夥企業(有限合夥)), holding approximately 59.46% and 37.84% partnership interest in Suzhou Xinjing, respectively. Xince Investment (Shanghai) Co., Ltd. was wholly-owned by Yixin Holding Hong Kong Limited (易鑫集團香港有限公司), which was in turn wholly-owned by Yixin Group Limited (易鑫集團有限公司) (a company listed on the Stock Exchange (stock code: 2858)). Jinjing Growth (Xiamen) Venture Capital Partnership (Limited Partnership) was managed by its general partner Xiamen Jinjingchengpu Private Equity Fund Management Co., Ltd. (廈門金景城濮私募基金管理有限公司), which was in turn wholly-owned by Shanghai Jinjingchengpu Private Fund Management Co., Ltd. (上海金景城濮私募基金管理有限公司). Shanghai Jinjingchengpu Private Fund Management Co., Ltd. was ultimately beneficially owned by Limantara Jackson Widjaja, Zhuo Deqin (卓德欽), Zhou Weilun (周薇倫), Chen Mali (陳瑪琍) and Zhang Xuebin (張學斌).

To the best knowledge of the Directors, each of Suzhou Xinjing and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### *Gongqingcheng Zhongkezhucheng*

Gongqingcheng Zhongkezhucheng is a limited partnership established in the PRC on March 10, 2023, primarily engaged in private equity and venture capital investment, and is managed by its general partner Beijing Zhongkerongyi Venture Capital Management Co., Ltd. (北京中科融藝創業投資管理有限公司) (“**Beijing Zhongkerongyi**”). Beijing Zhongkerongyi was owned as to 47.00% by Qingdao Zhongkerongyi Technology Service Co., Ltd. (青島中科融藝科技服務有限公司) (“**Qingdao Zhongkerongyi**”) and as to 53.00% by four other shareholders with none of them holding more than 30.00% equity interest of Beijing Zhongkerongyi. Qingdao Zhongkerongyi was owned as to approximately 64.81% and 35.19% by Liu Qinglian (劉慶蓮) and Xu Ye (徐燁), respectively. As of the Latest Practicable Date, Gongqingcheng Zhongkezhucheng had three limited partners with Han Jigeng (韓繼庚) being the largest one, holding approximately 74.16% partnership interest in Gongqingcheng Zhongkezhucheng.

To the best knowledge of the Directors, each of Gongqingcheng Zhongkezhucheng and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

### *Hangzhou Nansheng*

Hangzhou Nansheng is a limited partnership established in the PRC on February 6, 2018, primarily engaged in investment management, asset management and investment consulting, and is managed by its general partner Shanghai Fuxin Private Equity Fund Management Co., Ltd. (上海傅鑫私募基金管理有限公司) (“**Shanghai Fuxin**”). Shanghai Fuxin was owned as to 70.00% by Fu Lixin (付立新) and as to 30.00% by another individual shareholder. As of the Latest Practicable Date, Hangzhou Nansheng had 33 limited partners with Li Jingqiang (李景強) being the largest one, holding approximately 5.17% partnership interest in Hangzhou Nansheng.

To the best knowledge of the Directors, save as disclosed above and in “— Xinyu Yifeng” in this section, each of Hangzhou Nansheng and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

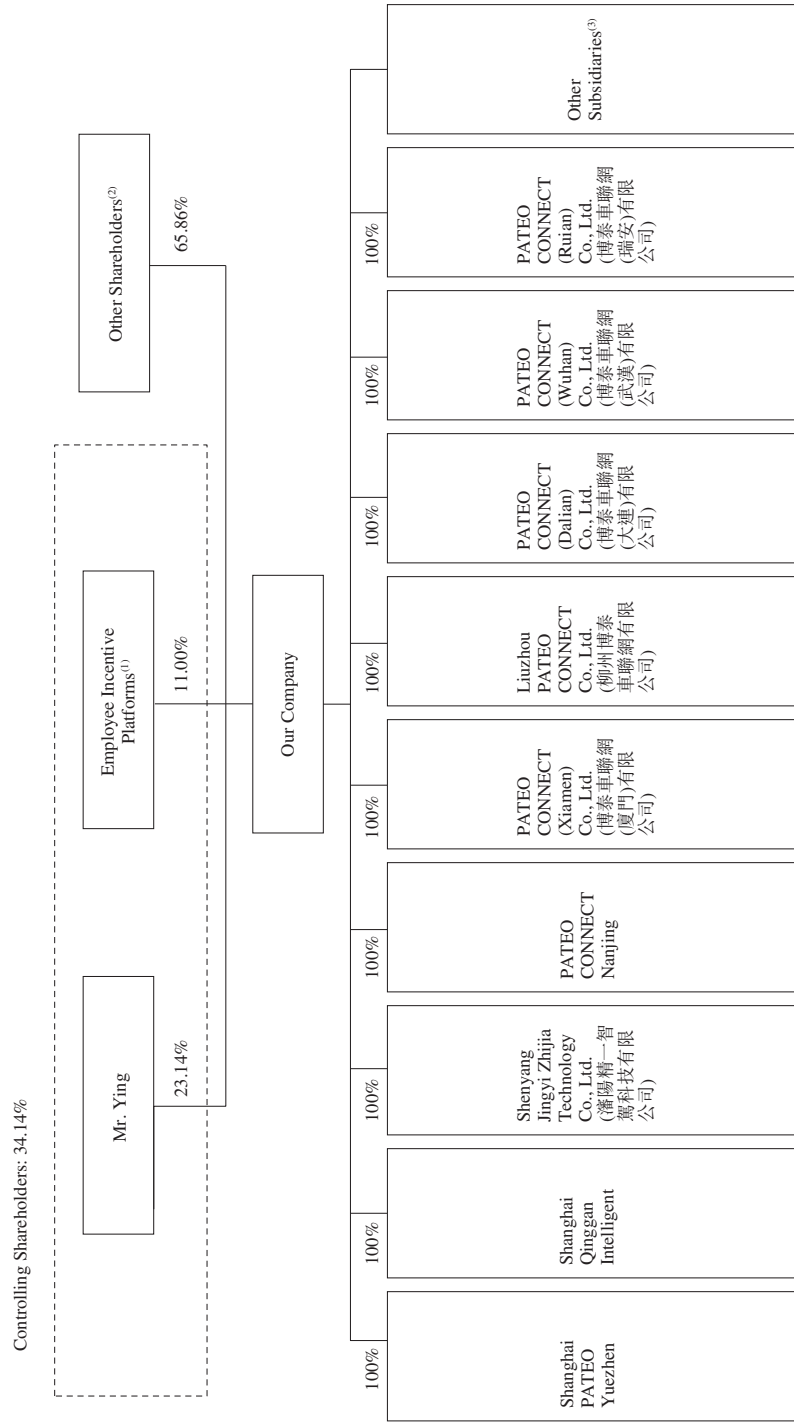
### **Joint Sponsors’ Confirmation**

On the basis that (i) the consideration for the Pre-IPO Investments was settled no less than 120 clear days before the Listing Date, and (ii) no special rights of the Pre-IPO Investors will exist after the Listing, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

CORPORATE STRUCTURE

Corporate Structure Immediately before Completion of the Global Offering

The following chart illustrates the shareholding structure and simplified corporate structure of the Group immediately prior to the completion of the Global Offering and conversion of the Domestic Shares into H Shares:



- (1) Shanghai Rujia, Shanghai Jinlin, Shanghai Chushui, Shanghai Miaolong, Shanghai Yehe, Shanghai Fengwulin and Shanghai Yingzhi were established in the PRC as our employee incentive platforms, which were controlled by Mr. Ying as their respective general partner. For details, see “— Employee Incentive Platforms.”
- (2) For details on the other investors, see “— Pre-IPO Investments — Summary of Pre-IPO Investments”, “— Capitalization of the Company” and “— Pre-IPO Investments — Information about our Pre-IPO Investors.”
- (3) We also have two subsidiaries incorporated outside the PRC and 24 subsidiaries incorporated in the PRC. Details of our non-wholly-owned subsidiaries are set out below.
 

As of the Latest Practicable Date, the Company held 60.00% equity interest in PATEO Jinhui Aviation Services (Shanghai) Co., Ltd. (博泰金匯航空服務(上海)有限責任公司) and the remaining 40% equity interest was held as to 20% and 20% by Nanjing Suning Automobile Sales & Service Co., Ltd. (南京蘇寧汽車銷售服務有限公司) and Shanghai Jinhui General Aviation Co., Ltd. (上海金匯通用航空股份有限公司), respectively, all of which were independent third parties.

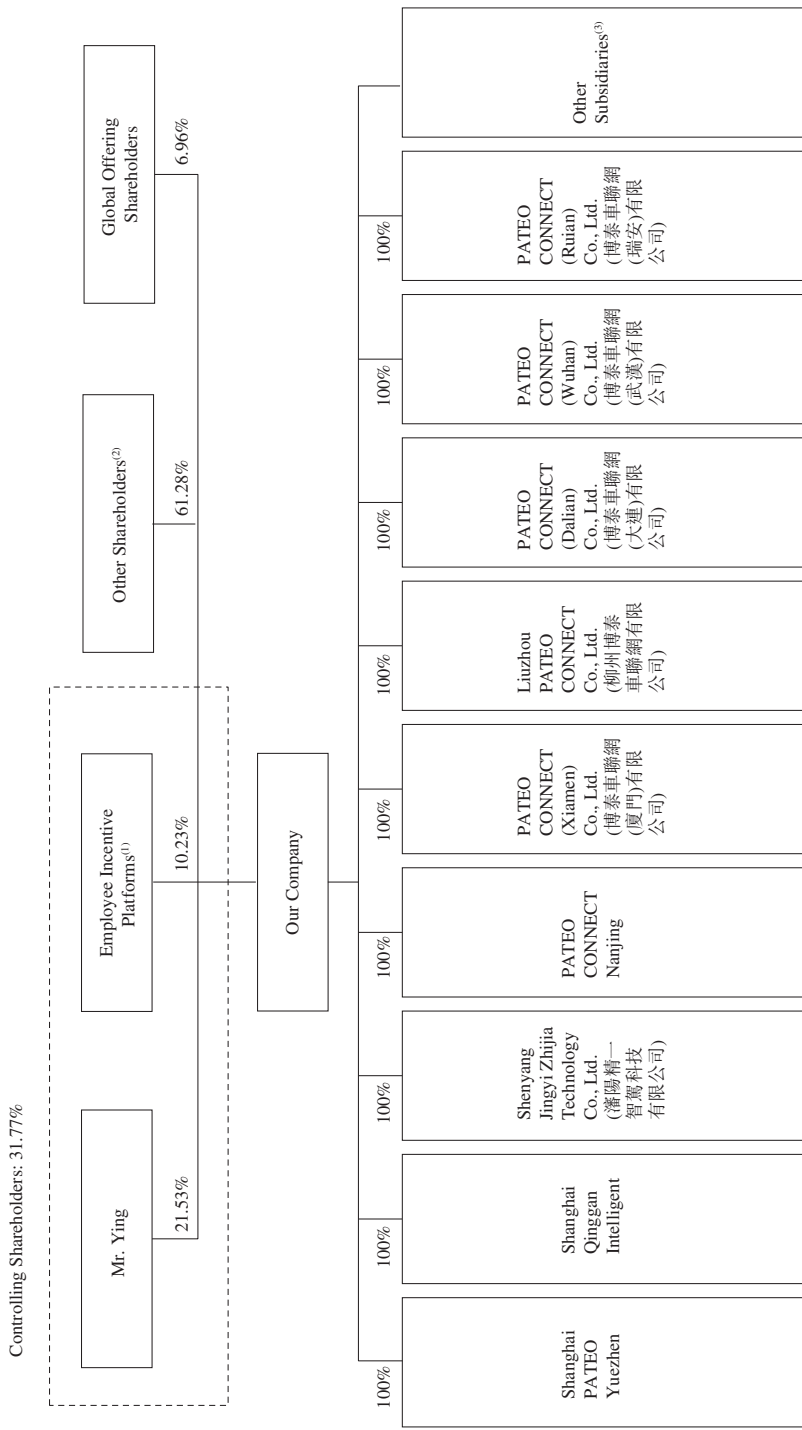
As of the Latest Practicable Date, the Company held approximately 99.96% limited partnership interest in Qingdao Xintai Mingchi Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (青島信泰銘馳私募股權投資基金合夥企業(有限合夥)). The remaining approximately 0.04% partnership interest was held by its general partner CITIC New Future (Beijing) Investment Management Co., Ltd. (中信新未來(北京)投資管理有限公司), an independent third party.

As of the Latest Practicable Date, the Company held approximately 99.40% limited partnership interest in Huzhou Chuangsheng Chiming Equity Investment Partnership Enterprise (Limited Partnership) (湖州創晟馳銘股權投資合夥企業(有限合夥)). The remaining approximately 0.60% and 0.01% partnership interest were held by its limited partner Zhongkai Zhixin Investment Management (Shenzhen) Co., Ltd. (中凱致信投資管理(深圳)有限公司) and its general partner CITIC New Future (Beijing) Investment Management Co., Ltd., respectively, both being independent third parties.

As of the Latest Practicable Date, the Company held approximately 99.90% limited partnership interest in Beijing Guochuang Future Nengdong Private Equity Investment Fund (Limited Partnership) (北京國創未來能動私募股權投資基金(有限合夥)). The remaining approximately 0.10% partnership interest was held by its general partner Beijing Guochuang Future Private Equity Fund Management Co., Ltd. (北京國創未來私募基金管理有限公司), an independent third party.

Corporate Structure Immediately Following Completion of the Global Offering

The following chart illustrates the shareholding structure and simplified corporate structure of our Group immediately following the completion of the Global Offering and conversion of the Domestic Shares into H Shares (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme):



(1)-(3) Please see the details contained in the preceding pages.

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## INDUSTRY OVERVIEW

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*The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Industry Consultancy Limited (“CIC”). We engaged CIC to prepare an independent industry report in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sponsors, Global Coordinators, Bookrunners, Lead Managers, any of the Underwriters, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.*

### GLOBAL AND CHINA’S PASSENGER VEHICLE MARKET

The global automobile market has exhibited a generally stable growth in the recent years. The sales volume of automobiles reached 95.8 million units globally and 32.2 million units in China in 2024, and is expected to rise to 108.6 million units globally and 38.6 million units in China in 2029. Automobiles are classified into two main categories based on their intended use and design: passenger vehicles and commercial vehicles. Passenger vehicles are designed and manufactured primarily for transporting people rather than goods, and constitute a much larger market than commercial vehicles globally. The global passenger vehicle market has gradually recovered as the global economy rebounds, with the sales volume reaching 77.7 million units in 2024, which is expected to further grow to 87.4 million units in 2029. China has the world’s largest passenger vehicle market with a sales volume increasing from 20.8 million units in 2020 to 28.3 million units in 2024, accounting for 36.4% of the global total sales volume in 2024. Driven by the continuous implementation of favourable policies for stabilizing vehicle consumption and promoting vehicle upgrades, as well as the growing acceptance of new energy vehicles in the market, the sales volume of passenger vehicles in China is expected to further grow to 34.3 million units in 2029.

The major players in China’s passenger vehicle market include domestic OEMs, foreign OEMs, and foreign joint venture OEMs. In recent years, Chinese automotive brands, namely the brands that are owned and controlled by domestic OEMs, have become a dominant force in China’s passenger vehicle market, with a market share in terms of sales volume growing from 35.6% in 2020 to 63.3% in 2024, and expected to grow to 75.0% in 2029. Furthermore, Chinese automotive brands are capturing a larger market share of high-end vehicles in addition to economy models. This shift reflects the strengthened capabilities of Chinese OEMs to meet evolving consumer preferences and the enhanced competitiveness of their offerings.



## INDUSTRY OVERVIEW

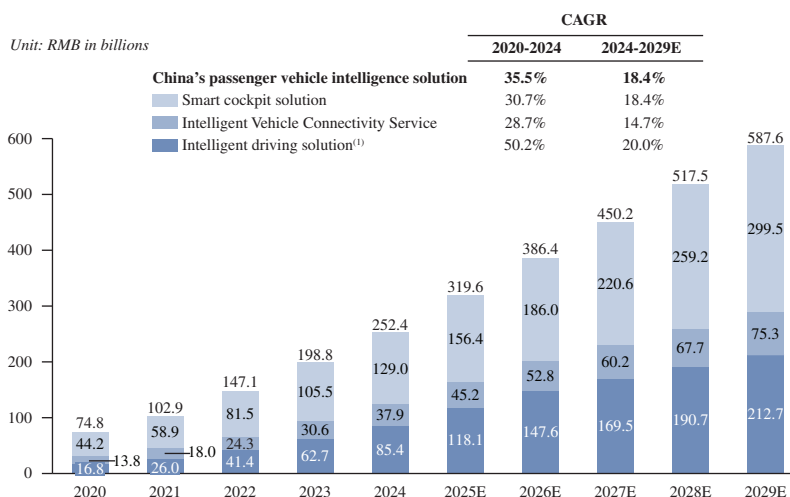
### GLOBAL AND CHINA'S AUTOMOTIVE INTELLIGENCE MARKET

#### Overview of Automotive Intelligence Solution Industry

As technology advances and consumer demands evolve, the integration of intelligence has emerged as a pivotal trend within the automotive industry. The automotive intelligence transformation has been fueled by the convergence of the three main pillars, namely smart cockpits, intelligent vehicle connectivity, and intelligent driving, which are propelling higher safety standards, enhanced driving assistance, and a more comfortable user experience for vehicles. The global automotive intelligence market size achieved RMB779.4 billion in 2024 and is expected to reach RMB1,623.2 billion in 2029, representing a CAGR of 15.8%. The China's automotive intelligence market size was RMB258.7 billion in 2024 and is expected to reach RMB608.0 billion in 2029, representing a CAGR of 18.6%. In particular, the intelligence solutions for passenger vehicles are the largest segment of the global and China's automotive intelligence market, accounting for more than 95% of revenue of both markets in 2024.

Benefitting from the expanding passenger vehicle market, ongoing innovations and upgrades in intelligent vehicle technologies, as well as heightened consumer demands for intelligent vehicle features, and supportive government policies, the development of automotive intelligence for passenger vehicles has accelerated both globally and in China. The global market size of passenger vehicle intelligence solutions was RMB758.7 billion in 2024, and is expected to reach RMB1,555.5 billion in 2029, representing a CAGR of 15.4%. The market size of passenger vehicle intelligence solutions in China reached RMB252.4 billion in 2024, accounting for 33.3% of the global market, and is expected to grow to RMB587.6 billion by 2029, accounting for 37.8% of the global market, and such growth represents a CAGR of 18.4% from 2024 to 2029.

#### Market Size of China's Passenger Vehicle Intelligence Solution Industry, in Terms of Revenue, 2020-2029E



Source: China Passenger Cars Association, CIC

Note:

- (1) Intelligent driving solution equips vehicles with autonomous driving capabilities, realizing functions of ADAS with Level 1 to Level 2 automation and automated driving system (ADS) with Level 3 to Level 5 automation.

### **Introduction of Vehicle Electrical/Electronic Architecture (E/E Architecture)**

E/E architecture refers to the design and arrangement of electrical and electronic systems, including hardware and software, that control various vehicle functions such as active safety, infotainment, and vehicle control. As vehicles become more electrified and intelligent, the number of Electronic Control Units (ECUs) increases, necessitating a more efficient, simplified, and intelligent E/E architecture. This has led to the adoption of domain-centralized E/E architecture, which consolidates ECUs performing similar functions into specific domains.

Typically, domain-centralized E/E architecture is divided into five functional domains: smart cockpit, intelligent driving, powertrain, chassis, and body. The smart cockpit domain, serving as the primary interface between the driver and the vehicle, is crucial for user interaction and significantly impacts the driving experience. Technological advancements and innovations in the smart cockpit domain are essential for enhancing overall vehicle intelligence.

### **GLOBAL AND CHINA'S PASSENGER VEHICLE SMART COCKPIT SOLUTION MARKET**

#### **Overview of Passenger Vehicle Smart Cockpit Solution Industry**

Passenger vehicle cockpit solutions can be broadly classified into two categories based on their intelligence level and functionality: the traditional, or “non-smart,” cockpit solution and the smart cockpit solution. The traditional cockpit solution, largely mechanical, primarily offers basic vehicle control functions and simple entertainment features which are also relatively static and do not support OTA upgrades. Its hardware and software structures are fairly straightforward, which lack intelligent interaction capabilities, relying on physical buttons and knobs for operation. In contrast, the smart cockpit system can provide a more intelligent in-vehicle experience for drivers and passengers, and is a key component of the passenger vehicle intelligence. A smart cockpit solution mainly consists of its core component, the smart cockpit domain controller, and other parts such as in-vehicle displays (including the central information display as well as the co-driver and rear-seat entertainment displays), LCD instrument panel, head-up display (HUD), streaming rearview mirror, and IMS. It also features robust software capabilities including human-machine interaction, telematics services, and full-scenario expansion. These transform the passenger vehicle into an intelligent mobile space, providing drivers and passengers with a comprehensive experience of safety, intelligence, and enjoyment.

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## INDUSTRY OVERVIEW

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The distinction between traditional and smart cockpit solutions is generally made based on the level of intelligence exhibited by the multiple subsystems of the cockpit solutions. The following table sets forth the comparison of the subsystems between traditional cockpit solution and smart cockpit solution:

<b>Subsystems or functions</b>	<b>Traditional cockpit solution</b>	<b>Smart cockpit solution</b>	<b>Penetration rate of the smart cockpit components</b>
<b>Function control . . .</b>	ECUs (electronic control units) that control the various subsystems function separately.	Domain controller unit that enables integrated control of various subsystems function.	44.1%
<b>In-vehicle display . . .</b>	No central screen or ordinary small central screen.	Large-sized and high-definition multi-displays.	95.6%
<b>Instrument cluster . .</b>	Traditional mechanical instrument cluster.	LCD instrument panel like an intelligent display.	67.0%
<b>HUD . . . . .</b>	None	a display of instrument readings in a vehicle that can be seen without lowering the eyes, typically through being projected on to the windscreen or visor.	21.6%
<b>Rear-view Mirror . . .</b>	Traditional rear-view mirror.	Streaming rear-view mirror that integrates a digital screen to display video feeds from rear-facing cameras, streaming media, and navigation information.	5.2%

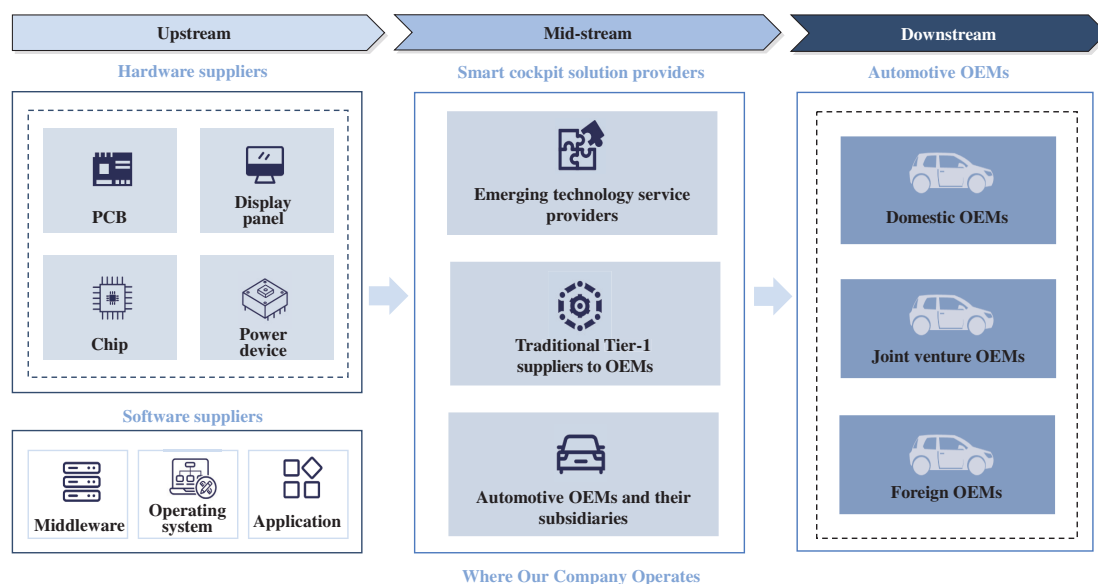
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Subsystems or functions	Traditional cockpit solution	Smart cockpit solution	Penetration rate of the smart cockpit components
<b>Human-machine interaction</b> . . . . .	Primarily rely on physical buttons and knobs for control.	Incorporate more advanced interaction methods, such as voice commands, gesture recognition, eye tracking, etc.	N/A
<b>Other features</b> . . . . .	None	In terms of vehicle safety, IMS is introduced to enhance driver and occupant safety.	N/A

\* Note: in terms of shipment volume in 2024.

The chart below illustrates the value chain of smart cockpit solution industry. Upstream participants mainly consist of suppliers of hardware such as PCB, display panels, as well as chips, and suppliers of software such as middleware, operating systems, and applications. Midstream players primarily include emerging technology companies specializing in smart cockpit solutions and traditional Tier-1 suppliers to OEMs. Downstream participants in the value chain are mainly the OEMs.

### Value Chain of China's Passenger Vehicle Smart Cockpit Solution Industry



Source: CIC

The smart cockpit system encompasses a variety of solutions and components, including integrated software-hardware solutions like domain controller solutions, software solutions such as operating systems and automotive applications, and hardware components like streaming rearview mirrors. Integrated software-hardware solutions are essential for the smart cockpit system. The domain controller solution, a key type of these integrated solutions, acts as the brain of the smart cockpit. Utilizing a highly integrated computing platform, it enables centralized management and intelligent control of various in-vehicle functions, such as information interaction, monitoring, and full-scenario connectivity. Its robust data processing and decision-making capabilities ensure efficient operation and high coordination within the smart cockpit system.

### **Analysis of Different Supply Modes Adopted by OEMs in Passenger Vehicle Smart Cockpit Solution Industry**

There usually exist various supply modes adopted by OEMs in passenger vehicle smart cockpit solution industry:

- ***In-house development by OEMs themselves:*** In recent years, some OEMs have made attempts to develop smart cockpit solutions with higher computing power and sophisticated human-machine interaction capabilities. However, due to high technical barriers, long R&D cycles, significant investments and rapid pace of technological iteration, only a limited number of OEMs have the capability to independently develop smart cockpits, and even fewer can achieve comprehensive development of both software and hardware. Typically, OEMs focus on developing software in-house while outsourcing hardware manufacturing to specialized suppliers. For example, among all the passenger vehicles equipped with domain controllers, approximately 34.0% of them are equipped with domain controllers with the operating system and software developed by OEMs. The main challenges faced by OEMs in the R&D of smart cockpits include:
  - o ***High Initial Investment.*** Developing smart cockpits independently requires a substantial initial R&D investment, due to the high technical barriers. Accumulating the necessary expertise and resources is challenging, resulting in unstable and extended product development cycles.
  - o ***Pressure of Technological Iteration.*** The fast-paced evolution of market demands requires rapid iteration of smart cockpit technologies. OEMs pursuing independent development face significant pressure to keep up with these technological upgrades and innovations. Compared to specialized external suppliers, OEMs lack the cutting-edge R&D experience required to stay ahead in this rapidly evolving field.

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- ***Procurement from external solution providers:*** As many OEMs face challenges mentioned above with in-house development mode, they typically prefer to purchase hardware, software, and software-hardware integrated solutions directly from external smart cockpit solution providers. And the external smart cockpit solution providers consist of three types of suppliers based on the solution types offered: software-hardware integrated solution suppliers, software component suppliers and hardware component suppliers:
  - o ***The software-hardware integrated solution suppliers:*** refer to those who possess the capability to integrate both software and hardware components to offer a comprehensive smart cockpit solution, that are designed to meet the OEMs' expectations for seamless integration of smart cockpit systems. With the evolving demands of the automotive industry and the increasing adoption of smart cockpit solutions, software-hardware integrated smart cockpit solutions are becoming increasingly popular for passenger vehicles. According to CIC, the software-hardware integrated offering has emerged as one of the mainstream delivery methods for solution providers to the OEMs in China, with a market size of approximately RMB77.9 billion, accounting for 60.4% of the total China's smart cockpit solution market size, in terms of revenue in 2024. Meanwhile, as the Chinese OEMs have emerged as key customers for smart cockpit solution providers, the market size of China's software-hardware integrated smart cockpit solutions installed on passenger vehicles manufactured by Chinese OEMs reached approximately RMB50.6 billion, accounting for 39.2% of the total China's smart cockpit solution market size, in terms of revenue in 2024. Software-hardware integrated smart cockpit solution suppliers have proven to be more competitive due to several key advantages they provide to automotive OEMs:
    - ***Cost optimization:*** Software-hardware integrated solutions from a single supplier are more cost-effective compared to traditional model of sourcing software and hardware components separately. By combining both components into a single package, OEMs can streamline procurement processes and reduce complexities and expenses involved in managing multiple suppliers. It also helps OEMs avoid compatibility issues that often arise when software and hardware components are sourced separately, further minimizing unexpected costs related to system integration and troubleshooting.
    - ***Shortened product R&D cycle:*** Integrating software and hardware into a single solution significantly accelerates the R&D progress by reducing the time needed for communication and coordination with software and hardware components suppliers separately. This streamlined development process allows OEMs to bring new products to the market more quickly, enabling them to adapt to evolving market demands faster while maintaining high-quality standards.

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- ***Improved system performance:*** Seamlessly integrated software and hardware components enhance the efficiency and performance of the smart cockpit system. With both components designed to work in harmony, software-hardware integrated solutions offer optimized efficiency, faster response times and improved system stability, delivering a smoother and more reliable user experience.
- ***Hardware and software component suppliers:*** refer to those who focus on offering hardware or software components separately based on OEMs' demand.

The factors considered by OEMs in choosing different modes of supply are as follows:

- ***Factors considered by OEMs in choosing in-house development by OEMs themselves:***
  - ***Self-control of core technologies:*** Through in-house R&D, OEMs can master the core technologies in critical areas such as the underlying software, AI algorithms, human-machine interaction, and hardware adaptation, thereby appropriately reducing their reliance on external suppliers and mitigating the risks of supply chain disruptions.
  - ***Differentiated competitiveness:*** The smart cockpit serves as the most intuitive carrier for users to experience the intelligence level of a vehicle, and its various intelligent functionalities such as human-machine interaction, intelligent connectivity and so forth, can provide users with a distinctive and unique experience. OEMs can leverage customized interfaces, interaction logic, or exclusive features to create brand-specific characteristics and differentiate themselves from competitors, thus enhancing their competitiveness in the market.
  - ***Data security:*** The smart cockpit involves plenty of users' personal information and private data, such as driving habits, location information, and entertainment preferences. In-house development allows OEMs to maintain full control over the collection, storage, transmission, and utilization of data, and to implement effective security measures, thereby reducing the risk of data leakage and protecting users' privacy and rights.
- ***Factors considered by OEMs in choosing procurement from external solution providers:***
  - ***Supplier expertise:*** Leveraging extensive industry insights, deep technological expertise, and reliable supply chains, external solution providers can rapidly provide mature and advanced smart cockpit solutions. This capability can accelerate the overall R&D of OEMs and enhance the intelligence level of vehicle models more efficiently.



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- o **Rapid technological innovation and iteration:** External solution providers consistently lead the industry in the latest technological innovations and iterations, and they usually invest substantial resources in R&D of key technologies such as operating system optimization, human-machine interface design, artificial intelligence, intelligent voice recognition, and image processing, etc. Collaborating with these suppliers allows OEMs to stay current with technology innovation, catering to diverse and customized user preferences.
- o **Cost Efficiency:** In-house development of smart cockpits requires OEMs to invest significant capital in technical R&D teams and equipment acquisition. Selecting mature solutions from external solution providers can significantly reduce upfront R&D investment costs and mitigate technological risks during the development process. Meanwhile, leveraging economies of scale and centralized production, external solution providers suppliers can provide OEMs with cost-effective smart cockpit solutions. This enables OEMs to reduce internal R&D expenses by procuring completely ready-to-use solutions from external partners, while allocating more resources to other core business areas, such as overall vehicle design and powertrain development, to achieve optimal resource allocation.

For different smart cockpit components, OEMs usually adopt different procurement models. Here are several examples:

- **Domain controllers:** OEMs procure domain controllers from suppliers through two models: (i) purchasing domain controllers with the operating system and/or software developed by the suppliers, or (ii) purchasing domain controllers from suppliers and subsequently deploying their own operating systems and software.

Among all the passenger vehicles equipped with domain controllers, approximately 66.0% of them are equipped with domain controllers with the operating system and/or software developed by the suppliers, and approximately 34.0% of them are equipped with domain controllers with the operating system and software developed by OEMs.

- **In-vehicle displays:** Among all the passenger vehicles equipped with central information display, approximately 18% of them are equipped with display developed by OEMs in-house, approximately 36% of them are equipped with software-hardware integrated display offered by the same external suppliers, and the rest are equipped with display whose software and hardware components are offered by different external suppliers.

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- **LCD instrument panel:** Among all the passenger vehicles equipped with LCD instrument panel, approximately 12% of them are equipped with LCD instrument panel developed by OEMs in-house, approximately 66% of them are equipped with software-hardware integrated LCD instrument panel offered by the same external suppliers, and the rest are equipped with LCD instrument panel whose software and hardware components are offered by different external suppliers.

According to CIC, it is common for OEMs to engage multiple suppliers for cockpit solutions for the same vehicle model or series in the automotive industry to manage supply chain risks. Most OEMs adopt a multi-supplier model, sourcing the same type of product or service from multiple suppliers, to effectively manage supply chain, mitigate risks including production interruption, quality issues, delivery delays and financial instability, and compare price and product quality to select the best option for their needs. In terms of software for smart cockpit solutions, when an OEM selects suppliers to provide domain controllers equipped with an operating system developed by the suppliers, the OEM will specify requirements for cockpit functionality. Regardless of whether the supplier is a primary or alternative supplier, each will independently develop and implement the cockpit functions using their own software based on the OEM's specifications. Therefore, even if the user interface of the vehicle model appears to be the same (as determined by the OEM), the software design and code of the operating system in the domain controllers provided by the primary and alternative suppliers will differ. In some cases, we are engaged to design and develop domain controllers and act as one of the designated suppliers for mass production. However, depending on specific project arrangements, there are instances where we design and develop domain controllers but are not involved in their mass production, or where we participate in the mass production of domain controllers that are designed by other parties. Our design and development capabilities are an important factor in securing projects from OEM customers, but the allocation of mass production may vary based on OEM customers' multi-sourcing strategies. Furthermore, OEMs are usually willing to engage Tier-1 suppliers specialized in smart cockpit solutions for R&D services to develop novel domain controller solutions equipped with newly launched SoCs based on their requirements. In contrast, for domain controller solutions equipped with SoCs which have been commonly used on smart cockpit domain controllers, OEMs will typically engage tier-1 suppliers for mass production of smart cockpit domain controllers and their contracts with tier-1 suppliers are based on the volume of final products delivered without separate R&D service fees.

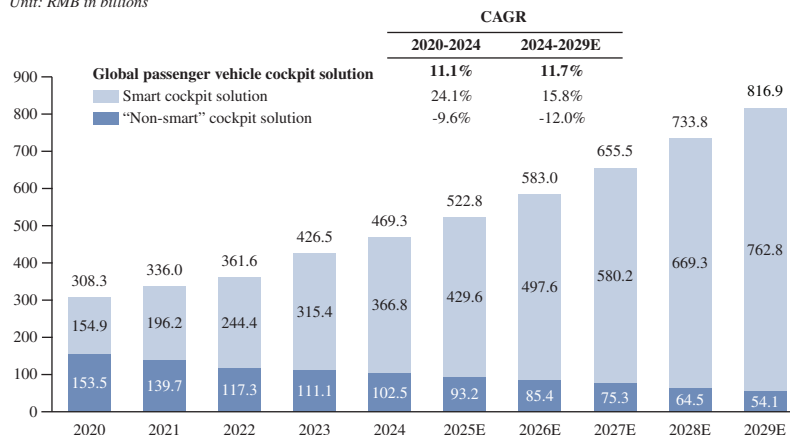
### Global and China's Market Size of Passenger Vehicle Smart Cockpit Solutions

The cockpit system is a key component of a passenger vehicle. The global market size of passenger vehicle cockpit solution industry reached RMB469.3 billion in 2024, and is projected to grow to RMB816.9 billion in 2029, representing a CAGR of 11.7% during the period. In addition, the market size of passenger vehicle cockpit solution industry in China reached RMB156.8 billion in 2024, and is projected to grow to RMB310.4 billion in 2029, representing a CAGR of 14.6% during the period.

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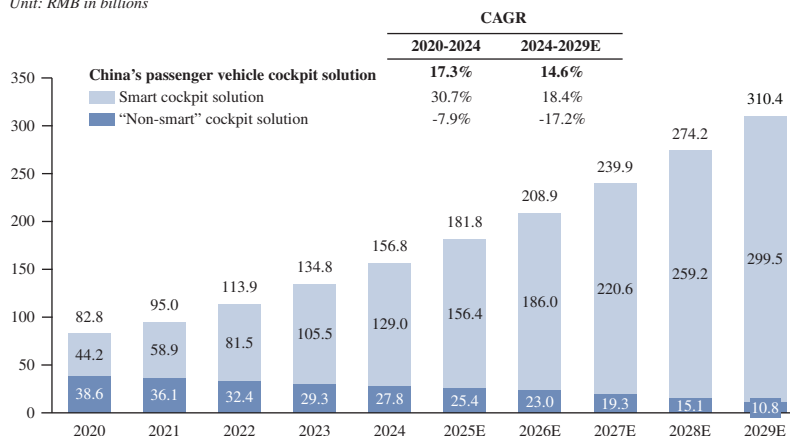
### Market Size of Global Passenger Vehicle Cockpit Solution Industry, in Terms of Revenue, 2020-2029E

Unit: RMB in billions



### Market Size of China's Passenger Vehicle Cockpit Solution Industry, in Terms of Revenue, 2020-2029E

Unit: RMB in billions



Source: China Passenger Cars Association, CIC

As for the different segments of passenger vehicle cockpit solution industry, driven by the increasing adoption of advanced technologies, automation and connectivity features in passenger vehicles, the traditional cockpit solution has been rapidly replaced by the smart cockpit solution. As a result, the market size of traditional cockpit solution for passenger vehicles has decreased year by year, while the market of smart cockpit solutions for passenger vehicles has been growing rapidly. The global market size of passenger vehicle smart cockpit solutions grew from RMB154.9 billion in 2020 to RMB366.8 billion in 2024, representing a CAGR of 24.1%, and is expected to reach RMB762.8 billion in 2029, representing a CAGR of 15.8%. China is the world's largest passenger vehicle market. Chinese OEMs actively incorporate the latest intelligent technologies to provide drivers and passengers with superior in-vehicle experience. This fosters the development of smart cockpit solutions in China,

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making China the largest passenger vehicle smart cockpit solution market in the world. The market size of China's passenger vehicle smart cockpit solutions grew from RMB44.2 billion in 2020 to RMB129.0 billion in 2024, with a CAGR of 30.7%. As Chinese consumers' demand for intelligent, connected, and immersive driving experience continues to grow, China's passenger vehicle smart cockpit solution market is expected to reach RMB299.5 billion in 2029, representing a CAGR of 18.4% from 2024 to 2029.

### Key Drivers of Global and China's Passenger Vehicle Smart Cockpit Solution Industry

The industry of passenger vehicle smart cockpit solutions globally and in China has significant growth potential driven by a number of factors:

- *Evolving consumer demands for better driving experience and personalization.* From the consumers' perspective, passenger vehicles have been gradually transitioning from mere transportation tools to becoming an intelligent mobile space, with more emphasis on providing better experience and personalization. According to the "Insight into China's NEV Consumption in 2023" released by AutoHome Research Institute, intelligence has become an important factor in vehicle purchasing decisions, as evidenced by over 80% of automotive consumers having considered buying intelligent vehicles in 2023. The consumer demand for passenger vehicles for user experience and personalization drives the further adoption of smart cockpits on passenger vehicles.
- *OEM's accelerating deployment of automotive intelligence.* By introducing technologies such as artificial intelligence, big data, and the IoT, OEMs are now able to develop more innovative and differentiated products to improve their brand competitiveness. The continual iteration of algorithms has enabled smart cockpits to build a strong software ecosystem with rich applications, continuously optimize the automatic upgrading, as well as enhance the human-machine interaction experience and perception of user needs utilizing multimodal interactions such as voice and touch. Thus, OEMs continue to increase R&D investment in intelligent technologies to address the growing consumer needs, driving the accelerated development of the smart cockpit industry.
- *Constant innovation of software and hardware technology.* Upgrades in software and hardware provide automotive consumers with a more intelligent, convenient, and comfortable driving experience. For example, automotive-grade SoC chips with high performance and compatibility can process multiple parallel tasks faster and more accurately, run complex algorithms, enable high-resolution displays, achieve more intelligent functions, and improve energy efficiency. These advancements are crucial for the evolution of smart cockpit solutions. Moreover, the software architecture is undergoing an upgrade to an SOA, a more flexible and scalable architecture for intelligent vehicle software systems, which enables more efficient updates and upgrades. Thanks to the continual improvements in software and hardware technologies, smart cockpits are increasingly incorporating sophisticated and high-value features. Consequently, the price of smart cockpit solution per vehicle in China is expected to rise from approximately RMB4,560 in 2024 to approximately RMB8,726 in 2029.

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- *Supportive policies and regulations.* Many countries around the world have made automotive intelligence an important strategic direction for the transformation and upgrading of the automotive industry, where smart cockpits play a significant part. In China, certain governmental authorities have also adopted a series of policies, including the Strategy for Innovative Development of Intelligent Vehicles (《智慧汽車創新發展戰略》) and Implementation Opinions on Enhancing Reliability in Manufacturing (《製造業可靠性提升實施意見》), with a view to creating a favorable environment for the development of the smart cockpit solution industry.
- o Several key Chinese government departments, including the National Development and Reform Commission, Cyberspace Administration of China, Ministry of Science and Technology, and Ministry of Industry and Information Technology, have jointly promulgated the Strategy for Innovative Development of Intelligent Vehicles (《智慧汽車創新發展戰略》), or the Strategy. The Strategy encourages local governments to implement customized policies and measures to effectively promote the innovation and development of intelligent vehicles. It highlights the need for advancing key technologies, such as integrated perception of multi-source sensor data, advanced intelligent terminals, intelligent computing platforms, and automotive wireless communication networks. Local governments are urged to introduce supportive policies and diversify funding channels to drive research and development in these areas and in major engineering projects. As an industry pivoting around these technologies, the Strategy is expected to create a favorable policy environment and financial support for the smart cockpit industry, helping to reduce overall costs, accelerate technological innovation, and drive the commercialization of intelligent cockpit technologies. Additionally, the Strategy promotes the establishment of legal and regulatory frameworks to govern the testing, approval, usage and supervision of intelligent automobiles. It calls for functionality, reliability and safety certifications for key software and hardware components, with certification standards and guidelines tailored to different levels of intelligent vehicles. This is expected to set clear regulatory guidelines and technical standards for the smart cockpit industry, thereby enhancing product safety and reliability, bolstering consumer confidence and driving the innovation and application of smart cockpit technologies.
- o The Ministry of Industry and Information Technology, Ministry of Education, Ministry of Science and Technology, Ministry of Finance, and State Administration for Market Regulation have jointly promulgated the Implementation Opinions on Enhancing Reliability in Manufacturing (《製造業可靠性提升實施意見》), or the Implementation Opinion. This opinion aims to guide local departments and industry institutions in raising reliability standards in manufacturing, across machinery, electronics, and automobiles sectors. Local authorities are encouraged to establish foundational reliability standards that cover general requirements, management, design, analysis,

testing, evaluation and maintenance support throughout manufacturing process, and integrate reliability indicators into mandatory standards. Furthermore, the Implementation Opinion offers tax deductions for research, product design and pilot testing, reducing financial burden on companies operating in smart cockpit industry. These measures are designed to incentivize innovation investment and drive technological advancements within the smart cockpit industry, ensuring the components and systems of smart cockpits meet higher quality standards throughout design, manufacturing and operation.

### **Trend of Global and China's Passenger Vehicle Smart Cockpit Solution Industry**

The following are the recent trends in global and China's passenger vehicle smart cockpit solution industry:

- *Development towards intelligent and high-end evolution driven by customer needs.* Driven by evolving consumer preferences for better driving experience, OEMs around the world strive for high-quality passenger vehicle smart cockpit solutions. In China, domestic OEMs lead this trend and employ flexible R&D and production mechanisms to accelerate innovation and launch of new products with superior user experience, requiring smart cockpit solution suppliers to speed up development of novel solutions. Collaboration between smart cockpit solution providers and Chinese automotive brands can foster robust technological synergy and enhance the overall competitiveness of their passenger vehicles. Furthermore, the trend towards high-end passenger vehicle products led by these domestic OEMs is catalyzing the upgrading of hardware and software in smart cockpit solutions, continuously enhancing the driving experience of automotive consumers.
- *OEMs' preference for providers with comprehensive capabilities.* OEMs tend to collaborate with smart cockpit solution providers that possess comprehensive technology capabilities integrating software, hardware and intelligent vehicle connectivity. Such smart cockpit solution providers can meet OEMs' diverse customization needs for components, thereby reducing the communication and management costs associated with procuring parts from multiple suppliers. Providers with strong software capabilities in algorithms, modules, and intelligent vehicle connectivity can integrate multiple functions and process data in real time. When combined with hardware design and manufacturing capabilities, these providers can continuously enhance the intelligence level of smart cockpit solutions. In China, only a few providers possess comprehensive technology capabilities, affording them a significant competitive edge in the industry.
- *Rising penetration rate of smart cockpit solutions.* The penetration rate of smart cockpit solutions is expected to continue increasing in various regions worldwide. In China, the rapid development of intelligent technologies, the transformation of consumer demands, and the introduction of supportive policies have led to the accelerated rise in the penetration rate of smart cockpit solutions. For example,

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domain controller solutions, an essential component of smart cockpits, have seen their penetration rate in terms of shipment volume, in passenger vehicles in China grew from 13.7% in 2020 to 44.1% in 2024, which is expected to reach over 90% by 2029, according to CIC.

- *Increasing industry concentration.* As the leading OEMs continue to increase their competitiveness, the passenger vehicle market in China is expected to become more concentrated. The market share in terms of sales volume of the top five OEMs in China increased from 33.4% in 2021 to 41.5% in 2024. These OEMs prefer to collaborate with top-tier smart cockpit solution providers to share R&D resources and optimize cost-effectiveness. Therefore, the top-tier smart cockpit solution providers who have a solid collaboration with leading OEMs will enjoy more business growth opportunities. In addition, these top-tier smart cockpits typically have comprehensive capabilities, significant technological accumulation, and production scale effect, which enable them to gain a larger market share, driving the concentration in the smart cockpit solution industry.
- *Accelerating overseas expansion of Chinese smart cockpit solution providers.* Chinese OEMs and other companies throughout the automotive industry value chain are accelerating their expansion into overseas markets. This thus expedites Chinese smart cockpit solution providers to enter international markets. Additionally, international OEMs have a growing demand for advanced smart cockpit technologies which drives more collaboration among these OEMs and top-tier Chinese smart cockpit solution providers.
- *Multimodal human-machine interaction driven by AI large model technology.* Artificial intelligence large models possess robust data processing, semantic understanding and perception capabilities, promoting the development of human-machine interface in smart cockpits. By combining novel large model technology, a smart cockpit system can better cater to preferences of users and realize richer multimodal interaction functions which incorporate voice commands, gesture recognition, eye tracking, and natural language processing to provide a seamless and intuitive user experience. The smart cockpit system with advanced multi-modal interaction functions actively provides precise feedback and actions through multi-modal information perception combined with environmental conditions and user habit learning, further enhancing the user experience of the smart cockpit system, the perception and decision-making ability of autonomous driving as well as the intelligent service level of the vehicle connectivity platform for passenger vehicles.
- *Iteration of domain controllers towards higher integration.* Automotive domain controllers are expected to achieve multi-domain fusion and further improve the integration of domain control to be responsible for the vehicle's perception, decision-making, execution, and control, enabling seamless synergy among various systems including vehicle control, driving, and cockpit.



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In the recent years, several nations and regions have levied tariffs on Chinese battery electric vehicles (the “BEVs”). The European Union has agreed to impose high anti-subsidy tariffs on Chinese-made BEVs for five years, with additional rates reaching up to 35.3% on top of the existing 10% tariff, varying by OEMs. Both Chinese OEMs and foreign OEMs producing in China will be impacted. In the United States, an additional 100% tariff was imposed on Chinese-imported BEVs since September 27, 2024, resulting in a total tariff of 102.5% without a defined expiration date. Canada implemented a similar tariff policy on October 1, 2024, with a total tariff rate of 106.1%. These tariffs are expected to primarily impact OEMs by increasing export costs and reducing sales volumes for OEMs.

However, for the smart cockpit solutions industry, which operates upstream of OEMs, these tariffs on NEVs are unlikely to have a significant impact on smart cockpit solution industry, for the following reasons:

- ***Subject of the tariffs imposed.*** Smart cockpit solution providers serve as one of the upstream suppliers of automotive industry, and there is no tariff imposed on smart cockpit solutions or products. Therefore, the tariffs on Chinese new electric vehicles are not expected to have a direct and immediate impact on smart cockpit solution industry.
- ***Application scenarios.*** Smart cockpit solutions can be integrated into vehicles of all energy types, not solely NEVs. In addition, the overall automotive industry is transforming towards intelligence and connectivity, which is expected to further drive the demand for smart cockpit solutions and the adoption of higher-value smart cockpit solutions.
- ***Technological innovation and product upgrades.*** The smart cockpit system serves as a pivotal interface for users to experience vehicle intelligence, and it is one of key factors in strengthening the competitiveness of vehicles. Chinese OEMs are expected to adopt smart cockpit solutions with improved functionalities and user experience to increase the appeal of their vehicle models in overseas markets, thereby offsetting the impact of higher tariffs on product competitiveness. This dynamic is anticipated to promote technological innovation and product upgrades within the smart cockpit solution industry, ultimately fostering the development of the industry.
- ***Limited contribution of NEV exports.*** According to the China Passenger Car Association (the “CPCA”), China’s NEV export volume reached 1.95 million units in 2024, representing only 6.9% of China’s passenger vehicle sales volume. Given this relatively small portion, tariffs imposed on NEVs are not expected to significantly impact on China’s automobile industry and smart cockpit solution industry.

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- ***Tariff scope.*** The recently imposed tariffs by the U.S. and E.U. specifically target NEVs produced by Chinese OEMs. According to the CPCA, China's exports of NEVs to the European market in 2024 accounted for approximately 26.3% of China's automobile exports to Europe. Similarly, exports of NEVs made up approximately 27.7% of China's automobile exports to the U.S. during the same periods. Given that NEV exports only account for a relatively small portion of automotive exports to both markets, the tariffs targeting only NEVs are unlikely to have a significant impact on China's entire automobile industry. Furthermore, China's OEMs have implemented strategic measures such as setting up manufacturing facilities overseas to counteract the tariffs' impact. These initiatives are expected to further mitigate the impact of tariffs on Chinese vehicles.
- ***Emerging Southeast Asian markets.*** In the recent years, Southeast Asia has provided strong support for China's NEV OEMs through favourable policies. Additionally, the region has seen significant growth in purchasing power of consumers and rapid expansion of NEV sector. Consequently, NEV export volume from China to Southeast Asia increased from 74.0 thousand units in 2023 to 114.0 thousand units in 2024, representing a growth rate of 54.1%. As a result, Southeast Asia became an emerging market for China's OEMs, complementing the U.S. and E.U. markets. Therefore, it is expected that rapid development of Southeast Asian NEVs market would create strong demands for smart cockpit solutions, driving the continuous advancement and development of China's smart cockpit solution industry.

In conclusion, tariffs recently imposed on China's NEVs will not have material and adverse effects on China's automobile industry and smart cockpit solution industry.

### **Entry Barriers and Key Success Factors in China's Passenger Vehicle Smart Cockpit Solution Industry**

The success of companies operating in China's passenger vehicle smart cockpit solution industry depends on the following key factors:

- ***Comprehensive technology capabilities across software, hardware and cloud-based telematics services.*** Development of smart cockpit solutions necessitates deep technical expertise of the providers in multiple areas such as smart cockpit system software algorithms, domain controllers, and sensors. Integrated smart cockpit solutions require providers to possess not only strong hardware design and manufacturing capabilities but also robust software development and cloud-based telematics service abilities. Such integrated solutions also put forward higher requirements for the stability, reliability and security of the system. Solution providers with strong technology capabilities, solid R&D and innovation capacity, and in-depth understanding and experience in the industry can successfully develop high-performance, high-reliability integrated smart cockpit solutions.

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- *Long-term collaboration with top-tier customers and partners.* OEMs have stringent entry requirements for smart cockpit solution providers with lengthy and complex validation processes, and they generally do not easily switch their cockpit suppliers during the lifecycle of a vehicle model, which usually ranges from two to five years. The smart cockpit solution providers that have long-term and stable partnerships with top-tier OEMs can achieve mass production across multiple vehicle models and obtain the opportunity to participate in joint system development. Recognition of these providers' technical strength by OEMs during the collaboration process ensures their continuous and stable development. OEMs provide valuable market feedback and customer demand information to these smart cockpit solution providers, helping them optimize their product design to better satisfy market needs. In addition, the smart cockpit solution provider's cooperation with strategic partners along the value chain of the automotive industry, such as on technology and resources, enables the collaborating parties to better utilize their resources to expand the market and enhance automotive consumers' driving experience.
- *Ability to develop platforms for high-computing power chips.* Self-built proprietary high-computing power chip platforms are a crucial trend in the smart cockpit solution industry. Smart cockpit chip platforms must meet the automotive industry's rigorous requirements for reliability, durability, and real-time performance. The ability to develop high-performance chip platforms enables solution providers to better develop and utilize chips, harnessing the high computing power to adapt and support various smart cockpit functions. High-computing power chip platforms can also improve the flexibility of product development and realize complex human-machine interaction, further enhancing product competitiveness.
- *Large-scale production and supply chain management capabilities.* Smart cockpit systems involve a large number of hardware devices, including screens, sensors, and electronic control units, which require a high degree of integration and standardization. Mass production can reduce production costs and increase production efficiency, thereby increasing the market competitiveness of the smart cockpit products. Moreover, smart cockpit solution providers need to establish close partnerships with suppliers to ensure stable supply and quality control of components.

### Competitive Landscape of China's Passenger Vehicle Smart Cockpit Solution Industry

There are hundreds of market players in China's passenger vehicle smart cockpit solution industry, and the competitive landscape is relatively fragmented, with the top five providers taking up an aggregated market share of 31.8% in terms of revenue in 2024. The revenue from our passenger vehicle smart cockpit solution segment amounted to RMB2,441 million, ranking 11th in the industry, and accounted for 1.9% of the total market in terms of revenue in 2024.

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The domain controller solution is a core component of smart cockpit solutions, and the competitive landscape of China's smart cockpit domain controller solution industry is relatively concentrated, with the top five providers taking up an aggregated market share of 53.3% in terms of shipment volume of smart cockpit domain controllers in 2024, and the corresponding shipment volume of the Company amounted to 915.2 thousand, ranking third in the industry, and accounted for 7.3% of the total market in terms of shipment volume of smart cockpit domain controllers in 2024.

The competitive landscape of China's smart cockpit domain controller solution industry is relatively concentrated in terms of revenue of smart cockpit domain controller solutions, with the top five providers taking up an aggregated market share of 48.2% in 2024, and the corresponding revenue of the Company amounted to RMB1,959 million, ranking fourth in the industry, and accounted for 6.3% of the total market in terms of revenue of smart cockpit domain controller solutions in 2024.

### Top five providers<sup>(1)</sup> of smart cockpit domain controller solutions in China, in terms of shipment volume<sup>(2)</sup>, 2024

Ranking	Smart Cockpit Domain Controller Solution Provider	Shipment volume (thousand)	Market share <sup>(3)</sup> (%), in terms of shipment volume, 2024	Revenue <sup>(4)</sup>  (RMB million)	Market share <sup>(5)</sup> (%), in terms of revenue, 2024
1	Company A	~2,700	21.7%	~6,400	20.5%
2	Company B	~1,300	10.4%	~2,700	8.6%
<b>3</b>	<b>Our Company</b>	<b>915</b>	<b>7.3%</b>	<b>1,959</b>	<b>6.3%</b>
4	Company C	~870	7.0%	~1,900	6.1%
5	Company D	~860	6.9%	~2,100	6.7%
	<b>Total</b>	<b>6,645</b>	<b>53.3%</b>	<b>15,059</b>	<b>48.2%</b>

#### Notes:

- (1) Exclude the pure manufacturing service suppliers and suppliers without their own factories.
- (2) Only include the passenger vehicles produced in China in 2024. According to CIC, it is a common practice in the smart cockpit industry and the automotive industry to use product shipment volume in units as an indicator to evaluate, compare and rank the market positions of smart cockpit product providers. The number of shipment volume usually reflects the acceptance and popularity of smart cockpit provider's products and further implies the product performance and quality of a certain provider, according to the same source.
- (3) Shipment volume of smart cockpit domain controller solutions in China as a percentage of the total shipment volume of China's smart cockpit domain controller solution industry in 2024.
- (4) The revenue includes sales from smart cockpit domain controller solutions in China.
- (5) Revenue from smart cockpit domain controller solutions in China as a percentage of the total market size of China's smart cockpit domain controller solution industry in 2024.

*Company A: A company founded in 1986 and listed on the Shenzhen Stock Exchange, primarily engaged in smart cockpit, intelligent driving, and intelligent connectivity services, and offering comprehensive smart cockpit solutions, including domain controller unit and information interaction systems.*

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## INDUSTRY OVERVIEW

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*Company B: A non-listed company founded in 2016. It is a subsidiary of a company listed on the Shanghai Stock Exchange, primarily engaged in smart cockpit domain controller solutions and intelligent vehicle connectivity services.*

*Company C: A non-listed company founded in 2014, with a focus on developing vehicle domain controllers, intelligent connectivity software, and operational service products.*

*Company D: A company founded in 1994 and listed on the New York Stock Exchange, with business covering solutions that take into account the vehicle's software, hardware and electrical/electronic architecture.*

### **Main Materials for Passenger Vehicle Smart Cockpit Solution**

The main raw materials for passenger vehicle smart cockpit solutions in China include, among others, chips, modules and display panels. Notably, chips are one of the most important raw materials, with their costs accounting for 20% to 35% of the overall cost of smart cockpit domain controllers. Specifically, chips can be applied in various in-vehicle systems including vehicle control, in-vehicle infotainment, integrated control systems for power transmission and active-safety systems. Designed to meet the requirements of the automotive industry, such as operating temperature range, extended lifespan, and advanced reliability, chips are capable of achieving various rigorous functional requirements.

Based on the applications within a vehicle, automotive-grade chips can be divided into several categories, including chips for smart cockpit solutions, chips for intelligent driving solutions, vehicle control and safety chips, and communication chips, among others. Chips for smart cockpit solutions are used in smart cockpit domain controllers to control, and process data from, various sensors, actuators, screens, and other devices within the cockpit. SoC modules, the mainstream form of chips for smart cockpit solutions, are responsible for integrating most or all components of a cockpit. These SoC modules are able to streamline the integration of functions within the smart cockpit, which help enhance performance and efficiency, and support connectivity and security needs of drivers and passengers.

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## INDUSTRY OVERVIEW

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At present, the global automotive chip market is dominated by giant companies in the U.S., Europe, Japan and other regions. The table below sets forth a summary of top five SoC suppliers for smart cockpit solution in China and their backgrounds:

**Ranking of top five SoC suppliers for smart cockpit solution in China,  
in terms of sales volume of vehicles, 2024**

No.	Chips supplier	Background	Market share <sup>(1)</sup> , 2024
1 . . . .	Chip Supplier A	A listed company primarily engaging in the design and development of wireless telecommunication products and services, and offering integrated circuits and system software for mobile devices and other wireless products, which is founded in 1985 and headquartered in the U.S.	~68%
2 . . . .	Chip Supplier B	A listed company primarily engaging in semiconductor products for the data center, embedded, gaming and PC markets, which was founded in 1969 and headquartered in the U.S.	~11%
3 . . . .	Chip Supplier C	A listed company primarily engaging in the research, development, design, manufacture, sales, and services of semiconductor products in automotive, healthcare, computer peripheral, connectivity, home appliance, and industrial end markets, which was founded in 2002 and headquartered in Japan.	~8%
4 . . . .	Chip Supplier D	A non-listed company primarily engaging in providing information and communications technology (ICT) infrastructure and smart devices, which was founded in 1987 and headquartered in China.	~4%

## INDUSTRY OVERVIEW

No.	Chips supplier	Background	Market share <sup>(1)</sup> , 2024
5 . . . .	Chip Supplier E	A listed company primarily engaging in manufacturing and sales of smartphones, semiconductor chips, printers, home appliances, medical equipment, and telecom network equipment, which was founded in 1969 and headquartered in Korea.	~3%

*Source: CIC*

*Note:*

- (1) Calculated by the sales volume of vehicles equipped with respective supplier's SoC for smart cockpit solution in China by the total sales volume of vehicles equipped with SoC for smart cockpit solution in China in 2024.

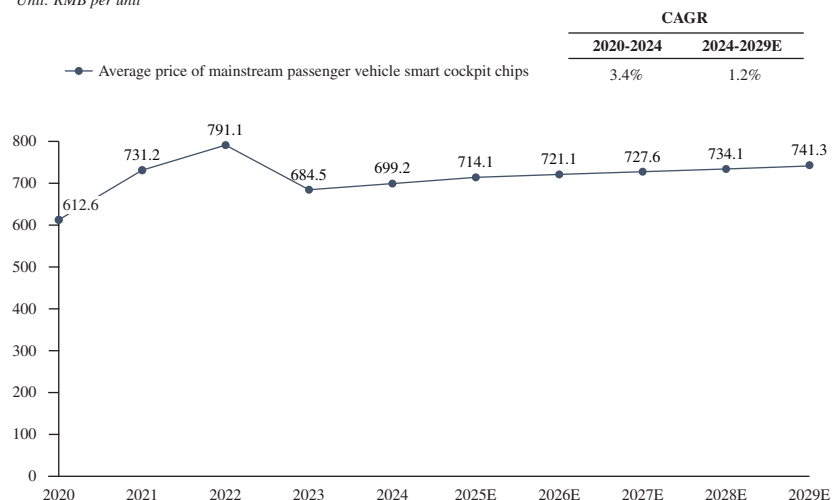
However, since the outbreak of the COVID-19 pandemic at the beginning of 2020, insufficient production of automotive-grade chips had caused a global chip shortage starting in late 2020. Simultaneously, concerns about geopolitical factors and supply chain stability prompted companies within the Chinese automotive industry to begin stockpiling, further exacerbating the chip shortage and leading to a sharp increase in chip prices in both 2021 and 2022 in China. Since 2023, chip supply has stabilized and prices have returned to normal levels. In 2024, the average price of mainstream SoCs for passenger vehicle smart cockpit solutions in China reached RMB699.2 per unit. Advancements by domestic chip manufacturers in technology and production capacity are expected to enhance localization of chips, reducing the shortage risks and stabilizing prices. Moreover, with the upgrade and iteration of the chips, and the increasing market demand for chips with higher performance and higher computing power, the average price of mainstream SoCs for passenger vehicle smart cockpit solutions in China is expected to moderately increase with a CAGR of 1.2% from 2024 to 2029.



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### Average Price of Mainstream Passenger Vehicle Smart Cockpit Chips in China, 2020-2029E

Unit: RMB per unit



Source: Annual Reports of listed companies, CIC

## GLOBAL AND CHINA'S INTELLIGENT VEHICLE CONNECTIVITY INDUSTRY

### Overview

The intelligent vehicle connectivity technology harnesses the power of the internet and advanced communication systems to connect vehicles with other vehicles, pedestrians, infrastructure, cloud platforms, and various other networks and devices. This enables vehicles to engage in real-time data exchange, information sharing, remote control and monitoring, and enhanced functionality within the vehicle and between the vehicle and its surroundings. By facilitating seamless connectivity and coordination, intelligent vehicle connectivity technology contributes to enhancing traffic efficiency and safety on the roads.

Intelligent vehicle connectivity services serve as a crucial application of intelligent vehicle connectivity technologies. These services primarily encompass, among others, R&D and maintenance services for vehicle connectivity platforms and systems, and user support services enhancing car owner engagement to vehicle connectivity functions. These services can help OEMs bolster their core competitiveness and achieve sustainable success.

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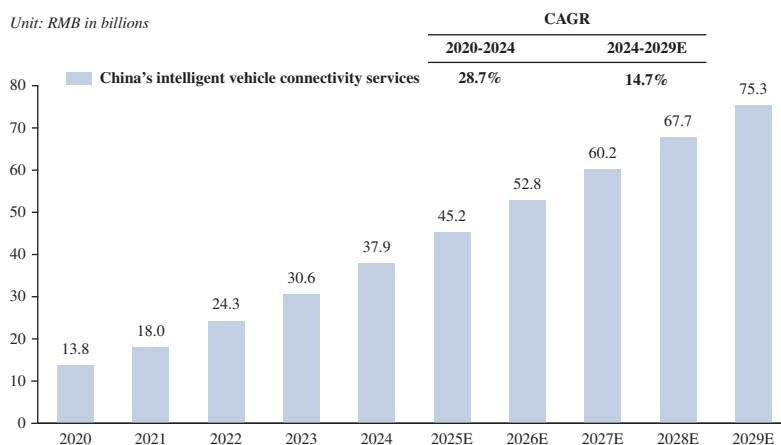
## INDUSTRY OVERVIEW

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### Global and China's Market Size of Intelligent Vehicle Connectivity Industry

As intelligent technology and the internet continue to converge, the connection between vehicles and the internet is becoming increasingly close, leading to a surge in innovative services and the thriving development of the intelligent vehicle connectivity industry. The global market size for the intelligent vehicle connectivity industry grew from RMB49.9 billion in 2020 to RMB107.3 billion in 2024, representing a CAGR of 21.1%, and is expected to further increase to RMB200.7 billion in 2029, representing a CAGR of 13.3%. Driven by intelligent transportation systems, data-driven economy, and policy support, the market size of China's intelligent vehicle connectivity industry increased from RMB13.8 billion in 2020 to RMB37.9 billion in 2024, representing a CAGR of 28.7% from 2020 to 2024, and is expected to reach RMB75.3 billion by 2029, representing a CAGR of 14.7% from 2024 to 2029. China's intelligent vehicle connectivity market, as percentage of the global market, increased from 27.7% in 2020 to 35.4% in 2024 and is expected to reach 37.5% in 2029. Under the trend of ecosystem construction and cross-industry integration, the intelligent connectivity industry continues to expand application scenarios and comprehensively enhance the user experience, leading to rapid growing customer demand for intelligent vehicle connectivity services.

### Market Size of China's Intelligent Vehicle Connectivity Industry, in terms of Revenue, 2020-2029E



Source: China Passenger Cars Association, CIC

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## INDUSTRY OVERVIEW

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### Key Drivers of Global and China's Intelligent Vehicle Connectivity Industry

The global and China's intelligent vehicle connectivity industry is poised for expansion, fueled by several key factors:

- *Development of intelligent transportation systems.* Intelligent transportation systems that employ advanced information and communication technologies enable vehicles to obtain real-time information on traffic and road conditions, offer different mobility solutions, and optimize the utilization of transportation resources. As the development of intelligent transportation systems progresses, OEMs and telematics technology providers integrate intelligent vehicle technologies into a broader transportation ecosystem, driving the rapid growth of the intelligent vehicle connectivity industry.
- *Increasing demand for safety and in-vehicle infotainment.* Consumers are placing greater emphasis on driving safety. Intelligent vehicle connectivity can provide safety assurances such as rescue services, satisfying consumers' needs for a secure driving experience. Also, consumers' demand for diverse in-vehicle infotainment continuously promotes the development of in-vehicle application platforms, accelerating the development of the intelligent vehicle connectivity industry.
- *Supportive governmental policies.* Some Chinese government authorities have jointly released the Guidelines for the Construction of the National Vehicles Connectivity Standard System (2023 Edition) (《國家車聯網產業標準體系建設指南(智慧網聯汽車)(2023版)》), and the Notice on Carrying out Pilot Projects for Access and On-road Operation of Intelligent and Connected Vehicles (《關於開展智慧網聯汽車准入和上路通行試點工作的通知》) to provide guidance on the development of the intelligent vehicle connectivity ecosystem and accelerate the growth of this industry.

### Trend of Global and China's Intelligent Vehicle Connectivity Industry

Below sets forth the latest trends in the global and China's intelligent vehicle connectivity industry:

- *OEMs' increasing R&D investments in intelligent vehicle connectivity.* By connecting vehicles with the cloud, OEMs can provide better intelligent services and functions, thereby enhancing the market competitiveness of their vehicle models. Moreover, through intelligent vehicle connectivity services, OEMs can better maintain their user base and introduce value-added services such as software subscriptions and call centers, expanding their profit margins.
- *Accelerating cross-industry collaboration.* With the development of intelligent connected vehicles, automotive industry can integrate with various industries and form a vast ecosystem. OEMs, intelligent vehicle connectivity service providers,

software developers, internet companies, and players in other industries are accelerating their involvement in intelligent vehicle connectivity, collaborating in numerous areas such as technology sharing, data exchange, and standard formulation, promoting industry innovation and progress.

- *More intelligent and automated operation models.* Key technologies applied in intelligent vehicle connectivity, such as big data intelligent analysis and visualization, enable real-time processing and efficient analysis of massive data, providing strong data support for decision-makers of OEMs. Additionally, combined with the development of virtual and remote technologies, intelligent vehicle connectivity service will achieve a higher degree of automation and intelligence, greatly improving operational efficiency.

### **Entry Barriers and Key Success Factors of Global and China's Intelligent Vehicle Connectivity Industry**

The success of companies within the global and China's intelligent vehicle connectivity sector hinges on several critical factors:

- *Required qualifications.* Intelligent vehicle connectivity service providers are required to obtain relevant qualifications, including the value-added telecommunications services business license for internet information services, also known as ICP License. New entrants have to invest a significant amount of time and gradually accumulate advanced technology to obtain such qualifications related to intelligent vehicle connectivity services.
- *Advanced R&D capabilities.* Intelligent vehicle connectivity services require strong technology capabilities in vehicle-to-everything communication, artificial intelligence, and smart cockpit solutions. Consequently, only service providers that have extensive industry know-how, long-term in-house R&D experience, qualified data processing and algorithm optimization capabilities can effectively compete in the industry.
- *Long-term cooperation experience with OEMs.* Intelligent vehicle connectivity service providers, through long-term stable cooperation with OEMs, have accumulated rich experience and resources, established solid cooperative relationships and reputation, and gained a foothold in the market. New entrants need to spend considerable time and resources building their brand influence and striving for cooperation opportunities with top-tier customers.
- *Broad collaboration with in-vehicle applications.* Intelligent vehicle connectivity service providers need to build a complete ecosystem, providing more diverse and differentiated content applications to attract a broader user base. Meanwhile, a large number of ecosystem partners enable resource sharing and business model creation, enhancing the service capabilities and competitiveness.

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### Competitive Landscape of China's Intelligent Vehicle Connectivity Industry

In the intelligent vehicle connectivity industry, the major players consist of automotive OEMs who develop their own vehicle connectivity solutions and independent suppliers who provide OEMs with vehicle connectivity services, with approximately 80% and 20% of the total market in terms of revenue, respectively.

The competitive landscape among independent intelligent vehicle connectivity service suppliers is highly fragmented, and there are currently no dominant market participants in this market. Moreover, independent service suppliers provide a myriad of services, in standardized or customized solution type, including R&D and maintenance services for vehicle connectivity platforms and systems, and user support services enhancing car owner engagement to vehicle connectivity functions. Our Group's revenue from intelligent vehicle connectivity services reached approximately RMB110.2 million in 2024, representing a market share of 0.3% in the intelligent vehicle connectivity industry.

### SOURCE OF INFORMATION

CIC was commissioned to conduct an analysis of, and to report China's passenger vehicle intelligence industry at a fee of approximately RMB760,000. The commissioned report has been prepared by CIC independent of the influence of the Company and other interested parties. CIC's services include industry consulting, commercial due diligence, strategic consulting, etc. Its consulting team has been tracking the latest market trends across various industries, where it has relevant and insightful market intelligence.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics and other Chinese governmental agencies' releases. The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) China's economic and industrial development is likely to maintain a steady growth trajectory during the forecast period, accompanied by continuing urbanization; and (iii) there is no extreme force majeure or unforeseen set of industry regulations in which the market may be affected in either a dramatic or fundamental way.

Unless otherwise specified, all data and forecasts contained in this section are derived from the CIC report. The report has also incorporated actual and potential impact of the COVID-19 outbreak on our industry. The Directors have confirmed that there has been no occurrence of adverse change in the overall market information that would subject the data to significant restrictions, contradiction or negative effects since the date of the consultancy report.

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Our business operations are based in the PRC and are subject to extensive supervision and regulation by the PRC government. This section summarizes the major laws, rules and regulations which may impact key aspects of our business.

### REGULATIONS ON FOREIGN INVESTMENT

The establishment, operation and management of companies in China are governed by the PRC Company Law (《中華人民共和國公司法》), as revised in 1999, 2004, 2005, 2013, 2018 and 2023. According to the PRC Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies. The PRC Company Law applies to both PRC domestic companies and foreign investment companies. On December 30, 2019, the Ministry of Commerce of the PRC (the “MOFCOM”) and the State Administration for Market Regulation of the PRC (the “SAMR”) promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which came into effect on January 1, 2020, repealing the Provisional Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign-funded enterprises shall report investment information to commerce departments. According to the Measures for the Reporting of Foreign Investment Information, a listed foreign-funded company may, when the change of foreign investors’ shareholding ratio accumulatively exceeds 5% or the foreign party’s controlling or relatively controlling status changes, report the information on the modification of investors and the shares held by them. On September 6, 2024, MOFCOM and NDRC promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the Negative List (2024), which became effective on November 1, 2024. According to the Negative List (2024), provision of value-added telecommunication services business is a “restricted” business, and foreign investors are not allowed to hold more than 50% of the equity interest in enterprises conducting such business (excluding electronic commerce, domestic multi-party communication, storage-forwarding and call center).

On March 15, 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), and on December 26, 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both took effect on January 1, 2020 and replaced three previous major laws on foreign investments in China, namely the Sino-foreign Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), together with their respective implementing rules. Pursuant to the Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights

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and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Implementing Rules introduce a see-through principle and further provide that foreign-invested enterprises that invest in the PRC shall also be governed by the Foreign Investment Law and the Implementing Rules.

As a company established in China, we are subject to the relevant provisions of the Company Law regarding the establishment, operation, dissolution, and other corporate actions. In light of our value-added telecommunication business licenses, we must also comply with the Foreign Investment Law and the Negative List, which impose restrictions on foreign investment equity ratios and other regulatory requirements, particularly given our foreign investors.

### REGULATIONS ON THE VALUE-ADDED TELECOMMUNICATIONS SERVICES AND INTERNET CONTENT SERVICES

#### Value-added Telecommunication

The Telecommunications Regulations of the PRC (the “Telecommunications Regulations,” 《中華人民共和國電信條例》), which was promulgated by the State Council on September 25, 2000 and most recently amended on February 6, 2016 categorise all telecommunication businesses in the PRC as either basic or value-added. Pursuant to the Telecommunications Regulations, commercial operators of value-added telecommunications services must first obtain a Value-Added Telecommunication Business Operating License from the Ministry of Industry and Information Technology of the PRC (the “MIIT”) or its provincial level counterparts. The Administrative Measures for Telecommunication Business Operating License (《電信業務經營許可管理辦法》), promulgated by the MIIT with latest amendments becoming effective on September 1, 2017, set forth the types of licenses required for value-added telecommunications services and the qualifications and procedures for obtaining such licenses. For example, a value-added telecommunications service operator providing commercial value-added services in multiple provinces is required to obtain an inter-regional license, whereas a value-added telecommunications service operator providing the same services in one province is required to obtain a local license.

#### Internet Information Service

Internet information service is a type of value-added telecommunications service in the current catalog, the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, as last updated by the MIIT on June 6, 2019. Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000, and amended on January 8, 2011, “internet information services” refers to the provision of information through the internet to online users, and they are categorised into “commercial internet information services” and “non-commercial internet information services.” A commercial internet information services operator must obtain a value-added



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telecommunications services license for internet information services, which is known as an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations. No ICP License is required if the operator will only provide internet information on a noncommercial basis. According to the Administrative Measures for Telecommunication Business Operating License, an ICP License has a term of five years and can be renewed within 90 days before expiration. In addition, the provision of commercial internet information services on mobile internet applications is regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (the “Mobile Application Administrative Provisions,” 《移動互聯網應用程序信息服務管理規定》), which was promulgated by the State Internet Information Office on June 28, 2016 and took effect on August 1, 2016, as last amended on August 1, 2022. The information service providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications required by laws and regulations and ensuring information security.

### **Regulations on Foreign Ownership in Value-Added Telecommunications Services**

Pursuant to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), promulgated by the State Council with the latest amendments becoming effective on May 1, 2022, the ultimate foreign equity ownership in a value-added telecommunications service provider, which also applies to the internet information service provider, must not exceed 50%; unless otherwise stipulated by laws. Foreign investors that meet these requirements must be subject to the review to obtain approvals from the MIIT and the MOFCOM (or the MOFCOM’s authorised local counterparts) to invest telecommunications enterprises. Based on the Notice regarding the Strengthening of Ongoing and Post Administration of Foreign Investment Telecommunication Enterprises (《關於加強外商投資電信企業事中事後監管的通知》) issued by MIIT in October 2020, the MIIT would no longer issue Examination Letter for Foreign Investment in Telecommunication Business (《外商投資經營電信業務審定意見書》). Foreign invested enterprises would need to submit relevant foreign investment materials to MIIT for the establishment or change of telecommunication operating permits. A Notice on Intensifying the Administration of Foreign Investment in Value-Added Telecommunications Services (《關於加強外商投資經營增值電信業務管理的通知》), issued by the MIIT on July 13, 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling Telecommunication Business Operating Licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunication business in the PRC. Pursuant to this notice, either the holder of a Value-Added Telecommunication Business Operating License or its shareholders must directly own the domain names and trademarks used by such license holder in its provision of value-added telecommunications services. The notice further requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain the facilities in the regions covered by its license. If a license holder fails to comply with the requirements in the notice or cure any non-compliance, the MIIT or its local counterparts have the discretion to take measures against the license holder, including revoking its Value-added Telecommunication Business Operating License. According to the above foreign investment restrictions, the total proportion of foreign investors holding the Company’s shares shall not exceed 50% after the completion of the Global Offering.

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### Regulations on Internet Map Services

According to the Administrative Measures of Surveying Qualification Certificate (《測繪資質管理辦法》) issued by the Ministry of Natural Resources with the latest amendments becoming effective on July 1, 2021, the provision of internet map services by any non-surveying and mapping enterprise is subject to the approval of the local competent natural resources department and requires a Surveying and Mapping Qualification Certificate. Internet maps refer to maps called or transmitted through the internet. Pursuant to the Notice on Further Strengthening the Administration of Internet Map Services Qualification (《關於進一步加強互聯網地圖服務資質管理工作的通知》) issued by the National Administration of Surveying, Mapping and Geo-information on December 23, 2011, any entity without a Surveying and Mapping Qualification Certificate for Internet map services is prohibited from providing any Internet map services. According to the Interim Measures for the Administration of the Surveying and Mapping Conducted by Foreign Organizations or Individuals in China (外國的組織或者個人來華測繪管理暫行辦法) issued by the Ministry of Natural Resources most recently amended on July 16, 2019, foreign organisations or individuals shall conduct surveying and mapping activities within the territory of the People's Republic of China by cooperating with the relevant departments or entities of the People's Republic of China in the form of joint venture or cooperation according to law. The Natural Resources Department under the State Council and the Army Surveying and Mapping Department shall be responsible for the examination and approval of the surveying and mapping activities in China.

We currently does not hold the surveying and mapping qualifications. When providing services involving internet map (such as geolocation, and the uploading and annotation of geographic information) to users within China, we must cooperate with partners which hold required qualifications.

### REGULATIONS ON PRODUCT QUALITY AND CONSUMER PROTECTIONS

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and latest amended on December 29, 2018 by the SCNPC, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product sold does not possess the properties for use that it should possess, and no prior and clear indication is given of such a situation; (ii) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (iii) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses as a result of purchased products, the seller shall compensate for such losses.

On May 28, 2020, the Civil Code of the PRC (《中華人民共和國民法典》) (the “Civil Code”) was adopted by the SCNPC, which became effective on January 1, 2021, according to which, a manufacturer or a commercial seller is subject to liability for harm to persons or property caused by the product defects. The infringed may seek compensation from the manufacturer or the commercial seller. Where the infringed seeks compensation from the commercial seller, the commercial seller shall have the right to make a claim against the liable manufacturer after it has made compensation.

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The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013, to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to consumers. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting consumers' privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Our primary business is to provide smart cockpit and vehicle connectivity support solutions to OEMs in China. Our products and solutions must comply with the requirements of laws, regulations, and industry standards for product quality. Any real or perceived error, defect, security vulnerability, service interruption or software issue in our products and solutions may lead to legal actions brought against us by OEMs, consumers, or other parties under the aforementioned laws.

### REGULATIONS ON THE IMPORT AND EXPORT OF GOODS

In accordance with the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the NPCSC on May 12, 1994 and amended and effective on April 6, 2004, November 7, 2016 and December 30, 2022 respectively, and the Notice on Matters Relating to the Filing of Consignees and Consignors of Imported and Exported Goods (《海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) issued by the General Administration of Customs of the People's Republic of China on January 3, 2023 and effective on the same date, the consignee or consignor of imported or exported goods applying for filing should obtain the qualification of the market entity, but no filing for foreign trade operators is required.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the NPCSC on January 22, 1987, and amended on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, November 4, 2017, and April 29, 2021, respectively, the consignee of imported goods, the consignor of exported goods, and the owner of inbound and outbound goods are the taxpayers of customs duties. For the imported and exported goods, unless otherwise provided for, customs declaration and tax payment procedures may be completed by the consignee or consignor of the imported and exported goods, or the consignee or consignor of import and export goods may entrust a customs declaration enterprise to complete the customs declaration and tax payment procedures. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the customs in accordance with the law. Customs declaration units refer to the consignee or consignor of the imported and exported goods and the customs declaration enterprises filed with the customs in accordance with the Regulations of the People's Republic of China on the Administration of the Record of Customs Declaration Units (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the People's Republic of China on November 19, 2021 and becoming effective as of January 1, 2022. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filing, it shall obtain the qualification of market entities.

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Pursuant to the Regulations of the People's Republic of China on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) (the “**Regulations on the Administration of Import and Export of Goods**”) promulgated by the State Council on December 10, 2001 and last amended on March 10, 2024, which came into effect on May 1, 2024, enterprises engaged in the trade activities of importing goods into the territory of the People's Republic of China or exporting goods outside of China must comply with the Regulations on the Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota system; and goods whose import or export is free shall not be subject to restriction. The consignee of imported goods or the consignor of exported goods shall submit an automatic import and export license, an import and export license or a quota certificate to the customs for customs clearance.

The Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) (the “**Export Control Law**”) came into force on December 1, 2020. The Export Control Law is China's first comprehensive and integrated export control law, which sets out provisions for the export control of dual-use goods, military supplies, nuclear energy products, goods related to the protection of national security and interests and other commodities, science and technology, services and goods, as well as fulfilling the responsibilities related to the international prohibition of nuclear proliferation.

Given that we import certain goods from overseas, we have obtained the Customs Record Receipt of Consignees and Consignors of Imported and Exported Goods (海關進出口貨物收發貨人備案) and the Foreign Trade Dealers Filing Receipt (對外貿易經營者備案登記表) in compliance with the legal requirements by obtaining.

With our dedication to expanding into international markets and increasing our international sales, we are committed to adhering to the relevant export laws and regulations, including ensuring that our export activities are conducted in accordance with customs clearance procedures, obtaining any necessary export licenses or permits, and complying with international trade agreements, sanctions, and other export control measures, among others.

The tariff payment for imported goods into China is primarily determined by classifying the goods according to the Import Tariff Schedule in the “Customs Import and Export Tariff of the People's Republic of China” (“中華人民共和國進出口稅則”). Each tariff item typically corresponds to multiple rates, including the Most-Favored-Nation (MFN) rate, agreement rate, preferential rate, and general rate, with the applicable rate depending on the country of origin. For semiconductors and integrated circuits (ICs), which are predominantly manufactured in East Asia, Europe, and North America — regions where most countries are members of the World Trade Organization (WTO) — the MFN rate generally applies.

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Customs duties typically comprise two components: (i) the base tariff which equals the MFN rate or other applicable rates; (ii) additional tariff which is imposed on imports from specific countries of origin under special trade policies. According to the Customs Tariff of the People's Republic of China (2024) (“中華人民共和國進出口稅則(2024)”) and in conjunction with the main categories of the company's imported procurement products:

- integrated circuits (tariff code 8542) are subject to a base tariff rate of 0;
- assembled piezoelectric crystals for semiconductor devices (tariff code 8541.6000) and diodes (tariff code 8541.1000) are levied a base tariff rate of 0;
- automatic data processing equipment and components – others (tariff code 8471.9000) are levied a base tariff rate of 0;
- communication equipment for wired/wireless networks (e.g., Local Area Network devices or Wide Area Network devices, tariff code 8517.6299) are subject to a base tariff rate of 0; and
- electrical parts not elsewhere specified for machinery or equipment (tariff code 8543.9099) are subject to a base tariff rate of 8%.

According to the Announcement on Adjusting the Additional Tariffs on Imports Originating from the United States by the Tariff Commission of the State Council (Announcement No. 6 of 2025), an additional tariff of 125% was announced to be imposed on all imports originating from the United States, on top of the existing applicable tariff rates, but this 125% additional tariff has been removed by the Tariff Commission of the State Council. Additionally, the tariff on products originating from the United States has been adjusted from 34% to 10% for a period of 90 days starting from May 14, 2025, and on August 12, 2025 this tariff rate is extended for another 90 days.

On April 11, 2025, The China Semiconductor Industry Association (CSIA) issued the Notice on Rules for Determining the Country of Origin of Semiconductor Products (關於半導體產品“原產地”認定規則的通知) (the “CSIA Notice”). The CSIA Notice specifies that, in accordance with relevant regulations on non-preferential rules of origin, the country where the wafer was fabricated will be deemed the country of origin, regardless of where the chip is packaged. As of the Latest Practicable Date, save for certain chips that may involve wafer fabrication processes conducted in the United States, we have not imported any other raw materials or components that are directly or indirectly originated from the United States and the Qualcomm SoCs we used are sourced from South Korea. During the Track Record Period, our purchase of chips that may involve wafer fabrication processes conducted in the United States accounted for approximately 6.0%, 4.1% and 2.4% of our total purchase amount in 2022, 2023 and 2024, respectively, based on which we believe we have a limited exposure to the future changes in the tariff rates imposed by the U.S. government and the PRC government.



### REGULATIONS ON IOV AND INTELLIGENT CONNECTED VEHICLES INDUSTRY

On July 30, 2021, the MIIT promulgated the Opinions on Strengthening the Administration of the Access of Intelligent Connected Vehicle Manufacturers and Products (《工業和信息化部關於加強智能網聯汽車生產企業及產品准入管理的意見》), which provides that enterprises should strengthen data security management ability and network security guarantee ability, as well as strengthen enterprise management ability and ensure product production consistency. Moreover, enterprises should strengthen product management: (a) Enterprises should enhance data security management capabilities.; (b) Enterprises that manufacture any vehicle product with an online update (also known as OTA update) function shall have management capabilities that match the vehicle product and update activities to be carried out; (c) Enterprises should strengthen the safety management of autonomous driving function products; (d) Enterprises ensure reliable space-time information services; (e) Enterprises shall strengthen self-checks to detect serious data security, network security, online update safety, driver assistance and autonomous driving safety and other problems with the vehicle products manufactured or sold by them, and shall immediately cease the production or sales of related products in compliance with laws and regulations, take measures to rectify the problems, and report the problems to the MIIT and the local industry and information technology authorities and telecommunications authorities in a timely manner.

On May 15, 2023, the China Association of Automobile Manufacturers released the Automotive Intelligent Cockpit Interaction Experience Test and Evaluation Procedures (Draft for Comments) (《汽車智能座艙交互體驗測試評價規程(徵求意見稿)》), which stipulates the terminology and definitions, the evaluation index system, the classification of grades, and the test and evaluation methodology of the Automotive Intelligent Cockpit Interaction Experience Test and Evaluation Procedures. The Automotive Intelligent Cockpit Interaction Experience Test and Evaluation include the evaluation on usefulness, safety, efficiency, cognition, intelligence, value, and aesthetics. As of the Latest Practicable Date, the Automotive Intelligent Cockpit Interaction Experience Test and Evaluation Procedures (Draft for Comments) has not been formally adopted.

According to the Notice of the Ministry of Industry and Information Technology on Further Strengthening the Safety Supervision of the Promotion and Application of New Energy Vehicles (《工業和信息化部關於進一步做好新能源汽車推廣應用安全監管工作的通知》) (Gong Xin Bu Zhuang [2016] No. 377) issued by the Ministry of Industry and Information Technology and taking effect on November 11, 2016, Production enterprises shall establish and improve their new energy vehicle enterprise monitoring platform, maintain full communication with users, and sign confidentiality agreements with users according to its provision of establishment sound enterprise monitoring platform. Since January 1, 2017, vehicle terminals shall be installed to all new energy vehicles newly manufactured, and the operational safety status of vehicles and key systems such as power batteries shall be monitored and managed through the enterprise monitoring platform. According to the Technical Specifications of Remote Service and Management System for Electric Vehicles (《電動汽車遠程服務與管理系統技術規範》) (GB/T 32960), the information about the safety status of vehicles in the public service sector shall be uploaded to the local monitoring platform.

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According to the Guideline for Developing National Vehicles Connectivity Industry Standard System (Electronic Products and Services) (《國家車聯網產業標準體系建設指南(電子產品和服務)》) issued by the Ministry of Industry and Information Technology and the Standardisation Administration on June 8, 2018, it mainly aims at the standardisation of automotive electronic products, in-vehicle information systems, and in-vehicle information services and platforms that underpin the IoV industry chain, and clarifies the development direction of standardisation of IoV electronic products and in-vehicle information services. IoV electronic products and services include basic products, terminals, networks, platforms, and services. Basic products and terminals collect and acquire intelligent information of vehicles, and perceive and respond to driving status and environment, enabling the realisation of in-vehicle information services, including traffic information, navigation service, entertainment information, security situation, online business, emission information, remote control, vehicle configuration, inspection and maintenance. Moreover, according to the construction method of the technical logical structure and product physical structure of intelligent connected vehicles, taking into account different functional requirements, product and technology types, and information flow between various subsystems, the government defines the standard system framework of intelligent connected vehicles as four parts: “Foundation,” “General Specifications,” “Product and Technology Applications,” and “Relevant Standards.” Foundation mainly includes three types of basic standards, such as terminologies and definitions, classification and coding, identifications and symbols of intelligent connected vehicles. General Specifications put forward the overall requirements and specifications from the vehicle level, mainly including function evaluation, human-machine interface, function safety and information safety, etc. Product and Technology Applications mainly cover the functions, performance requirements, and testing methods of core technologies and applications of intelligent connected vehicles, such as information perception, decision warning, auxiliary control, automatic control, and information interaction. Relevant Standards mainly include communication protocols, the foundation of vehicle information communication, which mainly covers protocol specifications on medium, short-range communication, wide area communication and other aspects of the realization of intelligent information interaction among vehicles (individual passengers, vehicles, roads, clouds, etc.), and they also include standard specifications for software and hardware interface between various physical layers and different application layers.

In order to implement the National Standardization Development Outline (《國家標準化發展綱要》), promote the high-quality development of the intelligent connected vehicle industry, and accelerate the construction of an automobile power, MIIT has revised and improved the Guidelines for the Construction of the National Connected Vehicle Industry Standard System (Intelligent Connected Vehicles) based on the development of the intelligent connected vehicle technology industry, further formed the Guidelines for the Construction of the National Vehicles Connectivity Industry Standard System (Intelligent Connected Vehicles) (2023 Edition) (《國家車聯網產業標準體系建設指南(智能網聯汽車)(2023年版)》), which provided that the government will establish a standard system for intelligent connected vehicles that adapts to China’s national conditions and is in line with international standards in stages based on the current status of intelligent connected vehicle technology, industry needs, and future development trends.



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According to the Interim Provisions on Radio Management of Automobile Radar (《汽車雷達無線電管理暫行規定》) promulgated by the MIIT on November 16, 2021 and effective from March 1, 2022, the automobile radar equipment manufactured or imported for domestic sale or use shall comply with the RF Technical Requirements for Automobile Radar and apply for the radio type approval of the radio transmitting equipment from the national radio administration agency.

We provide both smart cockpits and vehicle connectivity support solutions. Thus, we must ensure that the hardware and software services we provide meet the regulatory requirements pertaining to data security, network security, software updates, functional safety, and safety of the intended functionality (SOTIF) in the context of intelligent and connected vehicles. We must also stay informed about the evolving regulatory landscape and ensure that our products and services remain compliant with the latest requirements.

### **Requirements or Standards on Cockpit Solution/Products/In-Vehicle Infotainment (IVI) Systems**

The “National Guidelines for the Construction of the Industrial Standard System for Vehicles Connectivity (Intelligent and Connected Vehicles) (2023 Edition)” (國家車聯網產業標準體系建設指南(智慧網聯汽車)(2023版)) were jointly revised and issued by the Ministry of Industry and Information Technology (工業和信息化部) and the Standardization Administration of the People’s Republic of China (國家標準化管理委員會). The guideline primarily focuses on the universal norms, core technologies, and key product applications of intelligent and connected vehicles, aiming to establish a comprehensive standard system that encompasses the basics, technologies, products, and testing standards for intelligent and connected vehicles. The guideline will direct the National Automotive Standardization Technical Committee’s Intelligent and Connected Vehicle Subcommittee and relevant organizations to intensify their efforts in developing standards in key areas such as functional safety, cybersecurity, operating systems, and promote the dissemination and implementation of critical standards.

The national recommended standard “Road Vehicles – Functional Safety” (《道路車輛功能安全》) (GB/T 43253-2023), partly revising the previous version GB/T 34590-2017 on the same subject, has been issued by the State Administration for Market Regulation and the Standardization Administration of the People’s Republic of China. This standard regulates the auditing and assessment activities related to functional safety in road vehicles, ensuring that electrical/electronic (E/E) systems comply with functional safety requirements throughout their design, development, and production phases.

In the field of cybersecurity and data protection, on August 23, 2024, the state officially released three national mandatory standards, including “Technical Requirements for Information Security of Complete Automobiles” (《汽車整車信息安全技術要求》), “General Technical Requirements for Automotive Software Upgrades” (汽車軟件升級通用技術要求), and “Data Recording System for Autonomous Driving of Intelligent and Connected Vehicles” (《智能網聯汽車自動駕駛數據記錄系統》). These standards will officially take effect on

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January 1, 2026. The implementation of these standards will impose specific requirements on the information security of intelligent connected vehicles, encompassing but not limited to data encryption, access control, security vulnerability management, emergency response, and other aspects. These measures are designed to ensure the information security and data protection of vehicles during their usage.

In the field of human-computer interaction (HCI), the “Road Vehicles – Hands-Free Calling and Voice Interaction Performance Requirements and Test Methods” (《道路車輛免提通話和語音交互性能要求及試驗方法》) (20213581-T-339) is a national recommended standard currently being formulated by the National Technical Committee on Automobile Standardization. This standard primarily covers the performance requirements and test methods for complete vehicles equipped with hands-free calling terminals with vehicle-mounted speakers, vehicle-mounted emergency call terminals, and vehicle-mounted voice interaction terminals.

The “On-board Wireless Communication Terminal” (《車載無線通訊終端》) (GB/T 43187-2023) is a national recommended standard that stipulates the technical requirements for on-board wireless communication terminals. It also outlines the testing methods and inspection rules for these terminals, providing detailed specifications for various aspects such as communication performance, electromagnetic compatibility (EMC), environmental adaptability, and durability.

Additionally, on August 23, 2024, the state also released national recommended standards such as “Terminology and Definitions for Intelligent and Connected Vehicles” (《智慧網聯汽車術語和定義》) (GB/T 44373-2024) with the aim of defining the terminology and definitions related to the basic fundamentals, key technologies, system components, and functional applications of intelligent and connected vehicles.

In addition, on December 1, 2023, the National Standardization Administration Committee (國家標準化管理委員會) issued the third batch of recommended national standard plans for 2023. Among them, five significant national standard projects in the field of intelligent and connected vehicles, including “Technical Requirements and Test Methods for Intelligent and Connected Vehicle Control Operating Systems” (《智慧網聯汽車車控作業系統技術要求及試驗方法》) submitted by the National Technical Committee on Automobile Standardization (全國汽車標準化技術委員會), were officially approved and initiated. This standard stipulates the technical requirements, information security requirements, functional safety requirements, and corresponding test methods for intelligent driving operating systems and safe vehicle control operating systems. It can support the differentiated development of customized applications by various OEMs (Original Equipment Manufacturers) on the upper level and adapt to underlying heterogeneous hardware, chips, and other components on the lower level.

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### Regulations on Cybersecurity, Data Privacy and Protection

We collect and process certain data during our operations of business. The Cybersecurity Law of the People's Republic of China (the "Cybersecurity Law," 《中華人民共和國網絡安全法》), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, requires that when constructing and operating a network, or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cybersecurity incidents, to prevent criminal activities committed on the network, and to maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law emphasizes that any individuals and organizations that use networks must not endanger cybersecurity or use networks to engage in activities endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cybersecurity Law also reiterates certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. Any violation of the provisions and requirements under the Cybersecurity Law may subject an internet service provider to rectifications, warnings, fines, confiscation of illegal gains, revocation of business permits, cancellation of business license, closedown of websites or even criminal liabilities.

The Data Security Law of the People's Republic of China (the "Data Security Law," 《中華人民共和國數據安全法》) was passed on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permits or even criminal liabilities.

The Personal Information Protection Law of the PRC (the "Personal Information Protection Law," 《中華人民共和國個人信息保護法》) was promulgated on August 20, 2021 and came into effect on November 1, 2021. Instead of relying solely on "notification and consent" as established in the Cybersecurity Law, the Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual's consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect a natural person's life, health and property safety under emergency circumstances; (v) the personal information that has been made public is processed within a reasonable scope in accordance with the Personal Information Protection Law; (vi)

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personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. Any violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses, inclusion in relevant credit record, or even criminal liabilities.

On December 28, 2021, thirteen PRC governmental and regulatory agencies, including the CAC, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was published on January 4, 2022, and came into effect on February 15, 2022. The Measures for Cybersecurity Review specifies that the procurement of network products and services by critical information infrastructure operators and the activities of data processing carried out by online platform operators, that raise or may raise “national security” concerns are subject to strict cybersecurity review by the Office of Cybersecurity Review established by the CAC. Before the critical information infrastructure operator procures network products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give rise to national security concerns, it should apply for a cybersecurity review by the Cybersecurity Review Office and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, an online platform operator that possesses the personal information of more than one million users must apply for a cybersecurity review by the Cybersecurity Review Office, if it plans on listing companies in foreign countries. The Cybersecurity Review Office may initiate a cybersecurity review if any network products and services, activities of data processing or overseas listing of companies affects or may affect national security. Pursuant to the Measures for Cybersecurity Review, any violation shall be punished in accordance with the Cybersecurity Law and the Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of our non-compliant operations.

On September 24, 2024, the State Council promulgated the Regulations on Cyber Data Security Management, which came into force on January 1, 2025. This regulation clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform service providers.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》). According to the provisions, data processors are subject to security assessments conducted by the CAC prior to any cross-border transfers of important data and personal information, if falling under any of the following circumstances: (i) where the critical information infrastructure operator intends to provide important data or personal information overseas; (ii) where the data processor other than critical information infrastructure operators intends to provide important data overseas; (iii) where the data processor other than critical information infrastructure operators, who has

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provided personal information (excluding sensitive personal information) of at least one million individuals or sensitive personal information of at least 10,000 individuals to overseas recipients accumulatively since January 1 of any given calendar year, intends to provide personal information overseas; and (iv) other circumstances where the security assessment of cross-border data transfer is required as prescribed by the CAC.

On August 16, 2021, the CAC, the NDRC, the MPS, the MIIT and the Ministry of Transport jointly promulgated the Several Provisions on Automobile Data Security Management (Trial Implementation) (the “Provisions on Automobile Data Security,” 《汽車數據安全管理若干規定(試行)》) which took effect on October 1, 2021 and aims to regulate the collection, analysis, storage, utilization, provision, publication, and cross-border transfer of personal information and important data involved in the process of automobile design, manufacture, sales, use, operation and maintenance, among others. Relevant automobile data processors include automobile manufacturers, components and parts and software suppliers, dealers, maintenance organizations, and ride-hailing and sharing service enterprises, among others. To process personal information, automobile data processors shall obtain the consent of the individual or conform to other circumstances stipulated by laws and regulations. Pursuant to the Provisions on Automobile Data Security, important data related to automobiles shall in principle be stored within the PRC and a security assessment of cross-border data transfer shall be conducted by the national cyberspace administration authority in concert with relevant departments under the State Council if it is indeed necessary to provide such data overseas. To process important data, automobile data processors shall conduct risk assessments in accordance with regulations and submit risk assessment reports to related departments at provincial levels.

On November 28, 2019, the CAC, MIIT, the Ministry of Public Security and SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》), which came into effect on the same day and lists six types of illegal collection and usage of personal information, including “non-disclosure of collection and use rules,” “failure to expressly state the purpose, method and scope of collecting and using personal information,” “collection or use of personal information without the consent of users,” “collection of personal information unrelated to the services they provide in violation of the principle of necessity,” “provision of personal information without consent,” “failure to provide the function of deleting or correcting personal information in accordance with the law” and “failure to disclose the information such as ways of filing complaints and whistleblowing reports.”

On July 22, 2020, the MIIT issued the Notice of Ministry of Industry and Information Technology on Carrying out Special Rectification Actions in Depth against the Infringement upon Users’ Rights and Interests by Apps (《工業和信息化部關於開展縱深推進APP侵害用戶權益專項整治行動的通知》), which lists four types of illegal collection and usage of personal information, including “illegally processing personal information of users by the App and the SDK,” “Setting up obstacles and frequently harassing users,” “cheating and misleading users” and “inadequate implementation of application distribution platforms’ responsibilities.”

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### REGULATIONS ON TELECOMMUNICATIONS EQUIPMENT NETWORK ACCESS

According to Measures for the Administration of Telecommunications Equipment Access to the Network (《電信設備進網管理辦法》), which was last amended by MIIT on January 18, 2024, the State applies a network access licensing system to telecommunications terminal equipment, radio communication equipment and telecommunications equipment involving interconnection of public telecommunications networks. The telecommunications equipment subject to the network access license system must obtain the network access license issued by the Ministry of Industry and Information Technology; Without access to the network license, may not access the public telecommunications network to use and sell in the country.

If our devices or services need to directly connect to the public telecommunications network, these devices must comply with the requirements of the network access licensing system and obtain the corresponding network access license. This includes, but is not limited to, in-vehicle communication modules, in-vehicle smart terminals, and connected vehicle communication service platforms. To obtain the network access permit for telecommunications equipment, we shall provide the competent authority with the required documents, primarily including quality system certification certificates, description of the telecommunications equipment, equipment test reports or product certifications, approval for the specific type of radio transmitting equipment.

### REGULATIONS ON WORK SAFETY

Under relevant construction safety laws and regulations, including the PRC Work Safety Law (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021, and effective on September 1, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide their employees with protective equipment that meets national or industrial standards. Automobile and components manufacturers are subject to such environmental protection and work safety requirements.

We have a manufacturing facility in Xiamen, Fujian Province and a facility in Liuzhou, Guangxi Province, and are building a new facility in Rui'an, Zhejiang Province. All of our facilities should comply with relevant laws and regulations related to work safety during production activities.



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### REGULATIONS ON FIRE PREVENTION

According to the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and recently amended on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and effective on June 1, 2020, and most recently amended on August 21, 2023, special construction projects that have not passed the fire prevention inspection or the fire prevention inspection are prohibited from being put into use. Construction projects other than special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be stopped. All of our facilities should comply with relevant laws and regulations related to fire prevention.

### REGULATIONS ON ENVIRONMENTAL PROTECTION

All of our operation of business should comply with relevant laws and regulations related to environmental protection.

#### Environmental Protection Law

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), or the Environmental Protection Law, was promulgated and effective on December 26, 1989, and most recently revised on April 24, 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impacts shall be subject to an environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies.

Consequences of violations of the Environmental Protection Law include warnings, fines, within a time limit, forced shutdown, or criminal punishment.



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### **Laws on Environment Impact Assessment**

Pursuant to the Law of the People's Republic of China on Environment Impact Assessment (《中華人民共和國環境影響評價法》) issued on October 28, 2002 and most recently amended on December 29, 2018, the State Council implemented an environmental impact assessment, or EIA, to classify construction projects according to the impact of the construction projects on the environment. Constructing entities shall prepare an environmental impact report, or an EIR, or an environmental impact statement, or an EIS, or fill out the EIR Form according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an EIS is not required but an EIR form shall be completed.

### **Pollutant discharge permits**

According to the Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (《固定污染源排污許可分類管理名錄》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and came into effect on the same day, the PRC implements key management, simplified management and registration management of pollutant discharge permits based on factors such as the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment of the pollutant discharging entities. For pollutant discharging entities subject to registration management, applications for pollutant discharge permits are not required.

According to the Regulations on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》), which was promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises and other production operators that implement pollutant discharge licencing management (the “pollutant discharging entities”) shall apply for pollutant discharge permits, and shall not discharge pollutants without obtaining the pollutant discharge permits. Pollutant discharging entities are classified into key management and simplified management according to the amount of pollutants discharged and the degree of impact on the environment. The pollutant discharge permit is valid for five years. If a pollutant discharging entity intends to continue to discharge pollutants, it shall submit an application for renewal to the approving authority 60 days before the expiration of the pollutant discharge permit.

### **REGULATIONS ON LAND, PLANNING AND ENGINEERING CONSTRUCTION**

Our construction activities in our facilities shall also comply with regulations in relation to land and, planning and engineering construction.

### **Land**

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC Standing Committee on June 25, 1986 and latest amended on August 26, 2019, and the Regulations for the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) promulgated by the State Council on December 27, 1998 and latest revised on July 2, 2021, the land of the PRC is either State-owned or collectively-owned. Except for land which is legally owned by the State or has been expropriated as State-owned according to law, all of which is collectively-owned. The State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory use term and planned use scope. Permanent buildings cannot be built on the land for temporary use, and the term of use of the land shall generally not exceed two years.

### **Planning**

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and latest amended on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planning area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the central government of the PRC for a construction project planning permit. The construction entity shall carry out the construction in accordance with the planning conditions and submit the relevant completion acceptance information to the urban and rural planning authority within six months after the completion acceptance.

### **Engineering construction**

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997 and latest amended on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without acceptance or with unqualified acceptance. All of our facilities should comply with relevant laws and regulations related to land, planning and engineering construction.

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### REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

#### Trademark Law

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated on August 23, 1982 and latest amended on April 23, 2019, and related rules and regulations. Trademarks are registered with the State Intellectual Property Office, formerly the Trademark Office of the State Administration of Industry and Commerce of the PRC. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for ten years, unless otherwise revoked.

#### Patent Law

The Patent Law of the People's Republic of China (《中華人民共和國專利法》) promulgated by the Standing Committee of the SCNPC on March 12, 1984 and most recently amended on October 17, 2020 and effective from June 1, 2021, and its implementation rules (《中華人民共和國專利法實施細則》), which were promulgated by the China Patent Office on January 19, 1985 and most recently amended by the State Council on December 11, 2023 and effective from January 20, 2024, provide for three types of patents: “invention,” “utility model” and “design.” “Invention” refers to any new technical solution in relation to a product, or a process or improvement thereof; “utility model” refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; “design” refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern or its combination of products, as well as the combination of color, shape and pattern. The validity period of patent for an “invention” is 20 years, while the validity period of patent for a “utility model” is ten years and that of a “design” is 15 years, from the date of application.

#### Copyright Law

Pursuant to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and most recently amended on November 11, 2020 and effective from June 1, 2021, Chinese citizens, legal persons or unincorporated organizations shall, whether published or not, enjoy copyright in their works in accordance with the law. Unless otherwise provided in the Copyright Law of the People's Republic of China and other related systems, laws and regulations, reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, eliminate impact, and offer an apology, pay damages and other civil liabilities. In exercising the rights, copyright owners and copyright-related rights holders shall not be in violation of the Constitution and laws nor

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prejudice to public interests. According to the Measures for the Registration of Computer Software Copyright issued by the Ministry of Machine Building and Electronics Industry (《計算機軟件著作權登記辦法》) (currently incorporated into the Ministry of Industry and Information Technology) on April 6, 1992 and most recently amended by the National Copyright Administration on February 20, 2002 and effective from the same date, and the Regulations on Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and most recently amended on January 30, 2013 and effective from March 1, 2013, the State Copyright Administration shall be responsible for the administration of software copyright registration nationwide, and the China Copyright Protection Center is recognized as the software registration authority. Applicants for computer software copyright satisfying the requirements of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computer Software will be issued a registration certificate by the China Copyright Protection Center.

### Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and effective from November 1, 2017, the Ministry of Industry and Information Technology supervises and administers domain services nationwide. The principle of “first come, first served” is followed for the domain name registration service. Applicants of domain name registration shall provide the domain name registration authority with true, accurate and complete information about the identity of the domain name holder for registration purpose, and sign a registration agreement with it. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/her/it.

We should apply for, use, protect, and avoid infringing upon the intellectual property rights of third parties in accordance with relevant intellectual property laws. See “Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights” for details of our material intellectual property rights.

### REGULATIONS ON SHARE INCENTIVE PLANS

In February 2012, SAFE promulgated the Circular on Foreign Exchange Administration for PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (Huifa [2012] No. 7) (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》(匯發[2012]7號)) (the “SAFE Circular 7”). According to the SAFE Circular 7 and other relevant rules and regulations, a domestic director, supervisor or senior management or employees who has employment or labor relationship with a company listed overseas, and participates in a share incentive plan of the company shall be subject to the foreign exchange registration procedure as required in the SAFE Circular 7. However, H-share direct listings by domestic companies do not fall under the category of ‘overseas listed companies’ as defined in SAFE Circular 7. According to the “Guidelines for Foreign Exchange Business under Capital Accounts (2024 Edition)” (《資本項目外匯業務指引(2024年版)》) issued by the State Administration of Foreign Exchange on April 3, 2024, after a domestic company listed

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overseas is approved to participate in the “full circulation” of H-shares, its domestic shareholders should register their domestic shareholder holdings with the local foreign exchange bureau within 20 working days before increasing their holdings. After registration is completed, they should receive a business registration certificate and bring the domestic shareholder shareholding business registration certificate to the domestic securities company to handle share increase.

After a domestic company listed overseas is approved to participate in the “full circulation” of H-shares, its domestic shareholders should register their domestic shareholder shareholding at the local foreign exchange bureau within 20 working days after the reduction. After the registration is completed, they should receive a business registration certificate and open a relevant account at a domestic bank with the domestic shareholder shareholding business registration certificate. If we plan to implement a share incentive plan of the company after the Global Offering, we should proceed with foreign exchange registration in accordance with the relevant provisions of SAFE Circular 7.

### REGULATIONS ON LABOR AND SOCIAL INSURANCE

#### Labor Law and Labor Contracts Law

As a company established and operating in PRC, we should comply with labor laws and regulations and safeguard the labor rights and interests of our employees.

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and amended on August 27, 2009 and December 29, 2018, enterprises shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employee training on labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labor protection.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on September 18, 2008, set out specific provisions in relation to the execution, the terms and the termination of a labor contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform of the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employees request to be informed about.

### Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010 and with effect from July 1, 2011 and latest amended on December 29, 2018, and the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999 and last amended on March 24, 2019, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. Pursuant to the Notice of the General Office of the State Council on Issuing the Plan for the Pilot Program of Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發<生育保險和職工基本醫療保險合併實施試點方案>的通知》) and the Opinions of the General Office of the State Council on Comprehensively Promoting the Implementation of the Combination of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) promulgated on January 19, 2017 and March 6, 2019, respectively, maternity insurance and basic medical insurance for employees shall be consolidated. According to the Social Insurance Law of PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the competent administrative department.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payment and deposit registration in the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center



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will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

According to Article 20 of the Regulation on Labor Security Supervision (《勞動保障監察條例》) issued by the State Council on November 1, 2004, Where an act of violating labor security laws, regulations or rules is neither found by the labor security administration nor reported or complained by others within 2 years, the labor security administration shall no longer investigate it. The period prescribed in the preceding paragraph shall begin from the date when the act of violating labor security laws, regulations or rules occurred; or begin from the date when the act of violating labor security laws, regulations or rules is concluded if such act is in a continuing state.

Pursuant to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated by the General Office of the Communist Party of China and the General Office of the State Council of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. According to the Notice of the General Office of the State Taxation Administration on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated on September 13, 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Insurance Premiums (《人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self collection of historical unpaid social insurance contributions from enterprises. The Notice of the State Administration of Taxation on Implementing the Several Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) promulgated on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years. The Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (關於印發《降低社會保險費率綜合方案的通知》) (Guo Ban Fa [2019] No. 13), promulgated by the General Office of the State Council on April 1, 2019, emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of the reform of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises.

### REGULATIONS ON TAX IN THE PRC

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are inherently influenced by laws, rules and regulations from time to time, including taxation.



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### Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the National People's Congress on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on April 23, 2019 and effective from the same date, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with the law, or which are set up in accordance with the law of a foreign country (region) but are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

### Value-Added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and most recently amended on November 19, 2017 effective from the same date, and the Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993 and most recently amended on October 28, 2011, and effective from November 1, 2011, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services, sales of intangible assets, real estate and importation of goods are required to pay value-added tax ("VAT"). Unless otherwise provided, taxpayers engaged in the provision of services and sales of intangible assets are subject to a tax rate of 6%.

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Caishui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)) promulgated by the Ministry of Finance and the State Administration of Taxation promulgated on March 23, 2016 and effective from May 1, 2016, and amended on July 11, 2017, December 25, 2017 and March 20, 2019, respectively, with the approval of the State Council, as of May 1, 2016, the pilot program of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT.

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According to the Circular on Policies for Simplifying and Consolidating Value-Added Tax Rates (Cai Shui [2017] No. 37) (《關於簡併增值稅稅率有關政策的通知》(財稅[2017]37號)), announced by the Ministry of Finance and the State Administration of Taxation on April 28, 2017, and effective from July 1, 2017, the structure of value-added tax (VAT) rates will be simplified from July 1, 2017, and the 13% VAT rate will be canceled. The scope of goods with an 11% tax rate and the provisions for deducting input tax are specified.

According to the Circular on Adjusting Value-Added Tax Rates of Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32) (《財政部、稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)) announced by the Ministry of Finance and the State Administration of Taxation on April 4, 2018 and effective May 1, 2018, from May 1, 2018, where a taxpayer engages in a taxable sales activity for value-added tax (VAT) purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) (“Announcement of the Ministry of Finance of the PRC, the State Taxation Administration and the General Administration of Customs of the PRC [2019] No. 39”) announced by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%, and the originally applicable VAT rate of 10% shall be adjusted to 9%.

### REGULATIONS ON OVERSEAS LISTING

On February 17, 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and relevant five guidelines, which came into force on March 31, 2023.

According to the Trial Administrative Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as an order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) domestic companies that seek to offer or list securities overseas directly are limited by shares offer or list securities in overseas securities markets; and (iii) any PRC company limited by shares is required to file with the CSRC within

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three business days after its application for overseas listing is submitted. Failure to complete the filing under the Trial Administrative Measures may subject a PRC domestic company to rectification ordered by the CSRC, a warning and a fine of RMB1 million to RMB10 million.

Besides, PRC domestic companies seeking to overseas offering and listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. PRC domestic companies that conduct overseas offering and listing shall (i) formulate their articles of association, improve their internal control system and standardize their corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, not divulge any state secret or the work secrets of state authorities, and also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provision of personal information and important data. In addition, the Trial Administrative Measures also provide the circumstances where the overseas offering and listing is explicitly prohibited, including: (i) such securities offering and listing are explicitly prohibited by specific PRC laws and regulations; (ii) such securities offering and listing constitute a threat to or endanger national security; (iii) the PRC domestic company, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or the actual controller.

### **Full Circulation of H Shares**

“Full Circulation” represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, CSRC announced the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》 (“Guidelines for the ‘Full Circulation’”)), which were amended on August 10, 2023. As regulated in the Guidelines for “Full Circulation,” shareholders of domestic unlisted shares have the flexibility to jointly decide the amount and proportion of shares that will be included in the circulation application. This decision should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Meanwhile, the H-share listed company corresponding to these shares may be authorized to file for “full circulation” with the CSRC. An unlisted domestic joint stock company may file with the CSRC for “full circulation”

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at the time of its initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Pursuant to the Trial Administrative Measures, which came into effect on March 31, 2023, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC. Additionally, they are required to authorize the domestic company to submit the conversion application to the CSRC on their behalf.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of the H-share “Full Circulation” Business (the “Measures for Implementation”). The businesses of cross-border share transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc., in relation to the H-share “Full Circulation” business, are subject to these Measures for Implementation.

The issuance and listing of H shares are subject to the regulations on overseas listings issued by CSRC and other relevant authorities. As such, we must comply with the relevant provisions and proceed with the necessary applications, registrations, and filings as required.

### REGULATIONS ON FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996 and was latest amended on August 5, 2008. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade- and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange, (“SAFE”) or its local counterpart is obtained.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), according to which, entities and individuals

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may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration. On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “SAFE Circular 19”). According to the SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, the SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third-party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the “SAFE Circular 13”) which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”) was promulgated by SAFE on June 9, 2016. Pursuant to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

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On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which, among other things, allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated and effective on April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on the use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

We shall ensure that all transactions related to the issuance and listing of H shares are in line with the foreign exchange laws and policies of the PRC, as well as those of the destination market. We will diligently fulfill all necessary procedures, such as obtaining any required foreign exchange approvals or registrations, to ensure smooth and compliant cross-border capital movements.

## U.S. TRADE LAWS AND REGULATIONS

### Export Controls

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us.



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## REGULATORY OVERVIEW

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### *Export Administration Regulations*

The United States has increased export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the “**BIS**”), which includes a list of entities on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the “**Entity List**”). The BIS also controls exports and reexports of commercial and dual-use products, software and technology (collectively, “**Items**”) through the implementation of the EAR. The EAR applies to (i) U.S.-origin Items wherever located, (ii) exports of Items from the United States (irrespective of their origin) to foreign countries, (iii) reexports of U.S.-origin Items from one foreign country to another, and (iv) shipments from one foreign country to another of foreign-made Items that are subject to the EAR either because (a) they incorporate more than de minimis amount of controlled U.S.-origin parts, components or materials, or (b) they are the foreign direct product of certain controlled U.S. technology or software. The export, reexport or transfer (in-country) of Items subject to the EAR must comply with licensing requirements related to the end-destination, the end-users and the end-use of the Items when applicable. Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met.

In addition, the EAR also maintains a list of items, software, and technology that are subject to export controls (the “**Commerce Control List**”). The Commerce Control List is primarily based on multilateral export control lists, such as the Wassenaar Arrangement’s List of Dual-Use Goods and Technologies and Munitions List, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number (“**ECCN**”). During the Track Record Period, we procured certain chips with classifications described on the Commerce Control List and identified with certain ECCNs.

Additionally, many of the products, services and technologies that fall within the scope of the EAR are not specifically controlled for export, and are given the classification of EAR99. They are not listed on the Commerce Control List and such EAR99 items generally consist of low-technology consumer goods and do not require a license in most situations.

### *U.S. Chip Export Restrictions*

On October 7, 2022, the U.S. Department of Commerce, the BIS published rules that introduce new restrictions related to semiconductors, semiconductor manufacturing, supercomputers, and advanced computing items and end uses in Mainland China, Hong Kong SAR or Macau SAR (the “**U.S. Chip Export Restrictions**”). BIS’ rules on advanced computing and semiconductor manufacturing were implemented in two key areas. First, these rules impose restrictive export controls on certain advanced computing semiconductor chips



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and software, transactions for supercomputer end-uses, and transactions involving certain entities on the Entity List. Second, these rules impose new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit end uses.

Section 744.21 of the EAR prohibits the export, reexport or transfer (in-country) of certain items subject to the EAR if the party has “knowledge,” that the item is destined for a “military end use” or a “military end user” in Burma, Cambodia, China or Venezuela. Section 744.22 of the EAR prohibits the export, reexport or transfer (in-country) of any items subject to the EAR if the party has “knowledge” that the item is intended for a “military-intelligence end use” or “military-intelligence end user” in Belarus, Burma, Cambodia, China, Russia or Venezuela, or certain specified “military intelligence end users,” of such countries, wherever located.

Furthermore, section 744.23 of the EAR imposes license requirements where an exporter reexport or transferor knows or has reason to know that certain items subject to the EAR are intended for a “supercomputer” end-use or are intended for semiconductor manufacturing end-uses. No license exceptions are available to overcome these restrictions.

### **BIS Connected Vehicles Rule**

On September 23, 2024, the BIS issued a Notice of Proposed Rulemaking that would prohibit the sale in or import into the United States of connected vehicles integrating specific hardware and software, or those components or software if sold or imported separately, with a sufficient nexus to certain foreign adversaries including China and The Russian Federation (Russia) (the “Proposed Connected Vehicles Rule”). The Proposed Connected Vehicles Rule identifies significant national security concerns associated with connected vehicles and related connect components and software designed, developed, manufactured or supplied by companies located in or headquartered in China or Russia, and is expected to have a major impact on the automotive and information and communications technology and services sectors.

Specifically, the Proposed Connected Vehicles Rule bans the importation and sale of hardware and software components integrated into Vehicle Connectivity Systems (“VCS”) (largely technology that connects the vehicle to the internet) and software integrated into Automated Driving Systems (but excluding ADAS) absent a general or specific authorization. It also prohibits connected vehicle manufacturers that are owned by, controlled by, or subject to the jurisdiction of China or Russia from selling connected vehicles that incorporate VCS hardware or covered software in the United States. If adopted, prohibitions on software would go into effect for model year 2027 vehicles and prohibitions on hardware would take effect for model year 2030 vehicles, or January 1, 2029 for units without a model year.

The Proposed Connected Vehicles Rule establishes a requirement that connected vehicle manufacturers, which would be most OEMs and all importers, submit declarations of conformity, sets out the conditions for general and specific authorizations, establishes a process for industry stakeholders to seek an advisory opinion from BIS with respect to specific

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## REGULATORY OVERVIEW

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transactions, and establishes a process to inform VCS hardware importers and connected vehicle manufacturers that a specific authorization may be required. The Proposed Connected Vehicles Rule was formalized in BIS Final Rule on January 16, 2025 (“Final Connected Vehicles Rule”) with a narrower scope of the restrictions and reduced compliance burden on the automotive industry. In particular, the Final Connected Vehicles Rule does not apply to commercial vehicles, and vehicles with a gross vehicle weight rating of over 10,000 pounds are excluded from the Final Connected Vehicles Rule.

Our products may fall under the scope of the Final Connected Vehicles Rule depending on the end use and application of our products. However, as of the Latest Practicable Date we did not sell our products to customers in the United States or to customers who incorporated them into products for sale to the United States to our best knowledge, and we do not intend to actively develop our business in the United States as a market in the future, thus, our business activities had not been directly affected by such U.S. import control laws in any material respect.

### U.S. AND EUROPEAN UNION TARIFFS

On May 14, 2024, the Office of the United State Trade Representative announced a plan to raise the tariff rate applicable to U.S. imports of electric vehicles from China from 25% to 100%. On September 13, 2024, the United States Trade Representative announced the final Section 301 tariff increases on imports from China including electric vehicles, which imposed a tariff rate of 100% effective from September 27, 2024. On March 26, 2025, President Trump signed a proclamation invoking Section 232 of the Trade Expansion Act of 1962 to impose a 25% tariff on imported automobiles and certain automobile parts, which took effect from April 3, 2025. The aggregate U.S. product-specific tariff rate applicable to electric vehicles imported from China is 125%.

On October 29, 2024, the European Union members voted to adopt provisional countervailing duties of up to 35.3% on imports of Chinese-made electric vehicles which entered into effect on October 30, 2024. These new tariffs are applicable to electric vehicles, not smart cockpit solutions that we develop, and our smart cockpit solutions products are not classified under the group of automobile parts subject to the 25% Trade Expansion Act of 1962 tariff based on harmonized tariff code classification; accordingly, these new U.S. and European Union tariffs on electric vehicles (and certain automobile parts) made in China are not directly applicable to our products.

On top of these product-specific tariffs, since his inauguration, President Trump has signed into multiple executive orders to impose significant cumulative tariffs on all Chinese imports, unless exempted or subsequently modified.

During the Track Record Period and up to the Latest Practicable Date, we did not have any direct export of our smart cockpit solutions to the United States and European Union. The above-mentioned U.S. and European Union tariffs thus do not have direct impact on our products. To our best knowledge, during the Track Record Period and up to the Latest

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Practicable Date, (i) there has been no sales of electric vehicles incorporating our products were sold to the United States, and (ii) it is possible that our solutions are installed on electric vehicles which may be sold to the European Union by OEMs. To assess such possibility that our solutions are sold to European Union as part of the electric vehicles manufactured by our OEM customers during the Track Record Period, we consider the projects for which we provided smart cockpit solutions to international OEMs or we provided smart cockpit solutions to Chinese OEMs for their vehicles to be exported to other countries, and the revenue generated from such smart cockpit projects accounted for approximately 1%, 3%, 3% and 8% of our total revenue in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. The increase in the proportion of revenue from the solutions that may be installed on electric vehicles to be sold to the European Union by OEMs in the five months ended May 31, 2025, primarily driven by smart cockpit solutions we provided to a major international OEM and a major Chinese domestic OEM in the five months ended May 31, 2025. Based on the foregoing, we believe that the evolving international trade policies and geopolitical factors have not had, and are not expected to have, a material adverse effect on our business operations and prospects. However, the increased tariffs imposed by the United States and European Union on Chinese electric vehicles may deter Chinese OEMs from pursuing sales in the United States and European Union, which could indirectly affect their demand for our products and our plan to expand to the European Union market.

**OVERVIEW**

We are a leading smart cockpit solution provider in China. According to CIC, we are the third-largest provider of smart cockpit domain controller solutions for passenger vehicles in China in terms of shipment volume in 2024, with a 7.3% market share — ranking after players with market share of 21.7% and 10.4%. 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.

Smart cockpits are an essential component in the automotive industry's intelligent transformation, providing users with the most tangible and perceivable benefits from automotive intelligence technologies. Consumers of high-end and emerging automotive brands are increasingly seeking enhanced in-vehicle experience. This growing demand is propelling the intelligent transformation of the automotive industry, consequently raising the value of smart cockpits. According to CIC, the size of China's passenger vehicle smart cockpit solutions industry in terms of revenue is expected to grow from RMB129.0 billion in 2024 to RMB299.5 billion in 2029, at a CAGR of 18.4%. According to the same source, Chinese OEMs are increasingly capturing a higher market share in China's automotive industry, and are moving towards developing high-end vehicles with advanced automotive intelligence features. This transition is anticipated to generate higher demand for smart cockpit solutions. Leveraging our significant presence among Chinese OEMs, we are well positioned to capitalize on the industry growth.

We provide OEM and Tier-1 supplier customers with domain controllers — the backbone of a smart cockpit — as our core products. Our customers have the flexibility to choose an integrated solution, combining domain controllers deployed with our operating system and various hardware components like display screens and other devices assembled by us, tailored to their vehicle's design. Alternatively, some customers opt to purchase from us domain controllers or other cockpit components, such as display screens and software, based on their specific needs. In addition to offering full-spectrum product development capabilities, we also provide assembly services for certain customers, using the raw materials and accessories they supply to produce domain controllers. In 2023, we became one of the first companies to offer smart cockpit solutions powered by Qualcomm's fourth-generation Snapdragon 8295 chipset in China, which, according to CIC, is among the mainstream automotive-grade chips for smart cockpit solutions with the highest computing power. As of December 31, 2024, we ranked first among Chinese smart cockpit solution providers in terms of the number of design wins for high-end smart cockpit solutions equipped with Qualcomm's Snapdragon 8295 chipset in China, according to CIC. We also offer vehicle connectivity support solutions primarily to OEMs, assisting them in elevating the vehicle owners' driving experience. Among the top five Chinese OEMs in terms of sales volume in 2024 according to CIC, three have deployed our smart cockpit solutions, with two of them also deploying our vehicle connectivity support services. We strategically target leading automotive OEMs in China as our core customers, including major Chinese OEMs and their rapidly-growing NEV brands such as Avatr and Voyah, as well as international OEMs. We believe this strategic customer focus can position us favorably to increase our market share.

We are a key contributor to the automotive industry's intelligent transformation, consistently advancing innovation. In 2013, we introduced the first-ever automotive-grade operating system developed by a private-owned enterprise in China, according to CIC. We are currently partnering with a globally-leading technology company and certain Chinese automotive OEMs to engage in developing the first in-vehicle operating system with entirely domestic intellectual property. With an aim to extending our reach to the upstream of automotive intelligence industry's value chain, we are taking initiatives among independent providers of smart cockpit solutions to explore the field of domestic automotive-grade chips.

With industry-leading R&D capabilities, we have achieved numerous technological innovations since our inception and have developed comprehensive technologies across software, hardware and cloud-based vehicle connectivity. In 2023, the NDRC and other national-level governmental authorities collectively recognized us as a National Enterprise Technology Center (國家企業技術中心). Two of our proprietary technological innovations related to smart cockpit solutions and vehicle connectivity were acknowledged as internationally leading technologies by the NEVC. We ranked first in terms of the number of registered invention patents among domestic smart cockpit and vehicle connectivity support solution providers as of December 31, 2024, according to CIC.

Mr. Ying, our founder and chairman of the Board, guides our growth with his visionary leadership and rich industry experience. Mr. Ying's application of the 3G network to vehicle connectivity support solutions, as early as its introduction in 2010, laid a solid foundation for us to lead the intelligent transformation of the automotive industry over the next decade. Mr. Ying is widely recognized in the industry, serves as a member in many industry organizations, including the National Technical Committee of Auto Standardization (全國汽車標準化技術委員會), and has received numerous prestigious awards, including the Shanghai May 1st Labor Medal (上海市五一勞動獎章) and being named an Eminent Entrepreneur of Shanghai (上海市優秀企業家), Fifth Shanghai Industrial and Commercial Leader (第五屆上海市工商業領軍人物) and 2023 World Internet of Things Awards — Outstanding Person of the Year (2023世界物聯網大獎—年度傑出人物).

We integrate upstream and downstream resources across the automotive intelligence ecosystem, achieving synergistic cooperation with a diverse array of partners. Our market leadership and strong technology capabilities enable us to establish mutually-beneficial relationships with upstream players such as automotive-grade chip and operating system suppliers, downstream OEM customers, as well as content and other service providers. For instance, through our extensive collaboration with Qualcomm, we became one of the first companies to offer smart cockpit solutions powered by Qualcomm's Snapdragon 8295 chipset in China, securing design wins from notable customers. Furthermore, our close partnership with BlackBerry has led to the launch of smart cockpit solutions based on the BlackBerry QNX platform — a full-featured development environment with a deterministic real-time operating system — now utilized in various models from Avatr and other OEM brands.

Leveraging our leading position in the market, we achieved substantial growth during the Track Record Period. We sold approximately 4.6 million smart cockpit products in the aggregate during the Track Record Period. Our shipment volume of domain controllers grew at a CAGR of 36.9% from 488 thousand units in 2022 to 915 thousand units in 2024, and increased by 20.4% from 221 thousand units for the five months ended May 31, 2024 to 266 thousand units for the five months ended May 31, 2025. Our revenue increased by 22.8% from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, and further increased by 70.9% to RMB2,557.0 million in 2024. Our revenue increased by 34.4% from RMB560.9 million for the five months ended May 31, 2024 to RMB753.6 million for the five months ended May 31, 2025. Our net loss decreased from RMB452.2 million in 2022 to RMB283.8 million in 2023, and increased to RMB540.8 million in 2024. Our net loss decreased by 10.2% from RMB244.8 million for the five months ended May 31, 2024 to RMB219.9 million for the five months ended May 31, 2025. Our adjusted net loss (non-IFRS measure) was RMB390.5 million, RMB218.4 million, RMB352.4 million, RMB167.6 million and RMB164.5 million in 2022, 2023, 2024 and for the five months ended May 31, 2024 and 2025, respectively. Our adjusted EBITDA (non-IFRS measure) was RMB(317.6) million, RMB(126.6) million, RMB(215.3) million, RMB(114.9) million and RMB(100.8) million in 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, respectively. See “Financial Information — Description of Major Comprehensive Income Line Items — Non-IFRS Measures” for a reconciliation of our net loss to the adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure). With cash and cash equivalents of RMB900.7 million as of May 31, 2025, supplemented by the proceeds from the Global Offering, we believe we are well-equipped financially to support our ongoing operations and strategic growth initiatives.

## **OUR STRENGTHS**

### **A Pioneer in China’s Automotive Intelligence Transformation, Leading with Innovative Solutions**

We are a pioneer in China’s automotive intelligence industry, having consistently been at the forefront of the industry. We unveiled China’s first 3G vehicle connectivity system in 2010, and are among the first enterprises that developed smart cockpit solutions, ahead of most of our peers. As one of the few companies in China possessing holistic in-house capabilities spanning software, hardware, and cloud-based vehicle connectivity, we have established ourselves as a pivotal force in the intelligent transformation of the automotive industry. Our integrated smart cockpit solutions are widely recognized by leading Chinese OEMs. As of December 31, 2024, we ranked first among Chinese smart cockpit solution providers in terms of the number of design wins for high-end smart cockpit solutions equipped with Qualcomm’s Snapdragon 8295 chipset in China, according to CIC. We have consistently achieved “first-in-class” milestones in technologies and solutions. According to CIC, we are:

- one of the few Chinese domestic providers of smart cockpit solutions powered by Qualcomm's Snapdragon 8295 chipset, which is currently the most representative high-end SoC chips for smart cockpits, accounting for over 50% of the installed volume among high-end SoC chips used in large-scale deployments of smart cockpits in 2024;
- one of the few providers offering smart cockpit solutions based on Kirin 9610A processors, being the only domestically produced high-end SoC chip for smart cockpits that has achieved large-scale deployment, and HarmonyOS operating system;
- the first among private-owned Chinese companies to introduce self-built automotive-grade operating system; and
- the one that developed China's first in-vehicle voice system based on natural language processing and the world's first intelligent solid-state audio system using a vehicle's body panel to produce and receive sound.

Our customers comprise Chinese OEMs such as Avatr and Voyah, joint venture OEMs, as well as international OEMs. We have successfully passed the rigorous validation processes of numerous major OEMs, showcasing the reliability, performance and adherence to the high-level industry standards of our solutions. As of May 31, 2025, we had passed 29 automotive OEMs' qualification reviews for smart cockpit suppliers, including 20 Chinese OEMs, six joint venture OEMs and three international OEMs.

Our leadership in the industry has enabled a rapid market share growth and an increase in design wins. We are the second-largest provider of smart cockpit domain controller solutions for NEVs produced in China in terms of shipment volume in 2024, according to CIC. With our highly competitive solutions and services, we had cumulatively serviced over 200 car models across more than 50 automotive brands as of May 31, 2025.

We are among the first Chinese smart cockpit solution providers that have tapped into overseas markets. We have captured opportunities in the overseas market by assisting Chinese OEMs and joint venture OEMs in successfully launching their passenger vehicles globally. Further, we have leveraged our experience in collaborating with Chinese and joint venture automakers overseas to serve international OEMs in the global automotive market. In 2023, we became the supplier for the aftermarket installation of smart cockpits powered by Qualcomm's 8155 processors for several car models of a global luxury car manufacturer in Europe, upgrading vehicles that have already been sold to consumers.



We have built a strong brand name and garnered significant industry recognition. We were included in Forbes China's Unicorn List in 2022 and named one of the Key Players to Watch in China's Go-Global Initiative in the automotive technology sector by Fortune in 2023. We were recognized as one of Shanghai's Top 100 Cutting-Edge Technology Companies in 2023. We were recognized as a Specialized and Innovative "Little Giant" Enterprise (專精特新“小巨人”企業) by the MIIT in 2024. This recognition is awarded to enterprises positioned in the core areas of industrial foundations and key links of the industrial chain, known for their outstanding innovation capabilities and possession of core technologies. We have been included in Hurun's Global Unicorn Index and ranked among the top 500 companies selected by the World Internet of Things Convention for five consecutive years. Additionally, we have been named one of the Top 100 Shanghai Private-Owned Manufacturing Companies and one of the Top 100 Shanghai Emerging Industry Companies for four consecutive years.

### **Comprehensive In-house R&D Capabilities with a Focus on Software**

We are deeply committed to advancing automotive intelligence. Leveraging our intellectual property and know-how accumulated in the past, we have built comprehensive in-house capabilities across software, hardware and cloud-based vehicle connectivity.

Our in-house developed automotive-grade operating system serves as the backbone of our technology stack. It features a modular design that enables rapid adaptation to various hardware configurations and platform requirements, reducing development time and improving customization. Our system is compatible with SoC solutions from various providers, such as Qualcomm. This versatility allows us to provide a wide range of solutions and create tailored solutions for vehicles at different price ranges, enabling a swift market entry. For instance, we developed smart cockpit solutions for Geely Geometry's GE11 model, which are powered by Kirin processors and the HarmonyOS operating system. Furthermore, in our commitment to offering homegrown smart cockpit solutions tailored to consumers' demand in China, we are currently partnering with a leading technology company in China and certain Chinese automotive OEMs to develop the first in-vehicle operating system with entirely domestic intellectual property.

Wireless communication is a pivotal future trend for automotive intelligence, enabling enhanced integration of devices and systems, real-time data exchange, remote control functionalities, and improved user experience. We are forward-thinking in incorporating innovative wireless communication technology into our intelligent solutions. As a key member of the SparkLink Alliance — an industrial alliance committed to promoting innovation in wireless short-range communication technology — we are at the forefront of developing advanced smart cockpits that adhere to SparkLink's wireless communication standards. We have taken a leading role in formulating four key groups of standards for the SparkLink Alliance, playing a crucial part in shaping and releasing industry standards. Moreover, we are proactively embracing AI technology to further enhance our R&D efficiency. We harness generative AI to optimize coding processes, which offers real-time suggestions, error reduction and streamlined prototyping, and to expedite human-machine interface design tasks.

With an aim to extending our reach to the upstream of automotive intelligence industry's value chain, we are taking initiatives among independent providers of smart cockpit solutions to explore the field of domestic automotive-grade chips. In 2023, we started to collaborate with the NEVC, a national center for new energy vehicles established under the approval of the Ministry of Science and Technology of the PRC, to establish a joint laboratory focused on setting standards for verification, validation and testing of domestic automotive-grade chips. We partner with multiple OEMs to form a joint working group dedicated to providing one-stop automotive-grade chips vertical testing and certification services, covering chip parts level, chip system level, controller level, and entire vehicle level. We formed a company with a leading semiconductor provider in China and other industry partners, dedicated to the R&D of domestic automotive-grade chips.

We have established ourselves as a significant hub of intellectual property within our industry. In 2023, we were recognized as a National Intellectual Property Leading Enterprise by the China National Intellectual Property Administration. In the same year, two of our proprietary technological innovations related to smart cockpit solutions and vehicle connectivity support services were acknowledged as internationally leading technologies by the NEVC. We have been granted 1,769 patents as of May 31, 2025, among which 921 are invention patents, accounting for 52.1% of the granted patents.

To bolster our R&D capabilities, we have established R&D centers across major Chinese cities, including Nanjing, Shenzhen, Dalian, Shenyang, Changchun and Wuhan. This strategic deployment enables us to forge close collaboration with automotive OEMs in diverse locations and attract top talent nationwide. As of May 31, 2025, our R&D team comprised 709 specialists, representing 33.7% of our total workforce, among which 86.7% hold a bachelor's degree or above.

### **Highly Scalable Business Model with Strong Mass Production Capabilities**

We deliver comprehensive smart cockpit solutions to meet the diverse needs of our customers. OEMs choose the precise solutions or tailored combinations that align with their unique requirements. This flexibility and adaptability enable us to address a wide range of market demands and expand our market reach effectively. As OEMs' production volumes rise, our business can expand with the rising number of vehicles equipped with our smart cockpit solutions. Moreover, securing an initial order from an OEM frequently paves the way for us to gain additional design wins and mass production orders for other models within their lineup. For instance, we began collaborating with Dongfeng Group in 2018 with a focus on telematics services, and jointly developed the first Dongfeng Aeolus WindLink 3.0 intelligent vehicle connectivity system in the same year. This system stands as the industry's pioneering integration that utilizes natural voice for interacting with quick applications. As our cooperation with Dongfeng Group deepens, we have gained insights into their customized needs across R&D, manufacturing and after-sales stages, fostering the successful expansion of our partnership. Since our initial collaboration, we have delivered comprehensive solutions and services to Dongfeng Group for their successive passenger car models across more than ten different brands. This encompasses the design and development of software and hardware solutions, production and assembly, cloud service, as well as operations and maintenance. We

also aided Dongfeng Group in its global expansion by tailoring our solutions for international markets through system adaptation, integrating overseas content providers, and ensuring compliance with local regulations. Our cumulative shipment to Dongfeng Group has amounted to 1.2 million units across various brands and car models as of May 31, 2025.

Our proven track record and growing brand reputation have gained us customer trust without servicing a specific car model first. For example, a leading Chinese NEV OEM joined our clientele in 2023 and awarded us design wins for all of its existing and upcoming car models released under its current modular car platform in our initial collaboration. As of the Latest Practicable Date, we had delivered over 284,000 smart cockpit hardware products in aggregate to this OEM customer, which were powered by Qualcomm's Snapdragon 8295 chipset.

Our adaptable business model continues to attract new customers and expand our market share, with revenue from our smart cockpit solutions increasing at a CAGR of 50.5% from 2022 to 2024. Our revenue grows in line with the sales growth of the car models we service, as well as the deployment of our solutions on additional models.

Our scalable business model is reinforced by robust mass production capabilities. To support customer demand and business growth, we have built our production facility in Xiamen, which integrates functions ranging from production process design and supply chain management to production and quality assurance. We utilize a significant number of industrial robots in our production facilities. During the Track Record Period, our Xiamen facility cumulatively produced over 2.3 million units of smart cockpit domain controllers. In addition, we continuously seek to expand our production capabilities to accommodate growing customer demand, and broaden our geographical footprint to optimize procurement expenses. Our Liuzhou facility completed its first-phase construction in May 2024 and has started mass production since June 2025. The maximum annual production capacity of our Liuzhou production center is approximately 150,000 units. Our new facility in Rui'an is under construction.

### **User-centered Solutions Bringing Superior Experience to Drivers and Passengers**

We prioritize end-users' needs, aiming to deliver the superior intelligent driving experience. Our smart cockpit solutions offer a smooth user experience across various functions, such as smart navigation, intuitive voice commands, 3D display and control, driver monitoring system (DMS), occupant monitoring system (OMS), and multiple-display interactions, among others. Leveraging a layered decoupling approach, our smart cockpit solutions allow for rapid adaptation and customization to meet the diverse needs of different customers.

By providing drivers and passengers with a premium intelligent vehicle experience, we foster win-win cooperation with our automotive OEM customers. A satisfying driving experience powered by our intelligent solutions helps automotive companies attract more potential consumers. This creates a virtuous cycle that promotes our continued development and business growth.

We have gained deep insights into user preferences and have developed the industry's first in-vehicle voice interaction system in Chinese, according to CIC. This system features swift response time, a high recognition rate, complex semantic comprehension, strong noise resistance, rich in-vehicle functionality, and support for offline multi-zone simultaneous voice interaction. Our smart cockpits powered by Qualcomm's Snapdragon 8295 chipset enable millisecond-level voice interaction and support offline multi-zone simultaneous voice interaction.

We developed the world's first intelligent solid-state audio system using a vehicle's body panel to produce and receive sound in 2021. This innovative system enables individuals outside the vehicle to communicate with those inside or contact drivers, enabling new use cases such as placing calls to drivers who have exited their vehicles, requesting them to move if their cars are obstructing others. This system supports multiple interaction modes, including sound projection through the car body, touch and knock sensing, sound input detection, and phone interactions outside the car. The system has successfully completed proof-of-concept validation on both our internal vehicles and customer models.

We are the industry's first to support real-time switch between multiple screens within a vehicle using scrolling or gesture recognition and various visual interactions such as face, gesture and fatigue recognition, along with augmented reality navigation. This innovative design and exceptional user experience earned us the "Shanghai Design 100+" award in 2022 and the German iF Design Award in 2022. Moreover, our smart cockpit solutions powered by Qualcomm's Snapdragon 8295 chipset can display immersive 3D desktops, vehicles, music and other applications on a 4K screen, providing drivers and passengers with 3D multi-display interaction capabilities for up to six 4K screens or 12 2K screens.

With superior product design and user experience, the number of monthly active user of the services empowered with our solutions and services amounted to approximately 1.2 million in May 2025. To further enhance the user experience, we have deepened our cooperation with third-party content and other service providers. We integrate relevant applications into our systems and develop customized in-vehicle entertainment options, such as karaoke and in-vehicle mobile games, enriching the in-vehicle experience and delivering superior user satisfaction.

### **Strong Ability to Leverage Diverse Resources**

As a key participant in the automotive intelligence industry, we have forged mutually-beneficial partnerships across the industry value chain:

- *SoC solution providers:* We collaborate with leading SoC solution providers, such as Qualcomm, to enhance our system's versatility. We have a strategic partnership with Qualcomm and were among the first to develop smart cockpit solutions using its fourth-generation Snapdragon 8295 chipset. These solutions have secured design wins for mainstream models. We have also released a prototype of our flagship all-in-one-box centralized integrated vehicle mount computer powered by Qualcomm's Snapdragon 8295 chipset. It allows in-house customization by customers, and enables collaborative development with algorithm companies.

- *Operating system providers:* Our collaboration with BlackBerry has led to the development of smart cockpit solutions tailored based on BlackBerry's QNX Neutrino real-time operating system, QNX Hypervisor and QNX IVY. These solutions aim to offer drivers a more personalized and interactive intelligent driving experience, enabling innovations such as secure data access across multiple vehicle domains, edge computing, and over-the-air updates. These solutions have been implemented in multiple models for brands like Voyah and Avatr.
- *Automotive OEMs:* By collaborating closely with OEMs, we gain insights into market demands and tailor our solutions to meet specific industry needs effectively. For instance, in 2022, we signed an R&D strategic cooperation agreement with Avatr to collaboratively advance existing smart cockpit solutions and develop new technologies. We believe these strategic partnerships streamline the validation process required for participation in automakers' model design and contract acquisition, providing a solid foundation for subsequent mass production.

Our strategically-valuable shareholder base lays a solid foundation for our long-term and stable development. Our shareholders include Chinese OEMs such as Dongfeng Group, China FAW Group Corporation and local state-owned asset investment arms such as Shanghai Guosheng. We have also attracted reputable industrial investors like Xiaomi Corporation and Jinggangshan Beiyuan VC. This robust shareholder base supports our future business growth, helping us expand our market share and solidify our market leadership. We have established strategic partnerships with some of our shareholders. As a longstanding strategic supplier to Dongfeng Group, we have received their Annual R&D Contribution Award three times. In 2020, we co-founded the Dongfeng Innovation Design Center in Nanjing, fostering strategic cooperation focused on R&D synergy to advance the development of Dongfeng's intelligent vehicles. In 2020, we entered a cooperation agreement with FAW Group and jointly established the Tianquan Intelligence Laboratory, aiming to develop next-generation smart cockpit solutions through joint innovation in areas such as domain controllers, automotive-grade operating system, vehicle connectivity applications, and in-vehicle big data applications.

To support our business operations and future expansion, we maintain strategic relationships with mainstream domestic financial institutions. In March 2024, we entered into several strategic cooperative agreements with seven commercial banks, under which these banks agreed to make available to us indicative credit facilities in an aggregate amount equal to RMB19 billion, subject to regulatory requirements and the customary credit policies of such banks. This financial backing ensures our operational stability and sustainable development.

### **Highly-Respected and Industry-Renowned Founder and Experienced Senior Management**

We are led by our founder and chairman of the Board, Mr. Ying, renowned for his visionary leadership and around 16 years of industry experience in automotive intelligence. His extensive expertise provides clear leadership and strong assurance for achieving our mission, strategies, and business objectives. Mr. Ying's leadership is widely recognized within the industry. He was recognized as the deputy director of the Expert Committee by the National Quality Supervision and Inspection Center for Intelligent Connected Vehicles (Tianjin) (國家智慧網聯汽車品質監督檢驗中心(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慧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. In 2023, Mr. Ying was named the 2021-2022 Shanghai Outstanding Entrepreneur (2021-2022年度上海市優秀企業家), and in 2024, he received the Shanghai May 1st Labor Medal (上海市五一勞動獎章).

Our management team is also composed of experienced leaders passionate about our vision and mission. Mr. Zhang Yi, our deputy general manager and vice executive president of the intelligent manufacturing department, previously served as the executive deputy general manager of a domestic Tier-1 supplier to OEMs. Mr. Lai Weilin, our executive director and deputy general manager, has over 19 years of experience in business development and previously worked at Freescale Semiconductor (China) Ltd., where he was responsible for R&D, pre-sales support and sales. Mr. Zhang Jie, vice president of our R&D group, brings over 18 years of experience in the automotive industry. Prior to joining us, he held significant roles as director of a Chinese OEM's intelligent department, the general manager of Chang'an Auto Software Science and Technology Co. Ltd., the deputy director of Chang'an Auto Research Institute and the chief technology officer of Aiways Automobiles.

### **OUR GROWTH STRATEGIES**

Our business objective is to further enhance our competitive advantage in offering smart cockpit solutions and vehicle connectivity support services to the surging automotive intelligence market. Key elements of our strategies include:

#### **Expand Our Market Share and Solidify Our Industry Leadership**

We are committed to broadening our customer base and enhancing our collaborations with key customers, particularly Chinese OEMs in the NEV sector. Our primary goal is to secure more design wins for smart cockpit solutions from both existing and new customers, thereby increasing our sales volume and enlarging our market share.

Further, to enhance our mass production capabilities in support of our business growth, we are advancing the construction of our production site in Rui'an, and exploring nationally strategic locations for new production facilities.

#### **Continuous Innovation to Capture Industry Development Opportunities**

With the rapid progression of automotive intelligence, we anticipate that automotive domain controllers will integrate car body, driving, and cockpit domains, progressively transitioning towards a centralized computing platform for the entire vehicle. In response to this industry shift, we are proactively enhancing our R&D in high-performance central computing platforms to align with the trend towards a centralized architecture, thereby strengthening our technological capabilities and capturing industry development opportunities.



We are actively exploring collaborative opportunities in intelligent vehicle technology innovations, such as employing AI large language models in human-device interactions within smart cockpits, interactions between smart cockpits and the cloud, and autonomous driving technologies.

To maintain our industry-leading position, we plan to attract top-tier talent from the global talent pool to continue our innovation efforts, including, among others, the development of centralized computing platform, in-vehicle operating systems, and automotive-grade chips.

### **Deepen Overseas Expansion and Build an Internationally Recognized Brand**

We aim to fortify strategic relationships with our customers, especially international automotive OEMs, and replicate our success with Chinese OEMs on a global scale.

We intend to expand our presence in overseas markets and enhance our brand recognition. We have formulated plans to extend our smart cockpit business into established automotive markets, such as Europe, and to set up sales and R&D functions in key overseas locations. This global expansion will allow us to better serve international customers and establish ourselves as an internationally recognized brand.

### **Integrate Industrial Resources and Cultivate a Comprehensive Industrial Ecosystem**

By strengthening our collaborations with automotive OEMs, suppliers of SoC, operating systems, and parts for automotive intelligence, as well as other industrial ecosystem partners, we aim to accelerate product upgrades, iterations, and new product launches, and co-develop a smart cockpit industrial ecosystem.

Moreover, to further solidify our industry leadership, we will actively seek opportunities to invest in or acquire high-quality targets that offer significant potential synergies, robust R&D capabilities, and sound financial conditions.

### **Enhance Operational Efficiency and Optimize Production Management Processes**

We are committed to further optimizing our production processes and enhancing production efficiency by continuing to invest in manufacturing automation. Additionally, we plan to strengthen our supply chain management to enhance its security and stability. We will deepen our cooperation with existing suppliers and establish relationships with additional leading suppliers, including SoC suppliers, operating system providers, and content providers.



### OUR OFFERINGS

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.

- **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 software, operating systems and applications, 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, combining domain controllers deployed with our operating system and various hardware components like display screens and other devices assembled by us, tailored to their vehicle's design. Alternatively, some customers opt to purchase from us domain controllers or other cockpit components, such as display screens and software, 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 R&D services to a variety of participants in the intelligent automotive industry, such as OEMs with proprietary cockpit platforms, 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.
- **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.

We offer smart cockpit solutions and vehicle connectivity support services as two distinct businesses. Our OEM and Tier-1 supplier customers can choose either solution individually or both, depending on their needs. With strong R&D capabilities, solid technology infrastructure and in-depth operation experience in both smart cockpit and vehicle connectivity, we have successfully created a synergy between these two businesses. We had 11 customers that purchased both our smart cockpit solutions and vehicle connectivity support services in each of 2022, 2023 and 2024 and the five months ended May 31, 2025, contributing to RMB1,031.9 million, RMB929.4 million, RMB921.0 million and RMB270.8 million, which accounted for 84.7%, 62.1%, 36.0% and 35.9% of our total revenue, respectively.

## BUSINESS

During the Track Record 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. By contrast, the product design and customization activities conducted internally to fulfill the delivery of our domain controllers and other cockpit components, for which no separate fees are charged, do not constitute our R&D services. Meanwhile, we continued to serve major OEM customers with our vehicle connectivity support services and maintained a stable scale of this business. Additionally, we generated a small portion of our revenue from other sources, primarily from sales of automotive-grade chips, either for our own trading purpose or as commissioned by certain OEMs. We do not consider sales of chips as our core business, and our revenue from this source significantly reduced from 2022 to 2024. We plan to further reduce sales of chips over the next five years. 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,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
<b>Smart cockpit solutions</b>										
Domain controllers <sup>(1)</sup> . . . . .	674,302	55.4	784,850	52.4	1,959,008	76.6	458,149	81.7	599,769	79.6
Cockpit components <sup>(2)</sup> . . . . .	238,284	19.6	208,829	14.0	158,507	6.2	50,258	9.0	61,534	8.2
R&D services . . . . .	165,963	13.6	358,719	24.0	323,893	12.7	23,157	4.1	62,415	8.2
<b>Subtotal . . . . .</b>	<b>1,078,549</b>	<b>88.6</b>	<b>1,352,398</b>	<b>90.4</b>	<b>2,441,408</b>	<b>95.5</b>	<b>531,564</b>	<b>94.8</b>	<b>723,718</b>	<b>96.0</b>
<b>Vehicle connectivity</b>										
<b>support services . . . . .</b>	<b>89,326</b>	<b>7.3</b>	<b>122,370</b>	<b>8.2</b>	<b>110,228</b>	<b>4.3</b>	<b>27,036</b>	<b>4.8</b>	<b>27,535</b>	<b>3.7</b>
<b>Others<sup>(3)</sup> . . . . .</b>	<b>49,882</b>	<b>4.1</b>	<b>21,049</b>	<b>1.4</b>	<b>5,367</b>	<b>0.2</b>	<b>2,255</b>	<b>0.4</b>	<b>2,323</b>	<b>0.3</b>
<b>Total revenue . . . . .</b>	<b>1,217,757</b>	<b>100.0</b>	<b>1,495,817</b>	<b>100.0</b>	<b>2,557,003</b>	<b>100.0</b>	<b>560,855</b>	<b>100.0</b>	<b>753,576</b>	<b>100.0</b>

**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. For details, see “— Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — 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.

## BUSINESS

The following table sets forth a breakdown of our gross profit and gross profit margin by offering of products and services.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
<b>Smart cockpit solutions</b>										
Domain controllers <sup>(1)</sup> . . .	44,588	6.6%	36,515	4.7%	143,604	7.3%	16,316	3.6%	60,221	10.0%
Cockpit components <sup>(2)</sup> . . .	32,012	13.4%	17,277	8.3%	10,921	6.9%	913	1.8%	3,942	6.4%
R&D services . . . . .	58,586	35.3%	150,050	41.8%	121,257	37.4%	6,834	29.5%	30,395	48.7%
<b>Subtotal . . . . .</b>	<b>135,186</b>	<b>12.5%</b>	<b>203,842</b>	<b>15.1%</b>	<b>275,782</b>	<b>11.3%</b>	<b>24,063</b>	<b>4.5%</b>	<b>94,558</b>	<b>13.1%</b>
<b>Vehicle connectivity</b>										
support services . . . . .	15,126	16.9%	25,505	20.8%	24,329	22.1%	3,908	14.5%	3,701	13.4%
Others <sup>(3)</sup> . . . . .	20,810	41.7%	1,741	8.3%	891	16.6%	398	17.6%	396	17.0%
<b>Total . . . . .</b>	<b>171,122</b>	<b>14.1%</b>	<b>231,088</b>	<b>15.4%</b>	<b>301,002</b>	<b>11.8%</b>	<b>28,369</b>	<b>5.1%</b>	<b>98,655</b>	<b>13.1%</b>

**Notes:**

- (1) 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. For details, see “— Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — 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 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

Our customers have the flexibility to 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 design. These offerings are collectively referred to as our software-hardware integrated solutions. 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. As we customize our smart cockpit solutions to customers’ demand, our collaborations with customers are generally project-based.

The process of provision of our smart cockpit solutions is illustrated as follows:

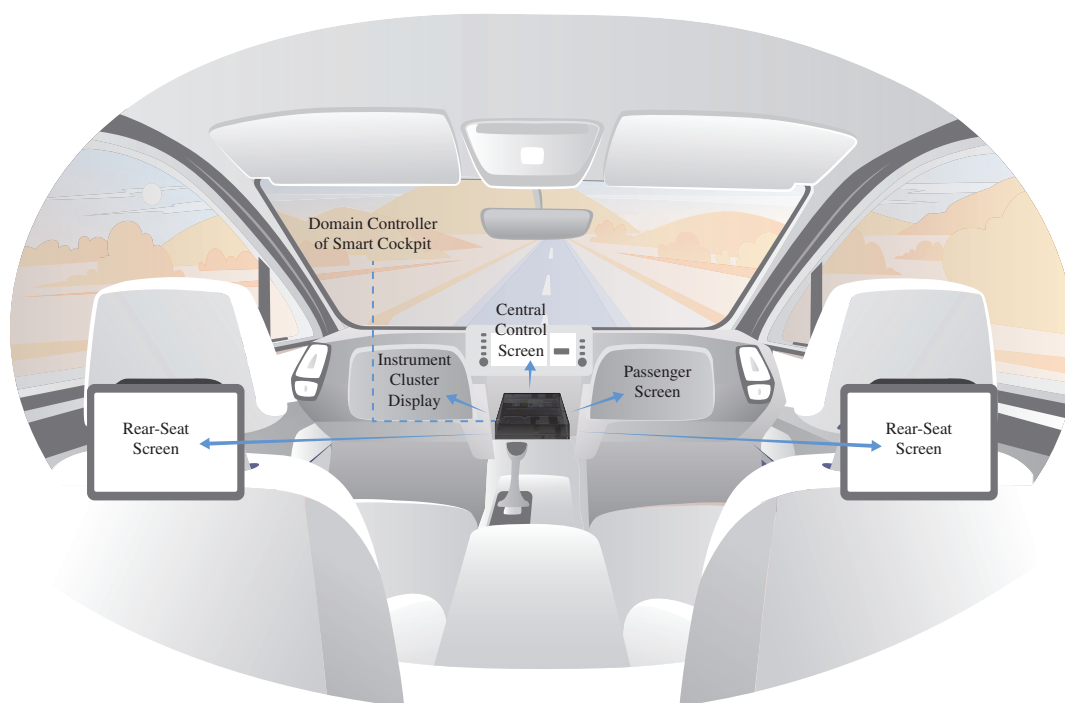


We operate as a smart cockpit solution provider in the automotive industry value chain. We source key raw materials and components, including SoCs, other automotive-grade chips, various types of modules, PCBs, software, displays, and other devices for our solutions, from upstream suppliers. Our core activities encompass in-house design and development of domain controllers, test and validation, production and assembly, quality assurance and after-sales services, and OTA. This end-to-end involvement demonstrates the value we bring to OEMs and Tier-1 suppliers to OEMs, as well as the end users of the smart cockpit products. Downstream, our solutions reach the consumer market through two primary channels. We supply solutions and products directly to OEMs, collaborating closely with them to customize and integrate our solutions and products into their vehicle models. We also provide products to Tier-1 suppliers to OEMs, who incorporate them into their own offerings before supplying OEMs.

We have the capability to conduct independent hardware design and development of software to provide flexible and customized products and solutions based on the demands of OEM clients, which differentiates us from integrators who merely assemble hardware and software procured from suppliers based on OEM specifications without in-house R&D capabilities. Our software encompasses underlying software (including BSP, hypervisors and hardware drivers), operating system, and user-facing application software. When purchasing our smart cockpit solutions, customers can choose to purchase domain controllers equipped with all software components developed by us, or opt for domain controllers that include only the underlying software, allowing them to install their own operating systems and user-facing applications. In 2022, 2023, 2024 and for the five months ended May 31, 2025, the projects where we supplied OEMs with domain controllers equipped with QingOS contributed approximately 90.4%, 79.8%, 40.0% and 33.4% of our smart cockpit solutions revenue from OEM customers (excluding the revenue from R&D services), respectively. The decrease in this percentage was primarily because certain major OEM customers in 2024 and 2025 opted to purchase a substantial number of domain controllers without our operating system and application software.

## Major Components of Our Smart Cockpit Solutions

Our smart cockpit solutions are centered on domain controllers, which are our principal products connecting multiple cockpit devices, including displays, cameras, microphones, and speakers. The following diagram illustrates the major hardware components of our smart cockpit solutions.



### *Domain Controller*

The modern automotive electrical/electronic (“E/E”) architecture is typically divided into five functional domains, cockpit, powertrain, vehicle body, chassis and autonomous driving. We develop and produce smart cockpit domain controllers which interact with other domains, by sending instructions to or obtaining information from domain controllers of other domains and displaying relevant information on the displays in the cockpit. Our OEM customers specify the overall in-vehicle electrical and electronic architecture, which determines how information is transmit among the smart cockpit domain controller and other domains.

For instance, the domain controller of smart cockpit interacts with vehicle body by converting voice commands or screen taps into instructions, and transmitting them to the vehicle body, which then executes the action, and screens of the smart cockpit display the result. This enables the domain controller to control functions such as air conditioning system, seat adjustments and control of windows, doors, and the front and rear trunks. Similarly, the smart cockpit domain controller interacts with autonomous driving domain when the driver engages ADAS for automatic parking assistance (“APA”), automatic emergency braking and lane departure warning. The domain controller of smart cockpit receives information from the autonomous driving domain and displays real-time autonomous driving data, including vehicle positions, object detection, lane information and safety warnings, on the screens.

We design, develop and produce domain controllers based on customers' demand. We purchase chips, modules, PCBs and adapters, among others, from external suppliers to produce domain controllers in our production facilities. From the hardware structure perspective, the cockpit domain controller consists of a main SoC and peripheral circuits. The peripheral circuits include communication chips (such as Ethernet switch chips), memory chips, audio and video transmission chips, power management chips and other chips. We also purchase modules which generally combine multiple chips, printed circuit board (PCB), and various electronic components such as resistors, capacitors, inductors, and shielding covers into a single and cohesive unit, to assemble our domain controllers. The modules we primarily procure include SoC modules, which enhance processing and performance capabilities; network communication modules, providing network connectivity; Global Navigation Satellite System ("GNSS") modules, offering positioning capabilities; digital audio broadcasting ("DAB") modules for receiving digital audio broadcasts; and Bluetooth & Wi-Fi modules. During the Track Record Period, we produced certain specialized modules used in smart cockpit domain controllers for a limited number of customers. Unlike the modules that we typically procure as materials for our domain controllers, these products were assembled at our production facilities. They possess certain computing capabilities to either enhance processing and performance capabilities of a domain controller or perform communication or other functions for a domain controller, based on the customers' requirements. We do not consider production and sales of these modules to be part of our core business. In 2024, revenue from these modules accounted for approximately 0.3% of our revenue from sales of domain controllers. We have decided to discontinue this business cooperation model with customers and have not generated any revenue from such products since 2025.

#### *Domain Controllers by the Type of SoCs*

The computing power of the main SoC deployed in a domain controller determines the data processing capacity, processing speed, and image rendering capability of the smart cockpit domain controller. This, in turn, affects the number of display screens, operational smoothness, and visual richness within the cockpit, ultimately shaping the overall intelligent experience of the cockpit space. We produce domain controllers equipped with high-end, mid-end, and low-end SoC cater to various performance and cost considerations, making smart cockpit solutions accessible across a wide range of vehicle models.

The following table sets forth certain characteristics of our domain controllers based on the type of SoCs integrated into them:

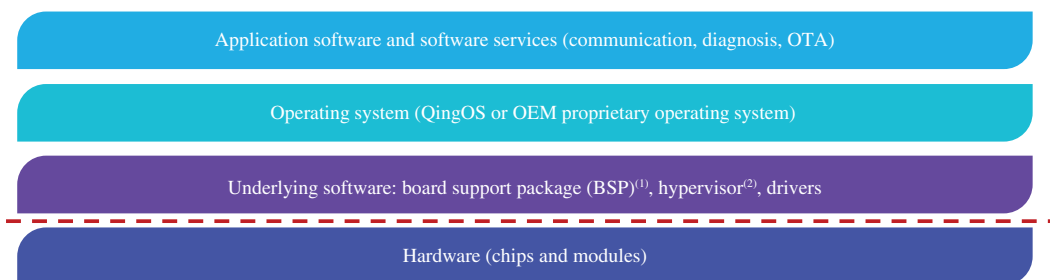
	High-End SoC Domain Controller	Mid-End SoC Domain Controller	Low-End SoC Domain Controller
<b>Representative SoCs</b>	Snapdragon 8295P and Kirin 9610A	Snapdragon 8155P and MTK8666	Qualcomm 6125
<b>Computing power</b>	230K DMIPS	105K DMIPS	58K DMIPS
<b>Hardware Specification (Maximum Configuration)</b>			
<i>Video input capabilities</i>	16 HD camera signal inputs	16 HD camera signal inputs	Six camera signal inputs
<i>Video output capabilities</i>	12 HD screens, including vehicle control screen, rear-seat infotainment screen, instrument cluster, augmented reality head-up display (“ARHUD”) and windshield head-up display (“WHUD”)	Six HD screens, including vehicle control screen, passenger screen, instrument cluster and ARHUD	Two 1080p video signal outputs
<b>Main Feature</b>			
<i>Audio</i>	<ul style="list-style-type: none"> <li>• Eight channels of 25W analog audio output, including for Acoustic Vehicle Alerting System (“AVAS”)</li> <li>• External in-vehicle audio bus digital audio amplifier and microphone input</li> <li>• FM/AM reception</li> <li>• Five microphone signal inputs</li> </ul>	<ul style="list-style-type: none"> <li>• Eight channels of 25W analog audio output, including for AVAS</li> <li>• External in-vehicle audio bus digital audio amplifier and microphone input</li> <li>• FM/AM reception</li> <li>• Four microphone signal inputs</li> </ul>	<ul style="list-style-type: none"> <li>• Multimedia player, including for AVAS</li> </ul>
<i>Connectivity</i>	<ul style="list-style-type: none"> <li>• 1000 Mbps Ethernet</li> <li>• Two Controller Area Network (CAN) or Controller Area Network Flexible Data Rate (CAN FD) interfaces, and one LIN interface</li> <li>• Connectivity with smartphones, such as Carplay and Android Auto</li> </ul>	<ul style="list-style-type: none"> <li>• 1000 Mbps Ethernet</li> <li>• Two CAN or CAN FD interfaces</li> <li>• MFi certification capability to support connectivity with smartphones, such as Carplay</li> </ul>	<ul style="list-style-type: none"> <li>• 4G network connectivity</li> <li>• CAN</li> </ul>



	High-End SoC Domain Controller	Mid-End SoC Domain Controller	Low-End SoC Domain Controller
<i>Driver assistance</i>	<ul style="list-style-type: none"> <li>• Driving video recorder (DVR) and driver monitoring system (DMS)</li> <li>• Multimodal interaction functions combining voice commands with either eye tracking or gesture recognition</li> </ul>	<ul style="list-style-type: none"> <li>• DVR and DMS</li> <li>• Multimodal interaction functions combining voice commands with either eye tracking or gesture recognition</li> </ul>	<ul style="list-style-type: none"> <li>• DVR and DMS</li> <li>• Online voice recognition function</li> </ul>
<i>Others</i>	<ul style="list-style-type: none"> <li>• Built-in 360-degree surround view</li> <li>• HD single-camera reversing</li> <li>• Analog signal input/output, supporting power supply and management for screens and cameras</li> </ul>	<ul style="list-style-type: none"> <li>• Built-in 360-degree surround view</li> <li>• HD single-camera reversing</li> <li>• Analog signal input/output, supporting power supply and management for screens and cameras</li> </ul>	<ul style="list-style-type: none"> <li>• Built-in 360-degree surround view</li> <li>• HD single-camera reversing</li> </ul>

### *Software*

Leveraging our robust R&D capabilities, we independently develop most of the software components, which include both platform-based modules deployable on all vehicle models across the OEM's vehicle platform and those tailored to specific vehicle models. These components cover nearly all core software functionalities of our smart cockpits. The following diagram demonstrates the various layers of the software components on our smart cockpit domain controllers:



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#### *Notes:*

- (1) In the context of an SoC, BSP is like a “starter kit” of essential software that helps the operating system communicate directly with the specific hardware on the SoC.
- (2) A hypervisor is a specialized software layer that allows different systems to run independently on a single main compute unit inside the vehicle, enabling multiple systems to share the same hardware resources securely and efficiently.

Our software, tailored to various vehicle platforms and models, encompass underlying software (including BSP, hypervisors and hardware drivers), operating system, and user-facing application software. When purchasing our smart cockpit solutions, customer can choose to purchase domain controllers equipped with all software components developed by us, or opt for domain controllers that include only the underlying software, allowing them to install their own operating system and user-facing applications. When we serve as a Tier-1 supplier to OEMs, we are typically engaged to develop highly customized software.

OEM customers provide us with their customization requirements, including a list of functionalities and performance criteria, along with necessary technical documents. Based on these requirements, we design the human-machine interface (HMI), functional implementation plan, system design, and project timeline. These designs are then submitted to the OEM for review. Upon approval, we proceed with software development. We typically adopt an iterative software development approach, setting delivery milestones and delivering software packages in stages for OEM testing and acceptance. Once all functional requirements have been tested and approved by the OEM according to the development plan, we release the final software package, along with any required process documentation. Our customized software can be deployed across multiple vehicle models, depending largely on whether the OEM's E/E architecture is standardized across these models. If the architecture and functional requirements are consistent, a single software solution can be used for multiple vehicle models.

Below is a summary of how we develop different types of software equipped on our domain controllers.

- *Underlying software.* The SoCs that we procure usually are furnished a set of basic BSP, based on which we customize and upgrade the drivers to control the hardware elements in the smart cockpit, such as the displays and network communication.
- *Operating system.* We offer OEMs smart cockpit solutions powered by QingOS, our self-developed automotive-grade operating system that offers versatility across various car models and can be easily tailored to meet diverse customer requirements. The smart cockpit solutions that consist of domain controllers deployed with QingOS and other hardware components are our software-hardware integrated smart cockpit solutions. QingOS is developed based on basic software platforms, such as Android and BlackBerry QNX.
- *Application software.* Based on QingOS platform, we have developed our proprietary software to manage certain vehicle control and vehicle hardware functions. Our software implements interior lighting and air conditioning control, door and window control, driver preference recording, and driver safety monitoring. For certain modules, such as vehicle alarms, driver assistance, and the 360-degree camera system, we collaborate with suppliers in the development process. For example, algorithm suppliers develop algorithm SDKs based on specific needs of each project. Leveraging these algorithm SDKs, we develop and integrate HMI and middleware, ultimately delivering the functional modules to our customers. Additionally, we develop interfaces for, or directly integrate, certain user-facing application software, such as navigation, live traffic update, weather, news, music, and entertainment software, based on SDKs and Android package kits (APKs) provided by suppliers. We pay these suppliers license fees for the use of their software in our smart cockpit products.

In 2022, 2023, 2024 and the five months ended May 31, 2025, the projects where we supplied underlying software, operating systems and/or user-facing applications to OEMs accounted for approximately 93.5%, 87.2%, 96.0% and 98.9% of revenue for our smart cockpit solutions generated from OEM customers (excluding the revenue from R&D services), respectively. In 2022, 2023, 2024 and for the five months ended May 31, 2025, the projects where we supplied OEMs with domain controllers equipped with QingOS contributed approximately 90.4%, 79.8%, 40.0% and 33.4% of our smart cockpit solutions revenue from OEM customers (excluding the revenue from R&D services), respectively. The decrease in this percentage was primarily because certain major OEM customer in 2024 and 2025 opted to purchase a substantial number of domain controllers without our operating system and application software.

### *Pre-production Processes of Domain Controllers*

Prior to the mass production, we proactively collaborate with customers to complete certain design, development and verification processes, including:

- *Determine SoCs and modules.* Our collaboration with customers to prepare for the mass production begins with proactive communications with customers to determine chips and modules that best meet their requirements and application scenarios. OEMs often specify SoCs based on the computing power required to support functions of their specific vehicle model. Sometimes, we select appropriate SoCs and modules with functionalities satisfying OEMs' requirement. Leveraging our in-house test and verification capabilities, we develop solutions that align with OEM requirements while ensuring strong market competitiveness.
- *Design schematics and chip substrate architecture.* We design schematics and chip substrate architecture tailored to OEM specifications, considering the advantages and limitations of each SoC and module. We carry out the design of platform architecture diagrams, hardware schematics, PCB layout, various signal formats for EMC, high-speed signals, and underlying chip architecture.
- *Develop software and functions.* Based on SoCs, we develop software across multiple layers pursuant to OEMs' specific requirements, including (i) underlying software (including BSP, hypervisors and hardware drivers), (ii) operating system, and (iii) user-facing application software, such as applications for vehicle control, vehicle alarms, and driver assistance. Integrated into the hardware, the software enables various functions, including vehicle control, navigation and entertainment among others. Occasionally, we utilize open-source software in our development process. See "— Software" for more details.
- *Verify the product design.* We conduct a comprehensive series of design verification tests in laboratories. Led by our R&D team, this process focuses on assessing the performance and reliability of sample units through a variety of test, including high and low temperature resistance testing, EMC testing, hazardous substance assessments and real-world road tests. Based on the results, we make iterative improvements to enhance efficiency and functionality.
- *Verify production protocol.* Before mass production, we carry out production verification tests on our manufacturing lines using small-batch units. This phase is primarily led by our engineering team and focuses on evaluating whether the production processes, including tooling, fixtures and quality control measures, are capable of consistently manufacturing the product at scale.

- *Complete PPAP and obtain approval.* After completing all development, improvement and verification efforts, we enter the production part approval process (PPAP) to secure formal approval from customers for the mass production of our domain controllers.

While we provide full-spectrum product development capabilities to our customers, some of our customers decide to deploy an operating system of their own or other suppliers on the domain controllers to be produced by us. Therefore we may significantly simplify or even skip the product design and development processes.

### *Production Stage*

Our production processes for domain controllers and other hardware components consist of PCB preparation, SMT process, software integration and assembly, and testing and inspection. For more details, see “— Production — Production Process.”

We also collaborate with customers that have formulated their own hardware and software and we omit the product development phase and enter into the mass production stage after we obtain the design win from the customers. During the Track Record Period, we provided assembly services to certain customer where we used the raw materials, including SoCs, and accessories provided by this customer to produce domain controllers. As a result, the average unit prices of domain controllers we sold to this customer are lower as compared to the average unit prices of domain controllers that we supplied other customers.

### *Cockpit Components*

Our smart cockpit solutions also integrate other hardware, such as display screens, T-boxes, microphones, speakers, wires and antennas as well as software including application software that are purchased separately by customers from our domain controllers. OEM and Tier-1 supplier customers may request us to provide hardware components together with our domain controllers to improve the efficiency during vehicle assembly. To meet this type of demand, we purchase the additional hardware materials from suppliers according to the customers' requirements and integrate them into our smart cockpits. Certain cockpit components, including display screens and T-Box, are assembled by us internally to ensure quality control and better system integration. Other hardware, such as microphones, speakers, wires, and antennas, are generally purchased directly from our suppliers.

### *Displays*

We provide a range of advanced displays, including instrument clusters, infotainment screens and passenger screens.

- *Instrument cluster.* The instrument cluster is a digital display located behind the steering wheel. It provides the driver with essential information such as speed, electricity level, engine temperature, and navigation directions.
- *Infotainment screen.* The infotainment screen is the central hub for the vehicle's entertainment and information systems, usually located in the center console. It provides access to multimedia functions, navigation, smartphone integration, and vehicle settings. Our infotainment screen supports touch input, voice commands, and gesture controls, making it easy to use while driving. It can also display real-time information such as traffic updates, weather forecasts, and vehicle diagnostics, enhancing the overall driving experience.
- *Passenger screens.* The passenger screens allow passengers to control various vehicle settings and entertainment options, without distracting the driver.

We source display panels and cover plates from external suppliers and combine them with our in-house manufactured driver circuit board. Using proprietary designs, we effectively addressed complex technical challenges faced by display providers, such as component adaptability and visually seamless appearance. These designs enhance hardware performance and improve control efficiency. After final products are produced, we conduct rigorous functional test and verification to ensure the displays meet our high standard. Only after passing these thorough assessments will we put the displays into mass production and integrate them into our smart cockpits solutions. In 2021, we became the industry's first to support real-time switch between multiple screens within a vehicle using scrolling or gesture recognition and various visual interactions such as face, gesture and fatigue recognition, along with augmented reality navigation. This innovative design and exceptional user experience earned us the "Shanghai Design 100+" award in 2022 and the German iF Design Award in 2022. Moreover, our smart cockpit solutions powered by Qualcomm's Snapdragon 8295 chipset can display immersive 3D desktops, vehicles, music and other applications on a 4K screen, providing drivers and passengers with 3D multi-display interaction capabilities for up to six 4K screens or 12 2K screens.

### *T-Box*

During the Track Record Period, we primarily provided 4G T-Boxes. We procure chips and components from suppliers to produce our T-Boxes in-house.

Our 4G T-Box equipped with a 4G mobile communication module functions as a wireless router, seamlessly connecting vehicles, telematics service providers (TSPs), and the internet, enabling users to have remote access and control of the vehicle. It also provides security measures for the vehicle and offers data pathways for remote OTA (Over-the-Air) upgrades of each ECU in the vehicle.

With the independent power supply in NEVs, there is a trend of integrating the communication functions previously performed by a T-Box into the domain controller in vehicle cockpits. As chip processing power increases, this approach not only meets communication requirements and integrates T-Box functionality but also helps control costs.

### R&D Services

We offer stand-alone R&D services to a diverse range of participants in the intelligent automotive industry, including OEMs, Tier-1 supplier customers and in-vehicle application providers, to develop various smart cockpit hardware and software. We charge R&D service fees on a project basis, taking account into (i) our labor costs for all personnel involved in a specific project, typically including engineers of hardware development, software development, testing, and quality management; (ii) our non-labor related expenses, typically including costs for prototype development, mold expenses, and third-party testing for certification; and (iii) costs associated with the use of our intellectual properties. We recognize all the revenue from R&D services when the project was completed and the agreed R&D work products are accepted by customers. Our stand-alone R&D services do not necessarily lead to mass production projects. If our collaboration with R&D service customers extends to a project to produce the smart cockpit solutions developed by us in the R&D projects, we generate revenue from product sales based on shipment volume, which is separate from the R&D service fees previously charged. Although we carry out design, development and verification processes as part of delivering smart cockpit solutions under mass production projects, we consider these activities integral to fulfilling our obligations related to product sales, rather than as stand-alone R&D services that generate separate revenue.

Our R&D services cover software design and development, hardware design and development, and the development of vehicle connectivity platforms, either individually or in combination.

- (i) *Domain controller R&D.* We offer system design, structural design, circuit design, prototype production and testing for domain controllers. Based on OEM customers' functional requirements, we work closely with them to determine cost-effective SoCs and, considering the performance of these SoCs and the customer's needs, design the related circuits and architecture. We create the drivers for the hardware and implement the basic functions of the operating system according to the hardware design and OEM customers' functional requirements (typically to provide functional interface support for upper-layer software). This ensures our domain controller's compliance with the OEM customers' electrical performance requirements and the functional needs of upper-layer software development.
- (ii) *Software R&D.* Based on the functional requirements provided by OEM customers, as well as the smart cockpit hardware and underlying software supplied by the OEM or other suppliers, we offer customized upper-layer application software and middleware development. The typical development projects include interface development, navigation software development, online multimedia software development, local multimedia software development, smart cockpit system software development and vehicle control and configuration software development. Based on customer requirements, our typical software design and development involve certain processes, including HMI interaction design, software functional specifications design, detailed design, coding, and testing.

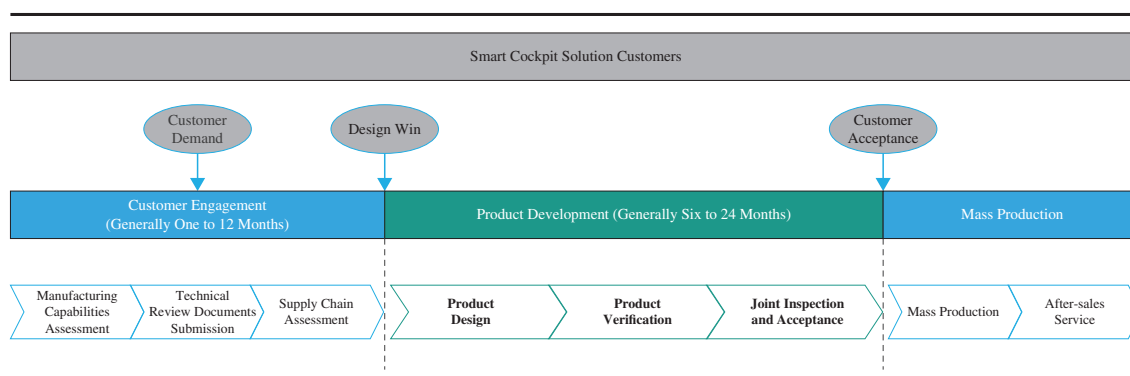


Additionally, we develop cloud-based software enabling vehicle connectivity tailored to the needs of OEMs based on their specification of requirements. The vehicle connectivity software that we developed for OEM customers typically encompass the following functions: (i) equipment connection, which manages the connection between in-vehicle hardware and cloud-based servers; (ii) TSP, enabling vehicle status monitoring, vehicle alarms, remote control, remote diagnostics, and Bluetooth keys; (iii) monitoring status of vehicles and providing timely notification of overheated battery or other malfunctions of NEVs; (iv) OTA, allowing OEMs to deliver remote software updates directly to vehicles without the need for an on-site visit for manual updates; (v) AI-enabled personalization, enabling various vehicle connectivity functions based on user behavior and preference; and (vi) Apps and services within the ecosystem surrounding vehicles.

We believe that our R&D services are an integral part of our smart cockpit solution business and benefit us in two ways. Firstly, we are able to expand our customer base and source of income. It provides us with the opportunity to showcase our R&D capabilities to OEMs, which we believe would deepen our cooperation with OEMs. Secondly, we can also gain insights into requirements and product specifications of OEMs. For the year ended December 31, 2022, 2023, 2024 and for the five months ended May 31, 2025, our revenue generated from smart cockpit R&D services was RMB166.0 million, RMB358.7 million, RMB323.9 million and RMB62.4 million, respectively, accounting for 13.6%, 24.0%, 12.7% and 8.2% of our total revenue, respectively.

### Processes of Cooperation with Customers

Our smart cockpit solution projects typically cover three phases: customer engagement, product development, and mass production. While we are capable of supporting customers throughout the entire process, we offer flexibility for customers to engage us for specific stages based on their individual project needs. The following chart illustrates the full process from initial customer engagement to mass production of our smart cockpit solutions:



- *Customer Engagement.* Our customer engagement stage involves various assessments conducted by OEM customers to ensure that we are capable of delivering the required solutions and products. Our experienced internal teams then work closely to respond to customer demands and drive the project forward:
  - o *Manufacturing Capability Assessment:* Our customers evaluate our manufacturing capabilities to ensure we can meet production volume, quality and delivery standards. These assessments encompass various critical areas, including factory facilities and environment, machine maintenance, quality management system and production control processes.
  - o *Technical Review Documents Submission:* Upon receipt of RFQ or SOR requirements from our customers, our business, technical, procurement, engineering and quality teams collaboratively evaluate the customer's requirement. Led by our technical team, we prepare a technical review package, which articulates the proposed technical solutions and feasibility and then submitted to customers for review.
  - o *Supply Chain Assessment:* Our customers typically conduct rigorous supply chain assessment focusing on evaluating our sourcing capabilities, supply chain stability and supplier management practices.

Typically, it takes one to twelve months for our OEM customers to progress from the start of their assessments to the confirmation of design win, which indicates that we have passed all the evaluations and been selected as a designated supplier. For the OEM customers that select us as their designated supplier for the first time, it may take one to seven months after the confirmation of design win to complete the execution of a framework agreement with the OEM.

- *Product Development.* After obtaining the design win, we proceed to the product development phase, which includes product design, product verification and joint inspections and acceptance. For more details about product development processes before mass production, see “— Major Components of Our Smart Cockpit Solutions — Domain Controller — Pre-production Processes of Domain Controllers.”
- *Mass Production.* Upon successful acceptance, we enter into the mass production phase. Our production and procurement departments organizes raw material procurement and manages mass production based on OEM customers' orders. We ensure on-time and quality delivery according to customer requirements.

Throughout all phases, we maintain close communication and collaboration with OEM customers to ensure technical alignment, delivery precision and service excellence, thereby building long-term and trusted partnerships.

While we provide full-spectrum product development capabilities to our customers, some of our customers decide to deploy operating system of their own or other suppliers on the domain controllers to be produced by us. Therefore we may significantly simplify or even skip the product development stage. Even though this means we are not providing a software-hardware integrated solution to the customer, we still perform certain design work for domain controllers tailored to specific needs of OEM customers, rather than providing standardized products, such as the following:

- we deliver smart cockpit solutions with computing power aligned with the performance needs of each OEM customer and vehicle model;
- we configure our solutions according to the market positioning and cost-performance expectations of each OEM customer and each vehicle model;
- we design the physical layout and installation methods of the smart cockpit domain controllers based on the available space and structural design of different vehicle models; and
- we engaged in deep collaboration with OEM customers throughout the project life cycle, refining and optimizing solutions to meet complex and evolving requirements.

We also collaborate with customers who have formulated their own hardware and software and we will omit the product development phase and enter into the mass production stage after we obtain the design win from the customer. During the Track Record Period, we provided assembly services to certain customer where we used the raw materials and accessories provided by the customer to produce domain controllers.

### **Core Functions**

Our software-hardware integrated smart cockpit solutions offer more than just basic vehicle information like vehicle speed, revolutions per minute (“RPM”), fuel level, battery level and engine temperature. We provide highly interactive functionalities such as voice commands, gesture control and eye tracking, aligning with the growing prevalence of ADAS features. Additionally, our solutions seamlessly integrate with the in-vehicle infotainment systems and the heads-up displays, enhancing user experience and safety.

The core functions our smart cockpit solutions offer include:

### ***Vehicle Interaction and Control***

We utilize natural language understanding to enable conversational and intuitive voice control for vehicle interactions. In various in-vehicle scenarios, powered by technologies from third-party providers, our solutions demonstrate outstanding capabilities in voice wake-up, speech recognition, and speaker identification. Major activation words achieve an activation rate of over 95%, with an average response time of less than 350 milliseconds, placing us at an industry-leading level, according to CIC. In addition, our solutions exceed 98% accuracy in locating the sound source and maintain a recognition rate of over 97% for online speech. With advanced speech recognition functionality, users enjoy a hands-free and intuitive driving experience, allowing drivers to stay focused on the road while effortlessly managing in-vehicle systems.

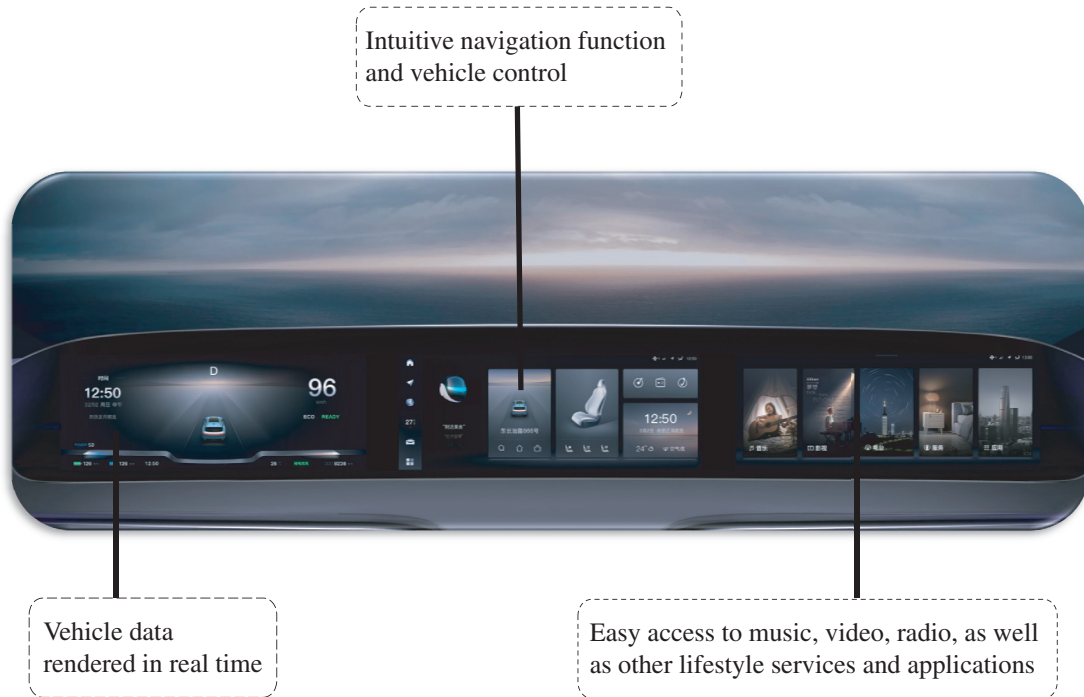
### ***Route Navigation***

Levering third-party mapping and navigation technologies, our route navigation function utilizes GPS and real-time traffic data to provide accurate route guidance, helping drivers avoid congestion and reach their destinations faster. Our smart cockpits support voice-activated controls, allowing drivers to input destinations and receive directions without taking their hands off the wheel.

### ***Information Display***

The instrument cluster serves as the central display unit in a vehicle, providing vital information to the driver regarding driving metrics, vehicle status, entertainment options, and navigation assistance. We utilize real-time rendering to ensure that visual elements are updated instantly, providing the driver with up-to-date information. Through a three-dimensional visual interface, drivers can access critical information about the vehicle's status, navigation and entertainment features in an immersive manner. By incorporating depth and dimension into the display, our system enhances visibility and accessibility, allowing for more engaging and user-friendly interaction.

*The instrument cluster, control panel, and infotainment display are seamlessly integrated into one unified screen*



- *Vehicle driving information display:* It provides real-time data on speed, fuel levels, battery levels, temperature, and other essential driving metrics for the driver's reference, designed to enhance guidance and safety.
- *ADAS driving status display:* It shows active safety system alerts, such as lane departure warnings or collision avoidance system status, to assist drivers in monitoring their driving environment.

We offer a seamless and intuitive interface by integrating multiple high-resolution displays throughout the vehicle cabin. With multi-display interactions, users can effortlessly access and control various infotainment, navigation, and vehicle settings from different vantage points within the vehicle. This function enables simultaneous display of relevant information across multiple screens, facilitating fluid and efficient interaction with the vehicle system.

### ***Infotainment***

We support an array of entertainment functions, offering consumers an engaging and interactive in-vehicle experience.

- *Entertainment content:* From an extensive library of movies, TV shows and sports events to educational content and live streaming, passengers have access to a rich variety of video entertainment. Our infotainment function offers a diverse selection of music genres, playlists, and karaoke options, interactive gaming experience, online shopping and other entertainment selections, enabling passengers to enjoy leisure during their journey.
- *Premium sound:* Our domain controller typically integrates certain key components of the audio system, including hardware and software for audio strategy, noise reduction, echo cancellation, and sound effects. Our solutions employ zonal audio technology, creating personalized sound zones within the vehicle for passengers to enjoy tailored audio settings. It features active noise cancellation to monitor and suppress unwanted sounds, along with echo cancellation for hands-free calls, enhancing overall clarity and communication.

We typically source infotainment content and services from a variety of third-party providers and integrate them into our solutions. The associated costs are generally incurred when these suppliers charge us (i) a one-time licensing fee; or (ii) non-recurring expenses and fees based on the number of vehicles utilizing the relevant content or services. We generally charge OEMs service fees for these content and services.

### ***Safety Monitoring***

Our solutions are designed to promote safer driving practices:

- *DMS:* Our system enhances driving safety by evaluating the driver's fatigue state and attention level, and identifying dangerous behaviors, helping the driver stay alert and aware of their surroundings. Our system can use facial recognition technology to identify different drivers, allowing it to adjust each driver's previously set preferences and improve the driving experience. Additionally, it evaluates fuel consumption, tracks vehicle location and routes, and monitors usage-based insurance ("UBI") data.
- *OMS:* By utilizing advanced sensors and AI algorithms, the OMS continuously monitors the vehicle's occupants, enhancing safety and comfort. It is designed to detect and analyze various parameters, including passenger presence, seating position, gesture, and even emotional states. This information allows the system to adjust settings such as air conditioning, seat positioning, and even seat modes for each individual occupant. Moreover, the OMS improves safety by identifying unattended passengers, children left in the vehicle, or items left behind.

- *AVM*: Using four external cameras connected to the smart cockpit (arranged around the vehicle in the front, rear, and sides), our system captures images of the environment outside the vehicle. Utilizing a surround-view algorithm, it stitches together the images from the four cameras to create a 360-degree view of the vehicle's surroundings from a top-down perspective, which is displayed on the central control screen, providing the driver with a more intuitive indication of the surrounding environment. Additionally, it can support alerts for approaching obstacles and other warning information.
- *DVR*: Using an external front-facing camera connected to the smart cockpit, the system records driving footage and stores it either in the built-in storage of the smart cockpit or on an external USB drive. It also features functions for playback of the recorded footage and photo capture.

### ***Connectivity***

Our system integrates an intelligent vehicle with external networks and devices:

- *Connectivity with smart devices*: We offer seamless connectivity with smart devices, allowing consumers to integrate their smartphones and Internet of Things (IoT) devices such as wearables with the vehicle's systems. By enabling communication and data exchange between devices, consumers enjoy a connected and personalized driving experience.
- *Over-the-air (OTA) updates*: The OTA update feature streamlines the update process, keeping the system up-to-date and secure with minimal user effort.

### ***Robust Security***

Our products and solutions maintain robust security across software, hardware and cloud platforms:

- *Hardware security*: Our chip-scale anti-tamper solutions deliver comprehensive security audits and authentication for a variety of services including telematics, entertainment, in-vehicle payments, and autonomous driving, ensuring hardware-level protection.
- *Information security*: We implement two-way authentication to secure data during transmission, ensuring that downlink data sent to terminals and vehicles originates from trusted TSP background programs, and uplink data from terminals and vehicles is directed to a reliable TSP background program. This process guarantees data consistency and integrity, and prevents unauthorized modifications. Additionally, we ensure that decrypted data is only accessible to designated recipients and that role-based access control lists (ACL) manage operating authorizations effectively.



## BUSINESS

- *Privacy protection:* To protect user privacy, our system provides options to disable specific functions, including navigation and location tracking, search history, webpage bookmarks, voice input, camera recording, and calendar display. Users can also choose to encrypt incoming call numbers, hide call records, and not show saved contacts. These options ensure a tailored and reassuring experience.

### Project Portfolio

We have been engaged primarily by OEMs and Tier-1 supplier customers on extensive smart cockpit projects. The following table sets forth the details of our key ongoing projects top five ongoing projects in the mass production stage with the highest shipment volume of domain controllers in each period during the Track Record Period. Each of our mass production projects may correspond to a specific vehicle model of an OEM or encompass all vehicle models built on the same E/E architecture platform of the OEM.

Key Project	Customer	Products Delivered	Type of SoCs Applied	R&D Services	Other Smart Cockpit Components	Mass Production Commencement Time	Shipment Volume (Units in thousands)
<i>For the year ended December 31, 2022</i>							
Project A . .	Customer C	Domain controllers	Low-end	Not provided	Provided	April 2022	61
Project B . .	Customer B	Domain controllers	Low-end	Provided	Not Provided	July 2021	50
Project C . .	Customer E	Domain controllers	Mid-end	Not provided	Not provided	July 2022	28
Project D . .	Customer B	Domain controllers	Mid-end	Provided	Not provided	June 2022	26
Project E . .	Customer B	Domain controllers	Mid-end	Provided	Not provided	March 2022	24
<i>For the year ended December 31, 2023</i>							
Project F . .	Customer D	Domain controllers	Low-end and mid-end	Provided	Provided	February 2021	43
Project G . .	Customer A	Domain controllers	Mid-end	Provided	Provided	June 2022	41
Project H . .	Customer A	Domain controllers	Low-end	Provided	Not provided	July 2022	39
Project B . .	Customer B	Domain controllers	Low-end	Provided	Not Provided	July 2021	28
Project I . .	Customer A	Domain controllers	Mid-end and low-end	Provided	Not provided	June 2023	20
<i>For the year ended December 31, 2024</i>							
Project J . .	Customer I	Domain controllers	High-end and mid-end	Not Provided	Provided	August 2023	185
Project K . .	Customer H	Domain controllers	High-end	Not provided	Not provided	February 2024	174
Project L . .	Customer B	Domain controllers	Mid-end	Not provided	Not provided	June 2024	53
Project M . .	Customer A	Domain controllers	Low-end	Provided	Not provided	January 2024	44
Project A . .	Customer C	Domain controllers	Low-end	Not provided	Provided	April 2022	43

## BUSINESS

Key Project	Customer	Products Delivered	Type of SoCs Applied	R&D Services	Other Smart Cockpit Components	Mass Production Commencement Time	Shipment Volume (Units in thousands)
<i>For the five months ended May 31, 2025</i>							
Project J . .	Customer I	Domain controllers	High-end and mid-end	Not provided	Provided	August 2023	71
Project K . .	Customer H	Domain controllers	High-end	Not provided	Not provided	February 2024	67
Project A . .	Customer C	Domain controllers	Low-end	Not provided	Provided	April 2022	23
Project N . .	Customer B	Domain controllers	Mid-end	Not provided	Not provided	February 2024	20
Project O . .	Customer D	Domain controllers	Mid-end	Provided	Not provided	January 2024	12

The following table sets forth the details of our key projects under development as of May 31, 2025.

Project	Products to be Provided	Type of SoCs applied	R&D Services	Development Commencement Time <sup>(1)</sup>	Status of Development as of May 31, 2025 <sup>(2)</sup>
Project P . . .	Domain controllers	High-end	Provided	September 2024	Product design validation
Project Q . . .	Domain controllers and screens	High-end	Provided	January 2025	Product design validation
Project R . . .	Domain controllers	High-end	Provided	April 2025	Product design validation
Project S . . .	Domain controllers	Low-end	Provided	April 2025	Product design validation
Project T . . .	Domain controllers	High-end	Provided	January 2024	Pilot production
Project U . . .	Domain controllers	High-end	Provided	April 2025	Prototype design validation
Project V . . .	Domain controllers	High-end	Provided	April 2025	Prototype design validation
Project W . . .	Domain controllers	Low-end	Provided	April 2025	Product design validation
Project X . . .	Domain controllers	Mid-end	Provided	April 2025	Product design validation
Project Y . . .	Smart cockpit components	High-end	Provided	January 2025	Prototype design validation

*Notes:*

- (1) Represents the development commencement time of the projects which remained under development as of May 31, 2025.
- (2) Represents the development status of the projects which remained under development as of May 31, 2025.

## BUSINESS

The following table sets forth the movement of collaborating OEM customers of our smart cockpit solutions business in each period during the Track Record Period.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Number of collaborating OEM customers at the beginning of the year/period . . . . .	14	17	16	16
Number of OEM customers commencing collaboration within the year/period . . . . .	6	2	2	2
Number of OEM customers with projects ended within the year/period . . . . .	<u>(3)</u>	<u>(3)</u>	<u>(2)</u>	<u>(3)</u>
Number of collaborating OEM customers at the end of the year/period . . . . .	<u>17</u>	<u>16</u>	<u>16</u>	<u>15</u>

The following table sets forth the total number of our projects and the movement (including addition and completion) of projects for the periods indicated:

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
<b>Number of projects at the beginning of the year/period . . .</b>	109	105	121	126
Number of new projects . . . . .	51	67	57	42
Number of completed projects . . . . .	<u>(55)</u>	<u>(51)</u>	<u>(52)</u>	<u>(52)</u>
<b>Number of projects at the end of the year/period . . . . .</b>	<b>105</b>	<b>121</b>	<b>126</b>	<b>116</b>
Mass production projects . . . . .	46	60	78	72
Projects under development . . . . .	<u>59</u>	<u>61</u>	<u>48</u>	<u>44</u>

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### Key Operating Data of Smart Cockpit Products

The following table sets forth certain information for our smart cockpit products (consisting of domain controllers and cockpit components) for the periods indicated.

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
<b>Domain controllers<sup>(1)</sup></b>					
Shipment volume (units in thousands) . . . . .	488	793	915	221	266
Average unit price (RMB) . . . . .	1,382	990	2,141	2,075	2,257
Revenue (RMB in thousands) . . .	674,302	784,850	1,959,008	458,149	599,769
Percentage of total revenue (%) .	55.4	52.4	76.6	81.7	79.6
<b>Cockpit components<sup>(2)</sup></b>					
Shipment volume (units in thousands) . . . . .	681	513	750	393	183
Average unit price (RMB) . . . . .	350	407	211	128	337
Revenue (RMB in thousands) . . .	238,284	208,829	158,507	50,258	61,534
Percentage of total revenue (%) .	19.6	14.0	6.2	9.0	8.2

*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. For details, see “— Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — 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).

During the Track Record Period, the shipment volume of domain controllers steadily increased, reflecting that the demand for our domain controllers increased and we successfully developed new customers and expanded our business with existing customers. The average unit price of domain controllers decreased from RMB1,382 in 2022 to RMB990 in 2023, primarily because the prices for domain controllers equipped with low-end SoCs decreased under the intensified market competition and such domain controllers accounted for a considerable portion of our total domain controller shipment volume in 2023. The average unit price of domain controllers increased to RMB2,141 in 2024 and further to RMB2,257 in the five months ended May 31, 2025, primarily due to our strategic focus on developing and producing domain controllers equipped with high-end SoCs, catering to the increased consumer demand for vehicle models with higher level of intelligence and better performance of cockpit functions.

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The following table sets forth the breakdown of shipment volume and revenue of our domain controllers by associated chip type for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Absolute amount	% of total	Absolute amount	% of total	Absolute amount	% of total	Absolute amount	% of total	Absolute amount	% of total
<b>Shipment volume (unit in thousands)</b>										
High-end SoC <sup>(1)</sup> . . .	Nil	Nil	12	1.5	351	38.4	82	37.1	136	51.1
Mid-end SoC . . . . .	174	35.7	248	31.3	306	33.4	79	35.7	67	25.2
Low-end SoC . . . . .	314	64.3	533	67.2	258	28.2	60	27.1	63	23.7
<b>Total . . . . .</b>	<b>488</b>	<b>100.0</b>	<b>793</b>	<b>100.0</b>	<b>915</b>	<b>100.0</b>	<b>221</b>	<b>100.0</b>	<b>266</b>	<b>100.0</b>
<b>Revenue (RMB in thousands)</b>										
High-end SoC . . . . .	Nil	Nil	13,176	1.7	1,100,907	56.2	230,456	50.3	402,252	67.1
Mid-end SoC . . . . .	296,364	44.0	467,570	59.6	601,210	30.7	172,995	37.8	135,638	22.6
Low-end SoC . . . . .	377,938	56.0	304,104	38.7	256,891	13.1	54,698	11.9	61,879	10.3
<b>Total . . . . .</b>	<b>674,302</b>	<b>100.0</b>	<b>784,850</b>	<b>100.0</b>	<b>1,959,008</b>	<b>100.0</b>	<b>458,149</b>	<b>100.0</b>	<b>599,769</b>	<b>100.0</b>
<b>Average unit price (RMB)</b>										
High-end SoC <sup>(2)</sup> . . .	Nil		1,137		3,136		2,807		2,951	
Mid-end SoC . . . . .	1,703		1,882		1,965		2,197		2,037	
Low-end SoC . . . . .	1,203		571		995		913		985	

*Notes:*

- (1) This category includes (i) domain controllers assembled by us using raw materials (including the SoCs) supplied by the customer, and (ii) domain controllers which are produced with raw materials (including the SoCs) procured by us based on specific needs of OEM customers.
- (2) This category includes (i) domain controllers assembled by us using raw materials (including the SoCs) supplied by the customer, with a unit price less than RMB1,000, and (ii) domain controllers which are produced with raw materials (including the SoCs) procured by us based on specific needs of OEM customers, with a unit price above RMB5,000.

From 2022 to 2024, the shipment volume and revenue of domain controllers equipped with mid-end and high-end SoCs continually showed an upward trend. In contrast, although the shipment volume of domain controllers equipped with low-end SoCs experienced an increase in 2023 compared to 2022, the shipment volume declined in 2024 and the revenue of this type of domain controllers continually declined from 2022 to 2024. These changes reflected that we have strategically focused on developing and producing domain controllers equipped with high-end SoC, catering to the growing consumer demand for vehicle models with higher intelligence and enhanced cockpit functions. The shipment volume and revenue of domain

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controllers equipped with high-end SoCs increased in the five months ended May 31, 2025, as compared with the same period in 2024, in line with our business expansion. The figures of domain controllers equipped with mid-end SoCs dropped slightly during the same period, primarily due to the completion of the project with a major customer. The shipment volume and revenue of domain controllers equipped with low-end SoCs increased during the same periods as a result of increased customer demand.

The following table sets forth the breakdown of shipment volume and revenue for our smart cockpit products (consisting of domain controllers and cockpit components) by customer type for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Absolute amount	% of total	Absolute amount	% of total	Absolute amount	% of total	Absolute amount	% of total	Absolute amount	% of total
<b>Shipment volume (unit in thousands)</b>										
OEM customers . . .	1,130	96.7	840	64.3	1,116	67.0	493	80.3	295	65.7
Other customers <sup>(1)</sup> . .	39	3.3	466	35.7	549	33.0	121	19.7	154	34.3
<b>Total . . . . .</b>	<b>1,169</b>	<b>100.0</b>	<b>1,306</b>	<b>100.0</b>	<b>1,665</b>	<b>100.0</b>	<b>614</b>	<b>100.0</b>	<b>449</b>	<b>100.0</b>
<b>Revenue (RMB in thousands)</b>										
OEM customers . . .	876,576	96.1	748,257	75.3	1,838,218	86.8	456,442	89.8	584,326	88.4
Other customers <sup>(1)</sup> . .	36,010	3.9	245,422	24.7	279,297	13.2	51,965	10.2	76,977	11.6
<b>Total . . . . .</b>	<b>912,586</b>	<b>100.0</b>	<b>993,679</b>	<b>100.0</b>	<b>2,117,515</b>	<b>100.0</b>	<b>508,407</b>	<b>100.0</b>	<b>661,303</b>	<b>100.0</b>

*Note:*

(1) Consist of Tier-1 supplier customers and other participants along the value chain of the automotive industry.

## VEHICLE CONNECTIVITY SUPPORT SERVICES

We primarily provide OEM customers with vehicle connectivity support services, which consist of user support services which assist OEMs to provide car owners with assistance, and platform maintenance services for vehicle connectivity platforms. These services assist OEMs to enrich the overall vehicle owners' experience with the realm of intelligent connected vehicles and enable OEMs to maintain smooth, stable operations of their vehicle connectivity platforms. We offer vehicle connectivity support services separately from our smart cockpit solutions. OEM customers can choose to purchase either or both of our smart cockpit solutions and vehicle connectivity support services.

### User Support Services

We are engaged by OEMs to operate their customer service centers, providing their vehicle owners with technical assistance, road rescue, and emergency response services, all of which are designed to ensure a seamless and convenient user experience.

- *Technical Assistance.* The staff at our service center respond to questions about the vehicle's connectivity features via traditional methods, like phone calls and text messages, as well as through automated voice calls triggered by in-car buttons or collision alerts. They answer owners' queries about operation and maintenance of vehicle connectivity systems. These offerings provide further security and enhance owner satisfaction with OEM-manufactured vehicles.
- *Road Rescue.* When a vehicle equipped with intelligent connectivity technology encounters issues like low fuel, battery depletion, tire damage, or flooding, owners of vehicles can press the in-car roadside assistance button to contact our service center instantly. Within seconds, our staff will guide the vehicle owner on how to manage the issue and arrange necessary assistance, such as towing or quick repairs. We collaborate with service providers who are qualified to collect and transmit geolocation of vehicles to identify and coordinate with the nearest repair providers to expedite roadside assistance, reducing wait time and enhancing rescue efficiency.
- *Emergency Response.* When a vehicle covered by our user support services experiences a severe collision, drivers and passengers can instantly contact our service center by pressing the in-car SOS button, in addition to calling customer service. Within seconds, our staff can connect with the user, coordinating emergency services such as police, ambulance, or fire and rescue. Our service center collaborates with service providers who are qualified to collect and transmit geolocation of vehicles, and they have access to vehicle's real-time location. If the collision renders the user unable to contact our service center, our system can identify the vehicle involved, contact the owner via the in-car communication system or mobile phone, and inform police of the vehicle location for rescue, providing maximum safety for the vehicle owner.

We have two pricing models for user support services: (i) agreeing with OEMs on a total amount of service fees primarily based on our anticipated service costs, including, among others, staff costs, venue and facility costs, and system maintenance fees for the service centers for the service period, and under the agreements with some major OEM customers, such total amount may be adjusted based on calculation of the working hours actually incurred by our staff at the service center, being the aggregate amount of the billing amount as confirmed by both parties on a monthly or quarterly basis throughout the service period, or (ii) charging OEMs service fees based on a monthly or annual fee per vehicle and the number of vehicles using our services during the contract term, subject to an upper limit amount. Under the first pricing model, the total service fee set forth in our contracts with OEMs varies based on the complexity and duration our services. Under the second pricing model, the our total service fee would equal to the sum of service fees we received from the customer during the contract term.



*Case Study*

In March 2023, we entered into a service agreement with a leading Sino-foreign joint venture OEM to operate its customer service center for a term of three years. This customer service center serves the OEM's car owners and potential customers nationwide with respect to car purchase consultations, test drive appointments, after-sales support, 24-hour emergency roadside assistance, complaint handling, and emergency event management (such as car recalls). It applies multiple communication channels, including phone calls with a 400 toll-free number, online chat box, short messages, emails, and facsimile, to serve car owners, and the OEM expands the center's touchpoints with car owners to websites, mobile and in-vehicle Apps, and social media platforms. We successfully passed the OEM's rigorous bidding and selection process based on our in-depth operation experience in the vehicle connectivity industry.

Our operation services for this customer service center cover daily operations of user support, maintenance of the center's facilities, recruitment and training of customer service staff, design of business processes, formulating customer communication scripts and FAQ system and other work to assist the OEM in upgrading the center's capabilities. Our service team consists of call center representatives, service quality staff, training staff, data and technical support staff, business liaisons, and management personnel.

The OEM and we agreed on a total amount of the service fees throughout the service period determined based on our anticipated service costs. These costs include (i) staff cost, being the largest component of our costs, (ii) our preparation and transferring costs for initiating our services (applicable only for the first six months), (iii) venue and facility costs, (iv) the network and office expenses, and (v) training and management costs. We submit the billing information of the service fee to the OEM on a monthly basis, calculated according to the working hours of our staff at the service center.

### **Platform Maintenance Services**

We provide maintenance services for vehicle connectivity platforms – whether developed by OEMs or by us – to ensure stable operation of such platforms, enhance performance, protect system and data security, and adapt to evolving business needs. Our maintenance services include:

- *Infrastructure Maintenance.* We monitor performance indicators for servers of the vehicle connectivity platforms, including CPU, memory, disk and bandwidth, and take necessary measures to promptly restore the components with abnormal indicators. We also carry out database back-up and optimization, as well as configuration management for these platforms. Our system security management includes monitoring security incidents, addressing vulnerabilities, and ensuring compliance with applicable national security standards and regulations.
- *Service Applications Maintenance.* We provide maintenance services to mobile applications, in-car applications, and vehicle connectivity platforms applied by OEMs to deliver vehicle connectivity functionalities. We are mainly responsible for the distribution and installation of the OTA package and analyze the data regarding OTA updates for OEMs. Where specifically requested by customers, we also provide development of OTA packages. We guide OEMs' dealers and vehicle owners to successfully complete the updates and look into any abnormal incidents that occur. We also provide OEMs with our analyses and summaries of the issues identified based on vehicle owners' feedback, supporting their efforts in continuous product iteration.

We have two pricing models for vehicle connectivity platform services: (i) charging OEMs a fixed annual service fee, determined primarily based on our anticipated working hours of our engineers, or (ii) charging OEMs service fees based on a monthly or annual fee per vehicle and the number of vehicles connected to the OEM's platform during the contract term, subject to an upper limit amount. Under the first pricing model, the total service fee set forth in our contracts with OEMs varies based on the complexity and duration our services. Under the second pricing model, the our total service fee would equal to the sum of service fees we received from the customer during the contract term.

#### *Case Study*

In November 2024, we entered into an agreement with a leading Chinese OEM to provide it with maintenance services for the OEM's vehicle connectivity platform. The agreement spans a term from November 2024 to August 2025, and covers a broad scope of technical and operational support essential to the continued stability and functionality of the OEM's platform. Such platform enables continuous, real-time communication between vehicles, drivers, and cloud services. The OEM applies this cloud-based platform to realize various vehicle connectivity functions, including account registration, activation and management, vehicle data collection and remote control, data analysis and processing, infotainment, OTA upgrading and management, App service support, and online after-sales service management.

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Our platform maintenance work primarily include: (i) setting up and maintaining of OEM vehicle connectivity platform servers, (ii) ensuring the stable operation of the mobile App services for the vehicle connectivity platform, (iii) monitoring and providing malfunction warnings for the normal operation of network communication devices such as in-vehicle terminal equipment or T-Box connected to the platform, and (iv) managing the iteration, acceptance testing, and release of the vehicle connectivity platform.

We charge the OEM service fees based on a monthly rate per vehicle and the number of vehicles connected to the OEM's vehicle connectivity platform, subject to an upper limit amount, and settle our fees with the OEM every four months. The monthly fee per vehicle is quoted based on cloud service rental costs and technical personnel labor costs.

Additionally, for iteration exceeding a predefined workload threshold, we apply a supplemental billing mechanism. Under this mechanism, the OEM may engage additional services on a pay-as-you-go basis, determined by the number of working days required by specific technical roles, each charged at a different daily rate.

### Key Operating Data of Vehicle Connectivity Support Services

The following table sets forth certain key operating data for our vehicle connectivity support services:

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
<b>User Support services:</b>				
Number of OEMs served . . . . .	5	7	8	8
Number of customer service centers operated . . . . .	10	10	11	10
<b>Platform maintenance services:</b>				
Number of OEMs served . . . . .	13	12	10	10
Number of platforms under our maintenance . . . . .	14	14	14	14

## **OUR CORE INFRASTRUCTURE AND TECHNOLOGIES**

### **Our Core Infrastructure**

Our products and solutions are supported by QingOS, our automotive-grade operating system, QingCore, our proprietary hardware design solution, and QingCloud, our advanced cloud service platform. QingOS serves as the backbone, offering stability, security, and optimized performance tailored for in-vehicle applications. It enables efficient communication and data processing, essential for the diverse functions and sensors present in our solutions. QingCore supports a range of SoC solutions from different providers to provide the necessary computing power for our solutions. Powered by QingCloud, we are poised to offer seamless performance of cloud services even under high concurrency and large capacity demands.

#### ***QingOS***

QingOS is our proprietary automotive-grade operating system, specifically designed for deployment on our domain controllers. It functions as communication bridge with the domain controller and other hardware components of the smart cockpit, such as displays, and provides the operating environment for in-vehicle Apps that enable smart cockpit functions. This in-house developed system features a modular design that allows for rapid adaptation to various hardware configurations and platform requirements. The modular approach enables smooth integration and deployment across different vehicle models, with a straightforward customization process that caters to the diverse needs of OEM customers.

Catering to the market demand for software-defined vehicles, our QingOS system enables multi-display interaction, immersive audio setups, and multi-mode interactions, while also providing modular interface capability based on vehicle functions.

QingOS can be customized to meet diverse business needs in different geographical markets. We have established robust compliance frameworks, obtained global patents, and formed partnerships with leading cloud platforms to ensure a worldwide infrastructure and support network. Through extensive R&D, we ensure our solutions meet stringent overseas regulations. Additionally, we incorporate market insights and consumer feedback from various regions to customize our QingOS systems, providing features and functionalities that resonate with international consumers. As a result, we assist Chinese automakers in their global expansion by equipping their products with smart cockpit operating systems that align with international regulatory standards and cater to diverse consumer preferences.

#### ***QingCore***

To better address the diverse demands of OEM customers for smart cockpit solutions, we have adopted a platform-based approach for designing domain controllers and developed our proprietary design solution, QingCore.

QingCore is a comprehensive hardware design solution, not a collection of hardware products sold to customers. It is built to incorporate essential functions for domain controllers while featuring a wide collection of sample hardware design developed by us according to various configurations and requirements of SoCs from various providers, such as Qualcomm. By employing a modular design approach, QingCore is implemented on a development circuit board that integrates multiple units, each equipped with chips and other electronic components. Each unit fulfills specific function within the smart cockpit, and standardized interfaces are used for communication between these units. The internal design of each unit can be customized according to the specific needs of different vehicle models of OEM customers.

We use QingCore in the process of developing our proposal for domain controller design as part of the technical review documents to be submitted to customers for bidding for new projects. QingCore has incorporated our accumulated experience and know-how in hardware design for domain controllers, enabling rapid and reusable design development. This modular hardware design approach significantly shortens R&D timelines, accelerates our product proposal process to acquire new projects from OEMs, and ensures swift adaptation to the SoCs of the latest generation.

### ***QingCloud***

QingCloud is our proprietary cloud-based vehicle connectivity platform, designed with a focus on reliability, scalability and security. It connects vehicles to external cloud and internet services, supporting essential functions for connected intelligent vehicles. Featuring a modular design, the key modules of QingCloud include device connectivity system, TSP system, infotainment service system, vehicle intelligent service system, Firmware Over-The-Air (FOTA) system, and an emergency call center system. Building on these comprehensive modules offered by QingCloud platform, we can develop customized vehicle connectivity platforms for OEM customers based on their business needs. After the customized vehicle connectivity platforms delivered to OEMs, we are engaged by many customers to provide maintenance services to ensure stable operation of such platforms.

### **Our Core Technologies**

Through years of dedicated R&D efforts, we have developed a suite of core technologies in smart cockpit software and hardware systems. Our expertise spans end-to-end comprehensive development, encompassing software, hardware and cloud connectivity.

### *Technologies Underpinning Software Stack and AI Algorithms*

#### *Technologies for Operating System*

We have built our automotive-grade operating system with following key technologies:

- *Service-oriented architecture (SOA).* Automotive systems require a wide range of communication between the central control unit and other vehicle controllers, such as ECU, T-Box, and ADAS. We embrace an SOA approach to software design and architecture to create modular services that can be utilized across various applications, fostering adaptability to evolving business needs. This strategy promotes data and information sharing among different vehicle domains, ensuring robust stability and security. By harnessing the power of SOA architecture and protocol stacks, diverse vehicle domain controllers can exchange capabilities through microservices. Moreover, this integrated platform enhances connectivity to cloud-based services, further enhancing the overall functionality and interoperability of the system.
- *Vehicle control technologies.* We introduced two distinct technical approaches for vehicle operating systems, tailored to meet a variety of vehicle requirements while ensuring system stability and compatibility:
  - o *Stability.* We apply an approach to integrate software and hardware to enhance performance and stability. By separating the underlying architecture from user interfaces and user experience, this approach allows for swift adaptations across different vehicle models without compromising system stability.
  - o *Compatibility.* We apply an approach to separate software and hardware to improve compatibility with third-party automotive applications. Developed within the native Android Automotive environment, this solution provides standardized ports for the application layer and the architecture layer, enhancing adaptability to diverse hardware platforms and Android baselines.

By merging these two approaches, we present robust, reliable, and feature-rich automotive-grade operating systems. Prioritizing performance and flexibility at both hardware and software levels, our system streamlines customization for a wide range of vehicle models.

- *Virtual multi-camera system.* Operating systems advance in computational capabilities, and the complexity of automated driving, driver assistance, and safety features continues to grow. Alongside radar-based perception, visual data collection through cameras plays a vital role in enhancing environmental awareness for intelligent driving applications. To meet these evolving needs, the system must support multiple cameras, sometimes exceeding ten in number. We have developed a customized virtual multi-camera system that can be tailored to various smart

driving solutions, ensuring seamless compatibility with cameras connected through different methods, including Ethernet, wired, and wireless connections. By providing unified access through a standardized API interface, this system enables quick integration and application deployment, enhancing adaptability and usability across a wide range of smart driving scenarios.

### *Automotive Embedded Software*

Our embedded software technology represents a software platform running within microcontroller units (MCU) and adhering to the Real-Time Operating System (RTOS) and Automotive Open System Architecture (AutoSAR) standards. It is instrumental in enabling real-time perception, control, communication, diagnostics, and device power management functions within vehicles. In applications that require SoC integration, such as smart cockpits and infotainment systems, MCU-based embedded software serves as a crucial link between the SoC and the internal communications network interconnecting components inside a vehicle. It effectively complements the non-real-time functions of the SoC to meet rigorous real-time requirements, thereby enhancing product functional safety standards.

### *Echo Cancellation and Noise Reduction (ECNR) and Equalization (EQ) Algorithms*

We utilize acoustic digital signal processor (ADSP) systems to develop and implement ECNR and EQ algorithms tailored for automotive environments. These innovations enhance audio quality and user experience during Bluetooth calls. Our proprietary echo cancellation algorithm excels at effectively suppressing echoes in settings with high reverberation and significant external disturbances, delivering clear sound quality. Additionally, our internally developed noise reduction algorithm is designed to eliminate tire noise, wind noise, vehicle interior floor noise, and other disruptions encountered during vehicle operation. It successfully reduces steady-state external noise while preserving speech signals with minimal voice distortion.

### ***Technologies Underpinning Hardware Architecture***

#### *Cockpit Domain Control*

Cockpit domain control technology stands as a pivotal point within the realm of vehicle domain control. The emergence of this technology significantly streamlined the domain control of the overall vehicle, providing a crucial E/E architecture for the development of next-generation software-defined intelligent vehicles. Our technology possesses the following features:

- multi-display interactions, supporting over ten in-vehicle displays;



- enhanced AI computing power with embedded deep learning algorithms for on-device deployment of large language models within the cockpit, resulting in faster voice interaction responses, broader speech recognition support, and more natural voice interactions;
- integration of 4G modules to enable built-in T-Box functionality; and
- utilization of automotive microcontrollers with higher computing power and more channels to realize intelligent gateway functions.

Additionally, our cockpit domain control technology is compatible with Kirin processors and the HarmonyOS operating system. By integrating core QingOS modules into the HarmonyOS system, we have enhanced our ability to efficiently address customers' customization requirements.

### *Technologies Underpinning User Experience and Safety*

#### *Vehicle Multi-display*

We offer multi-display interactive capabilities that enhance the in-vehicle infotainment experience. Our in-vehicle display technology supports a range of distinctive interactive features:

- Seamless cross-display interaction: Users can seamlessly transfer content between the driver's screen and the passenger screen through intuitive swipe gestures.
- Integration between central control and instrument panel: Our technology allows for the projection of central control applications such as music information and navigation maps onto the instrument panel, promoting a unified and cohesive user interface. Additionally, the synchronized startup animation across the instrument panel, main screen, and passenger screen enhances the overall visual experience, providing a seamless and visually appealing transition for users.

#### *Customizable Navigation System*

We develop and deploy navigation features based on the SDKs of map service providers:

- We tailor navigation functions to meet the specific requirements of OEM clients and develop personalized navigation interfaces and unique features.
- Through the integration of telematics technology, we seamlessly connect the navigation system with other vehicle functions. By incorporating sensors such as accelerometers and gyroscopes, we improve the accuracy and stability of vehicle positioning. Furthermore, by leveraging in-vehicle cameras, we introduce advanced features such as AR navigation to enhance the system's intelligence and user experience.

- The system enhances user interaction by optimizing voice commands and human-machine interfaces. Combined with voice recognition technology, it enables voice navigation and control functions. This allows drivers to effortlessly operate the navigation system, enhancing driving safety and convenience.
- The system supports intelligent driving features by utilizing data from map providers' SDKs, including real-time traffic updates, road speed information, and traffic incidents. This aids in the decision-making process and control of intelligent driving systems, leading to improved driving safety and efficiency.
- Apart from navigation features tailored to domestic markets, our system has the capability to incorporate data from international map providers. This necessitates expertise in map data consolidation, localization, and multilingual support to guarantee the precision and adaptability of our navigation services.

### OUR R&D CAPABILITIES AND INITIATIVES

We are confident in our ability to develop industry-leading solutions for next-generation driving experience. Our team of dedicated R&D professionals is pivotal to our competitive edge. We have established six R&D centers strategically positioned in Nanjing, Dalian, Shenyang, Shenzhen, Wuhan and Changchun.

As of May 31, 2025, our R&D team comprised 709 specialists, representing 33.7% of our total workforce, among which 86.7% hold a bachelor's degree or above. We use AI tools to enhance R&D efficiency. Through AI-powered code analysis and automated debugging, we accelerate the development process, enhance code quality, optimize code structure, and tailor solutions to meet specific customer needs, resulting in rapid innovation cycles and high-quality solutions.

#### Key R&D Initiatives

We have been committed to continually advancing innovations in automotive intelligence technologies. We plan to continue to allocate resources to R&D initiatives aimed at fostering innovation and developing advanced technologies in order to quickly respond to market demands and launch new industry-leading solutions.

#### *Intelligent Solid-State Audio System*

In 2021, we developed the world's first intelligent solid-state audio system using a vehicle's surrounding body panel to produce and receive high-quality sound. This innovative system enables individuals outside the vehicle to communicate with those inside or contact drivers who have exited the car. It offers multiple interaction modes like independent sound projection and voice interaction from each side of the vehicle exterior, vibration or tapping detection on the vehicle body panels, intercom interaction through internal and external speakers, and detection of nearby individuals outside the vehicle.

Conventional speakers encounter challenges when projecting sound externally, including space limitations, installation constraints, suboptimal water, dust, and corrosion resistance, high power consumption, as well as lack of support for external surround sound. Our intelligent solid-state audio system, powered by high-power and broadband piezoelectric sound transducers, effectively addresses these challenges. It optimizes space utilization, reduces material usage, and maintains design flexibility without altering the vehicle's structure.

This system delivers immersive high-quality 360-degree surround sound outside the vehicle, eliminating any sound dead zones. Currently, this solution supports over 50 innovative use cases spanning vehicle safety, entertainment, and communication scenarios. Among these applications are the ability to place calls to drivers who have exited their vehicles, requesting them to move if their cars are obstructing others; to communicate with or control the vehicle via voice commands before drivers decide to enter the vehicle interior; and make on-site emergency requests to individuals outside the vehicle.

The system has successfully completed proof-of-concept validation on both our internal vehicles and customer models.

### ***High-Performance Central Computing Platform***

The central computing platform (CCP) typically integrates flagship cockpit features, advanced driver assistance systems, body control functionalities, gateways, 5G connectivity, and vehicle-to-everything (V2X) capabilities, which serves as the backbone for next-generation, software-defined intelligent vehicles and redefines automotive technology with its exceptional integration, performance, security, and adaptability across diverse scenarios. We have released a CCP prototype of our flagship all-in-one-box centralized integrated vehicle mount computer, powered by Qualcomm's Snapdragon 8295 chipset. It allows in-house customization by customers, and enables collaborative development with algorithm companies. The prototype supports an array of seven screens, including two 4K displays and five 2K displays strategically positioned for instrument clusters, central control units, passenger-side displays, and dual rear screens. Additionally, the platform seamlessly integrates a DMS camera, dual rear-view mirror screen displays, and an around view monitor that provides a comprehensive 360-degree view of the vehicle's surroundings.

### ***Automotive-grade SoC Solutions***

We are one of the first Chinese smart cockpit solution providers to expand business footprint into the upstream automotive-grade chip domain, according to CIC. In May 2023, we joined forces with the National New Energy Vehicle Technology Innovation Center of China to jointly establish an automotive-grade integrated circuit joint laboratory, which is dedicated to developing verification, validation and testing standards for domestic automotive-grade chips. In November 2023, we also established a company with a leading semiconductor provider in China, and other industry partners to invest in the R&D of domestically-designed automotive-grade chips.

### *Wireless Communication*

We are a key member of SparkLink Alliance (星閃聯盟), an industrial alliance committed to promote wireless short-range communication technology innovation. Currently, we are in the process of developing smart cockpits based on SparkLink's technology standards and taking the lead in setting technology standards in specific domains.

### **OUR STRATEGIC PARTNERSHIPS**

We have forged mutually-beneficial partnerships across the industry value chain.

#### **OEMs**

By collaborating closely with OEMs, we gain insights into market demands and tailor our solutions to meet specific needs effectively. For instance, in 2022, we signed an R&D strategic cooperation agreement with Avatr to collaboratively advance existing smart cockpit solutions and develop new technologies. We believe these strategic partnerships streamline the validation process required for participation in automakers' model design and contract acquisition, providing a solid foundation for subsequent mass production.

Our strategically valuable shareholder base lays a solid foundation for our long-term and stable development. Our shareholders include Chinese OEMs such as Dongfeng Group, China FAW Group Corporation and local state-owned asset investment arms such as Shanghai Guosheng. We have also attracted reputable industrial investors like Xiaomi Corporation and Jinggangshan Beiyuan VC. This robust shareholder base supports our future business growth, helping us expand our market share and solidify our market leadership. We have established strategic partnerships with some of our shareholders. As a longstanding strategic supplier to Dongfeng Group, we have received their Annual R&D Contribution Award three times. In 2020, we co-founded the Dongfeng Innovation Design Center in Nanjing, fostering strategic cooperation focused on R&D synergy to advance the development of Dongfeng's intelligent vehicles. In 2020, we entered into a cooperation agreement with FAW Group and jointly established the Tianquan Intelligence Laboratory, aiming to develop next-generation smart cockpit solutions through joint innovation in areas such as domain controllers, automotive-grade operating system, intelligent vehicle connectivity applications, and in-vehicle big data applications.

According to CIC, as technology progresses and consumer demands shift, the integration of intelligence has emerged as a crucial trend in the automotive industry. Significantly enhancing the in-vehicle experience for both drivers and passengers, smart cockpit solutions serve as a key component of automotive intelligence. OEMs typically prefer to purchase smart cockpit solutions directly from Tier-1 suppliers, as these suppliers offer distinct advantages tailored to the OEMs' specific requirements, including extensive industry expertise, cutting-edge technological advancements, and cost efficiencies that reduce both smart cockpit solution costs and internal R&D expenses. In recent years, while more OEMs have made attempts to develop smart cockpit solutions with higher computing power and sophisticated human-machine interaction capabilities, many face challenges such as high initial investment and

pressure of rapid technological iteration. Only a handful of OEMs have the in-house capabilities to develop their own smart cockpit solutions. Based on CIC's views, the Directors believe that our opportunities in the smart cockpit solution industry will not be significantly affected by OEMs' in-house development efforts, due to that OEMs' in-house research and development efforts could face cost and efficiency challenges, often requiring substantial initial investment and resulting in longer iteration cycles compared to platforms of our Company. We can develop optimized, customized solutions more efficiently, cost-effectively and rapidly.

### **SoC Solution Providers**

Cooperating with SoC solution providers promotes seamless integration of advanced technologies into our offerings, enhancing product performance and functionality. Snapdragon 8295 and Kirin 9610A are currently the mainstream chips used in high-end smart cockpits, representing the advanced computing power in the smart cockpit industry. As one of the few smart cockpit solution providers able to provide smart cockpit solutions based on Snapdragon 8295 and Kirin 9610A, we maintain a competitive edge in the market. For example, the smart cockpit solutions we developed based on Snapdragon 8295 chipset have secured design wins for mainstream vehicle models. During the Track Record Period, we delivered smart cockpit domain controllers powered by Snapdragon 8295 chipset to one of the top ten Chinese OEMs in terms of sales volume in 2024. We have also released a prototype of our flagship all-in-one-box centralized integrated vehicle mount computer platform powered by Snapdragon 8295 chipset. This platform allows in-house customization by customers, and enables collaborative development with algorithm companies.

### ***Reliance on Qualcomm***

In 2022, 2023, 2024 and for the five months ended May 31, 2025, our purchases of Qualcomm SoCs accounted for 67.3%, 44.2%, 87.0% and 80.5% of our total purchase value of SoCs, respectively and 54.9%, 56.6%, 68.3% and 63.9% of our total procurement volume of SoCs, respectively. Specifically, our purchases of Qualcomm SoCs directly from Qualcomm accounted for 16.0%, 16.5%, 77.6% and 73.6% of our total purchase value of SoCs, respectively, with the remaining purchased from distributors of Qualcomm SoCs. We also source Qualcomm SoCs from its distributors, including Supplier B, who was one of our five largest suppliers in 2022, 2023, 2024 and for the five months ended May 31, 2025, and Supplier G, who was one of our five largest suppliers in 2023. During the Track Record Period, approximately 51.3%, 27.8%, 9.4% and 6.9% of our total purchases of SoCs were purchased from distributors of Qualcomm SoCs. For more details about Supplier B, see “— Our Suppliers.”

Placing particular emphasis on securing stable and high-quality chip supplies, we have established strong business relationships with Qualcomm since 2021 and were among the first to develop smart cockpit solutions using its fourth-generation Snapdragon 8295 chipset, according to CIC. We entered into a supply framework agreement with Qualcomm in 2021. When Qualcomm receives and accepts our purchase orders under the framework agreement, it is obligated to provide requested components in the amount specified in the purchase order. To

facilitate the planning of component manufacturing and delivery, we provide Qualcomm with forecast of our anticipated monthly requirements based on customer demands. To ensure supply stability, Qualcomm shall provide at least 180-day prior written notice for any product discontinuation and allow us to place last-time purchase orders. The framework agreement has an initial term of five years and automatically renews on a year-to-year basis under the same terms, unless either party provides written notice of termination at least 60 days prior to the applicable anniversary of the initial effective date of the framework agreement. Each party shall have the right to terminate the framework agreement under the circumstances, including that (i) the other party becomes insolvent or is the subject of a bankruptcy or reorganization proceeding, (ii) the other party makes an assignment for the benefit of creditors, (iii) a receiver is appointed to take charge of our Company's assets or business, or (iv) the other party fails to timely perform any of its obligation under the framework agreement and such failure is not cured within 30 days. To better leverage the advantages of Qualcomm chips in providing high-performance products for our customers, we also entered into a technical assistance framework agreement with Qualcomm in 2021, pursuant to which Qualcomm provided us with their development platform and engineering support within the relevant statements of work agreed by both parties. The statement of work under the technical assistance framework agreement typically has a term of approximately two years on a specific chipset, such as Snapdragon 8295 chipset.

As of the Latest Practicable Date, we were not aware of or involved in any dispute with Qualcomm. As of the date of this prospectus, the Directors have no reasons to believe that Qualcomm may cease to supply SoCs to the Group, based on the following reasons: (i) Qualcomm has consistently and reliably fulfilled its supply obligations to us as of the Latest Practicable Date, and (ii) we have expanded our collaboration with Qualcomm to develop next-generation smart cockpit solutions powered by Qualcomm's latest 8397 chips, which demonstrates a deepened and stable partnership with Qualcomm. For the risks associated with potential geopolitical developments that may affect Qualcomm's ability to supply chips to us, see "Risk Factors — Risks Relating to Jurisdictions Where We Operate — Changes in international relationships, geopolitical tensions and trade protections policies around the world may materially and adversely affect our business, financial condition and results of operations."

### **Operating System Providers**

Our collaboration with BlackBerry has led to the development of smart cockpit solutions tailored based on BlackBerry's QNX Neutrino real-time operating system, QNX Hypervisor and QNX IVY. These solutions aim to offer drivers a more personalized and interactive intelligent driving experience, enabling innovations such as secure data access across multiple vehicle domains, edge computing, and over-the-air updates. These solutions have been implemented in multiple models for brands like Avatr. In addition, we also power our smart cockpits solutions with HarmonyOS system. As of the Latest Practicable Date, we had delivered smart cockpits featuring HarmonyOS system to three of our OEM customers.



Partnering with SoC solution and operating system providers not only allows us to continuously elevate our R&D capabilities in delivering high-quality services but also demonstrates our research and development expertise. Additionally, certain OEM projects are inclined to apply SoC solutions and operating systems from these providers, such as Qualcomm chips and BlackBerry operating systems. Therefore, forming alliances with these companies will serve as a strategic entry point for us to supply components for such projects.

### **Financial Institutions**

To support our business operations and future expansion, we maintain strategic relationships with mainstream domestic financial institutions. In March 2024, we entered into several strategic cooperative agreements with seven commercial banks, under which these banks agreed to make available to our Company indicative credit facilities in an aggregate amount equal to RMB19 billion, subject to regulatory requirements and the customary credit policies of such banks. This financial backing ensures our operational stability and sustainable development.

### **PRODUCTION**

Our production system is designed to realize smartness, scalability and agility. We believe that our production capacity underpins our ability to scale our business effectively in the future.

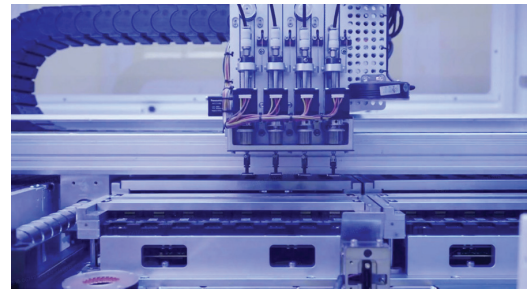
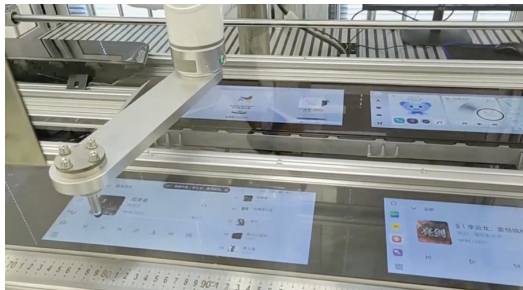
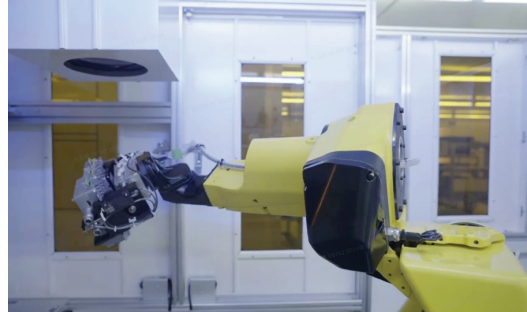
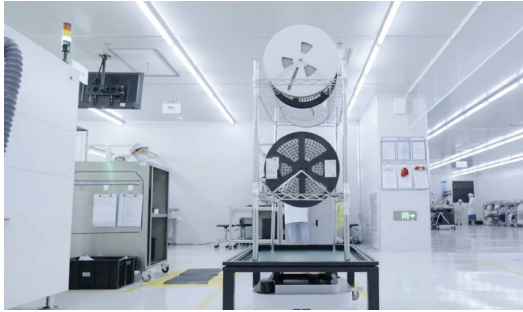
### **Production Facilities**

Prior to July 2021, we primarily engaged an electronics contract manufacturer located in Nanjing, Jiangsu Province, for the production of our products. To support customer demand and our business growth, we established our first production facility in Xiamen, Fujian Province in July 2021. We have produced our domain controllers and cockpit components primarily in Xiamen production center since it started to operate. We are expanding our production capacity by constructing two new facilities in Liuzhou, Guangxi Zhuang Autonomous Region and Rui'an, Zhejiang Province, respectively, which are expected to focus on production and assembly of domain controllers and smart cockpit assembly.

- *Xiamen Production Center:* We commenced production in our intelligent production facility in Xiamen in July 2021, which integrates R&D, process design, supply chain management, production and quality assurance functions. We utilize a significant number of industrial robots in our intelligent production facilities. Our Xiamen facility has production lines featured surface-mount technology (SMT), in which the electrical components are mounted directly onto the surface of a printed circuit board. It improves production efficiency and reliability through automated assembly processes, and also supports higher component densities, leading to more sophisticated and feature-rich products. As of the Latest Practicable Date, the facility houses ten self-owned production lines that utilized SMT, which mounts electronic components directly onto the surface of a printed circuit board. This technology enhances efficiency by allowing for automated assembly processes, enables more compact electronic devices and facilitates faster production cycles. Our SMT production lines produce primarily domain controllers, as well as displays and, in 2022 and 2023, produced T-boxes.



*Industrial robots in action in our production facility*



- *Liuzhou Production Center:* Construction of our intelligent production facility in Liuzhou began in November 2022, with the focus of production and assembly of domain controllers. Our Liuzhou facility, which is designed to have one production line with a maximum annual capacity of approximately 150,000 units, completed its first phase construction in May 2024 and has started mass production since June 2025. We currently have no specific plan for the second phase construction for this center.
- *Rui'an Production Center:* For our facility in Rui'an, we plan to construct production lines for SMT, mold making and equipment production and assembly for our smart cockpit domain controllers and displays. The construction of Rui'an center started in October 2023, and we expect the first phase construction will be completed and the center can start trial production in the second half of 2025. We further expect this center can start mass production by the end of 2025. We plan to establish three production lines in Rui'an production center with the planned capacity of 400,000 units. We currently have no specific plan for the second phase construction for this center.

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The following table sets forth the planned capacity, actual production volume and utilization rate of our Xiamen production center, which produces primarily domain controllers, during the Track Record Period.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Planned capacity <sup>(1)</sup>				
(units in thousands) . . . . .	532	536	1,447	584
Actual production volume <sup>(2)</sup>				
(units in thousands) . . . . .	473	391	1,056	383
Utilization rate <sup>(3)</sup> . . . . .	88.9%	72.9%	73.0%	65.6%

*Notes:*

- (1) Represent planned capacity of manufacturing domain controllers.
- (2) Represent actual production volume of domain controllers and cockpit components subject to SMT processes.
- (3) The utilization rate is calculated based on the capacity of both our self-owned and leased production lines.

As our Liuzhou production center has started mass production since June 2025, we expect the total planned capacity for our production centers for the year ending December 31, 2025, to be approximately 1.8 million units.

The planned capacity of our production facilities remained stable at 532 thousand units in 2022 and 536 thousand units in 2023, while the utilization rate decreased from 88.9% in 2022 to 72.9% in 2023. The decrease in utilization rate is primarily due to decreased demand of certain large OEM customers, and to meet the needs of new clients, we have upgraded our production lines, resulting in a decline in capacity utilization. The planned capacity of our production facilities further increased to 1,447 thousand units in 2024, with the utilization rate relatively stable at 73.0% in the same year. The planned capacity of our production facilities amounted to 584 thousand, with the utilization rate of 65.6% for the five months ended May 31, 2025, primarily due to the seasonal fluctuations in our business, which is consistent with the utilization rate for the same period in 2024.

We utilize a combination of self-owned and leased production lines to lower upfront costs, improve operational flexibility, reduce capital expenditure, optimize production capacity and efficiently meet customer needs at the current stage, thereby optimizing our resource allocation and supporting the sustainable growth of our operation. The leased production lines are located within our own production facilities. Looking ahead, we plan to make incremental annual investments in self-owned production equipment, aligned with business growth, to balance fluctuating customer demand with operational costs.

### Production Process

We adhere to the IATF16949 automotive quality management system for our production. The principal steps of our production process applicable to our smart cockpit products include:

- *PCB Preparation:* We begin the production process of our smart cockpit products by first preparing printed circuit boards (PCBs). We start with the insertion of the PCBs, followed by laser engraving serial number barcodes for tracking and quality control. The PCBs are then meticulously cleaned to remove any contaminants, ensuring a pristine surface for subsequent processes.
- *SMT Process:* During the SMT process, solder paste is printed onto the PCBs, and the thickness of the paste is carefully inspected to ensure proper application. Using our SMT production lines, we mount various electronic components on the PCB in accordance with product specifications, which are then inspected using automated optical inspection (AOI) systems to verify correct placement. Post-soldering, another AOI system checks the solder joints, and an X-ray inspection is conducted to examine the solder joints under components, ensuring the integrity of hidden connections. The PCBs are then separated into individual units through depaneling. Dual in-line package (DIP) components are manually inserted into the PCBs, followed by wave soldering to securely attach these components. Any necessary touch-ups are performed after wave soldering to guarantee optimal connections.
- *Software Integration and Assembly:* Software integration and assembly are critical steps in our process. In-circuit testing (ICT) is performed on electronic components to ensure their functionality. Following this, the required software is installed onto the hardware, preparing the smart cockpit hardware for assembly. The mainboard, now equipped with components and software, is assembled with structural elements such as screens and housings. This structural assembly process ensures that all parts fit together seamlessly.
- *Testing and Inspection:* After the software integration and assembly, we carry out multiple tests to ensure that the smart cockpit products function properly, including high-temperature aging tests, functional testing and visual inspections. In the final stage, a comprehensive inspection is conducted before packaging to ensure that each product meets our high standards. Once the products pass this final inspection, they are carefully packaged and prepared for shipment to our customers.

This detailed and methodical production process ensures that our smart cockpit products deliver exceptional quality, functionality, and reliability, providing an outstanding in-vehicle experience for users. We have also invested significant time in streamlining and automating our production process and systematically optimize our production procedures.

### Logistics and Warehouse

Our products are typically delivered directly from our warehouse to the venue specified by our customers. We also engage qualified third-party logistics service providers for the transportation of our products. We established our warehouse within our production facilities, where we implement strict inventory management and control measures, to store our finished smart cockpit products. Products that have passed quality inspections are either delivered to our customers directly, or to the third-party warehouses that we collaborate with for the further transportation of products to locations specified by our customers.

Our inventory mainly includes (i) raw materials such as chips and modules procured for the production of our smart cockpits, (ii) work-in-progress, the products on our production line which are in various stages of completion but are not yet finalized or ready for delivery, and (iii) finished products that are ready for external delivery, such as completed smart cockpits and related accessories. We have established an inventory management system and an enterprise resource planning (ERP) system that monitor our warehousing process. We regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. Our supply management team reviews our inventory aging reports routinely with other responsible teams, such as business operation team and risk management team, and takes necessary actions to minimize risks of obsolescence when required.

### QUALITY ASSURANCE

The automotive industry adheres to stringent quality standards, and automotive OEMs implement rigorous validation processes to ensure product reliability, performance and compliance with high industry standards. We dedicate significant time and resources to meeting these requirements, affirming our status as a trusted supplier. We have obtained ISO50001, ISO9001, ISO14001, ISO26262, QC080000, ANSI. ESDS. 20.20 and IATF16949 certifications. As of May 31, 2025, we had passed 29 automotive OEMs' qualification reviews for smart cockpit suppliers, including 20 Chinese OEMs, six joint venture OEMs and three international OEMs.

We have implemented a strong accreditation and process management system. Our quality control system is designed to drive intelligence, scalability and agility, and digital transformation through a wide range of tools and systems, including:

- *Data analytics tools:* We leverage sophisticated data analytics tools to collect and analyze data from various stages of the production process. These tools enable us to identify patterns, predict potential issues, and make informed decisions to enhance product quality and production efficiency.

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## BUSINESS

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- *Production management software:* Our production management software provides monitoring and control of the production process. It helps us manage production schedules, track inventory, and optimize resource allocation, ensuring that our operations are streamlined and efficient.
- *Production execution system:* We impose rigorous quality control standards at various stages of our production process. Materials and components are systematically tested at different stages of our production process to ensure that they meet our technical specifications.
- *Product lifecycle management (PLM) system:* The PLM system is essential for us to manage product innovation in its entire lifecycle. The system integrates information from design, R&D, process, and change management, enabling our R&D teams to collaborate accurately and consistently. The robust version control and change management of the system ensure every design modification is effectively tracked, while compliance tools enable our products to maintain adherence to industry standards and customer requirements.
- *ERP System:* The ERP system integrates various functions across our organization, including finance, HR, procurement, and supply chain management. This integration allows for seamless data flow and coordination between departments, improving overall efficiency and decision-making. In terms of suppliers, our supply chain team and R&D team cooperate with each other during the selection process to evaluate suppliers' capabilities based on factors such as quality, volume delivery, pricing, timeline, and the ability to adapt, among others.

We have cultivated in-house high-precision production and testing capabilities to maintain our high-quality control standards, optimize our production cost structure, speed up the iteration of our product development cycle, and increase the robustness of our supply chain. As of May 31, 2025, our quality control team consisted of 181 personnel with rich experience in production and quality control. During the Track Record Period, we had not experienced any material product return or recall.

## SALES AND MARKETING

Our sales and marketing efforts are strategically aligned to drive growth, enhance brand awareness, foster meaningful relationships with our existing customers and partners and attract high-quality potential customers and partners.

### Sales

We sell our smart cockpit solutions and vehicle connectivity support services through direct sales. Through direct sales, we can understand customers' technology and business development plan firsthand, propose technical solutions and product selection, and help customers solve problems efficiently.

We have a dedicated sales team, divided by customer categories, to pursue and ensure specialized and focused service for each client group, enhancing our ability to meet their specific needs and deliver tailored solutions. As of May 31, 2025, our sales team consisted of 54 employees with extensive industry experience and in-depth expertise in our products and solutions. We have established sales offices in major cities in mainland China, including Shanghai, Nanjing, Wuhan and Changchun. Through these sales offices, we have extended our reach to almost all of mainland China. We have also implemented a multi-faceted sales strategy, with an aim to capitalize on high-value opportunities with leading clients, expand our service offerings with existing partners, and cautiously navigate the risks associated with smaller, less predictable customers.

### **Pricing**

We price our products and services taking into account various factors such as product or service costs, material costs (in particular costs of the SoC solutions), market demand, product positioning, competitive landscape, customer budget, long-term customer relationship, and our strategic goals, when we offer a quotation to our customers. By closely monitoring market trends and customer preferences, we adapt our quotations to remain competitive while maximizing value for our customers. In response to technological advancements and changes in the market environment, we adjust quotations of our smart cockpit and vehicle connectivity support services accordingly.

Our pricing strategy for smart cockpit and vehicle connectivity support services is tailored to reflect the distinct nature of these offerings. For smart cockpit solutions, our pricing takes into account our costs in product design and customization for the integrated solutions as well as the cost of the individual components included in the customer's specific solution package. We have two pricing models for vehicle connectivity support services: (i) charging OEMs a fixed annual service fee, determined primarily based on our anticipated service costs, or (ii) charging OEMs service fees based on a monthly or annual fee per vehicle and the number of vehicles using our services during the contract term, subject to an upper limit amount.

We typically enter into separate pricing agreements with OEM and Tier-1 supplier customers for smart cockpit solutions for which we start mass production. The pricing agreements specify the vehicle models, product prices, and the duration for which the prices will remain valid. During the agreement term, if the customers modify the design of vehicle models in a way that affects product prices, we will negotiate an appropriate price adjustment and enter into a modified pricing agreement with the OEM customers. Additionally, new pricing agreement can be initiated by either party or only the OEM customers, in some rare cases, due to fluctuations in raw material costs and market prices of our products, as well as technological breakthroughs that necessitate a price adjustment.



**Marketing**

Our marketing efforts are aimed at enhancing brand awareness, promoting our products and solutions, and engaging with key stakeholders across various channels. By leveraging the expertise of our sales and marketing team, we enhance our market penetration and effectively promote our offerings in various sectors, establishing a strong presence and driving sustainable growth.

**OUR CUSTOMERS**

Our customers consist of OEMs, including Chinese OEMs, sino-foreign joint venture OEMs, and international OEMs, as well as Tier-1 supplier customers and other participants in the intelligent automotive industry. In 2022, 2023, 2024, and the five months ended May 31, 2025, revenue from the OEM customers amounted to RMB1,126.1 million, RMB1,149.1 million, RMB2,078.0 million and RMB672.9 million, accounting for 92.5%, 76.8%, 81.3% and 89.3% of our total revenue, respectively. During the Track Record Period, we recorded revenue from the solutions that we provided to international OEMs as revenue generated in the PRC as we delivered our solutions within the PRC.

The aggregate revenue generated from our top five customers of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB1,018.5 million, RMB966.4 million, RMB1,902.1 million and RMB610.8 million, which accounted for 83.6%, 64.6%, 74.4% and 81.1% of our total revenue of the relevant year/period, respectively. Revenue from the largest customer of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB404.4 million, RMB428.2 million, RMB998.5 million and RMB375.4 million, which accounted for 33.2%, 28.6%, 39.1% and 49.8% of our total revenue, respectively. According to CIC, the high concentration rate of major customers is the industry norm of the automotive intelligence industry, because of the strong demand for specific products and solutions, such as smart cockpits solutions, from certain vehicle models. We consistently evaluate and refine our customer portfolio. Looking ahead, our strategy involves expanding our design wins and prioritizing various high-quality vehicle models to achieve market success. See “Risk Factors — Risks Relating to Our Business and Industry — We currently have a concentrated customer base with a limited number of key customers for a significant portion of our revenue. If we were to lose or see a significant drop in sales to these major customers, our revenue could be adversely affected, and our results of operations could be further negatively impacted.”



## BUSINESS

The following tables set out details of our five largest customers in each period of the Track Record Period:

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
<i>(RMB in thousands)</i>							
<i>Year ended December 31, 2022</i>							
Customer A . .	Smart cockpit solutions	A wholly state-owned limited company established in 1991 and headquartered in Wuhan, Hubei Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiaries are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange	2018	Bills and bank transfer	30 to 90 days	404,432	33.2%
Customer B . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1995 and headquartered in Shanghai, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2009	Bills and bank transfer	60 to 90 days	310,143	25.5%
Customer C . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1953 and headquartered in Changchun, Jilin Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shenzhen Stock Exchange	2015	Bank transfer	30 to 365 days	110,096	9.0%

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Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
						(RMB in thousands)	
Customer D . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1994 and headquartered in Beijing, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2018	Bills and bank transfer	60 days	106,928	8.8%
Customer E . .	Smart cockpit solutions, vehicle connectivity support services	A limited company established in 1986 and headquartered in Hangzhou, Zhejiang Province, primarily focusing on manufacturing automobiles and providing automobile-related products and services, whose major subsidiary is listed on the Hong Kong Stock Exchange	2015	Bills and bank transfer	90 days	86,855	7.1%
<b>Total . . . . .</b>						<b>1,018,454</b>	<b>83.6%</b>
<i>Year ended December 31, 2023</i>							
Customer A . .	Smart cockpit solutions	A wholly state-owned limited company established in 1991 and headquartered in Wuhan, Hubei Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiaries are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange	2018	Bills and bank transfer	30 to 90 days	428,223	28.6%

## BUSINESS

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
						(RMB in thousands)	
Customer B . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1995 and headquartered in Shanghai, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2009	Bills and bank transfer	60 to 90 days	167,366	11.2%
Customer D . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1994 and headquartered in Beijing, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2018	Bills and bank transfer	60 days	139,630	9.3%
Customer F . .	Smart cockpit solutions <sup>(1)</sup>	A limited company established in 2019 and headquartered in Chongqing, primarily focusing on providing automotive intelligent connected products and services	2023	Bills and bank transfer	60 days	127,884	8.6%
Customer G . .	Smart cockpit solutions	A limited company established in 2014 and headquartered in Tongxiang, Zhejiang Province, primarily focusing on manufacturing electric vehicles and providing related services	2021	Bills and bank transfer	60 to 90 days	103,338	6.9%
<b>Total . . . . .</b>						<b>966,441</b>	<b>64.6%</b>

## BUSINESS

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
<i>(RMB in thousands)</i>							
<i>Year ended December 31, 2024</i>							
Customer H . .	Smart cockpit solutions	A limited company established in 2021 and headquartered in Beijing, primarily focusing on manufacturing and providing new energy vehicles, whose controlling company is listed on the Nasdaq Stock Market and the Hong Kong Stock Exchange	2023	Bank transfer	120 days	998,548	39.1%
Customer A . .	Smart cockpit solutions	A wholly state-owned limited company established in 1991 and headquartered in Wuhan, Hubei Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiaries are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange	2018	Bills and bank transfer	30 to 90 days	365,502	14.3%
Customer B . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1995 and headquartered in Shanghai, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2009	Bills and bank transfer	60 to 90 days	265,786	10.4%
Customer I . .	Domain controller assembly services	A limited company established in 2003 and headquartered in Shenzhen, Guangdong Province, primarily focusing on investment management and holding activities, notably holding a subsidiary primarily focusing on the research, manufacturing, sales and services of automobile-related products and intelligence systems	2019	Bank transfer	60 days	148,842	5.8%

## BUSINESS

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
<i>(RMB in thousands)</i>							
Customer D . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1994 and headquartered in Beijing, primarily focusing on manufacturing passenger and Commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2018	Bills and bank transfer	60 days	123,459	4.8%
						<u>1,902,137</u>	<u>74.4%</u>

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
<i>(RMB in thousands)</i>							

### *Five months ended May 31, 2025*

Customer H . .	Smart cockpit solutions	A limited company established in 2021 and headquartered in Beijing, primarily focusing on manufacturing and providing new energy vehicles, whose controlling company is listed on the Nasdaq Stock Market and the Hong Kong Stock Exchange	2023	Bills and bank transfer	120 days	375,402	49.8%
Customer A . .	Smart cockpit solutions	A wholly state-owned limited company established in 1991 and headquartered in Wuhan, Hubei Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiaries are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange	2018	Bills and bank transfer	30 to 90 days	74,406	9.9%

## BUSINESS

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
<i>(RMB in thousands)</i>							
Customer B . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1995 and headquartered in Shanghai, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2009	Bills and bank transfer	60 to 90 days	68,241	9.1%
Customer D . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1994 and headquartered in Beijing, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2018	Bills and bank transfer	60 days	50,991	6.8%
Customer C . .	Smart cockpit solutions, vehicle connectivity support services	A wholly state-owned limited company established in 1953 and headquartered in Changchun, Jilin Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shenzhen Stock Exchange	2015	Bank transfer	30 to 365 days	41,757	5.5%
						<u><u>610,797</u></u>	<u><u>81.1%</u></u>

**Note:**

- (1) Customer F shifted its primary business focus to smart cockpit solutions in 2023. Due to its insufficient production capacity to fulfill demand, it purchased from us certain modules used in smart cockpit domain controllers to integrate advanced features into their own offerings, thereby enhancing its ability to supply OEM customers.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our top five customers were independent third parties, except for Customer A and Customer C, which are also our shareholders. As of the Latest Practicable Date, to the best of our knowledge, none of our Directors, their respective close associates or any shareholder who owned more than 5% of our issued share capital had any interest in any of our five largest customers in each period during the Track Record Period.

### **Salient Terms of Contracts with OEMs**

A summary of the typical terms and conditions of our agreements with key OEMs customers is set forth below:

- *Term.* The agreements generally have a duration of one year, which can be renewed automatically.
- *Product/Solution specifications.* Our customers specify the products or solutions, specification, price, quantity, delivery timeline and other detailed items in each purchase order, which are required to comply with the relevant standards and regulations. Particularly, we deliver vehicle connectivity support services for users of our customers.
- *Payment arrangement.* We typically settle with our customers via bank transfer or bills.
- *Intellectual properties.* We retain ownership and usage rights over intellectual properties developed prior to our engagement our customers. Customers are granted usage rights to such intellectual property when it is applied to products or solutions supplied to them. Any intellectual property generated in the course of product design, based on customers' drawings, product definition, models or data shall be owned and used exclusively by the customer.
- *Warranty.* We offer a product warranty to our OEM customers. See “— Customer Service and Warranty.”
- *Confidentiality.* Neither party shall disclose any confidential information to any third party without obtaining prior written consent.
- *Exclusivity.* Typically, the agreements between us and our OEM customers do not include exclusivity clauses.
- *Termination.* Agreements may be terminated upon one party's material breach of obligations, upon expiration, or upon mutual consent.



**Customer Service and Warranty**

We maintain a dedicated after-sales team committed to enhancing customer satisfaction. Our team promptly addresses pre- and post-sales inquiries, swiftly diagnosing and resolving customer issues with precision. Upon receiving a complaint, our customer service team initiates a thorough investigation, meticulously documenting all relevant details and collaborating closely with other internal departments to assess the validity and root cause of the issue. This collaborative approach enables us to identify and implement appropriate corrective actions swiftly, minimizing any inconvenience or disruption experienced by the customer. We maintain open lines of communication with customers, providing regular updates on the status of their complaint and ensuring that they are kept informed every step of the way. During the Track Record Period and up to the Latest Practicable Date, we have not received any material customer complaints.

We offer a product warranty for our OEM customers that typically spans three to five years or 60,000 to 150,000 kilometers. Within this warranty period, any software or hardware-related quality concerns reported by the OEM that stem from our end will be promptly addressed with repairs or replacements at no additional cost, subject to specific conditions for each issue. If claims arise due to defects in raw materials or components sourced from our suppliers, we may hold them responsible for the associated product liability. In 2022, 2023, 2024 and for the five months ended May 31, 2025, we incurred after-sales service expenses of RMB21.8 million, RMB25.0 million, RMB32.0 million and RMB9.6 million, respectively. Our after-sales service expenses consisted primarily of, provision for product warranty and expenses incurred in connection with after-sales service performance. We make provisions for product warranty primarily in connection with domain controllers of smart cockpits and the amount of such provisions is estimated based on a percentage of our revenue from sales of smart cockpit hardware products.

In addition, we offer software updates, as well as product enhancements and upgrades, to ensure an exceptional user experience. Typically, we provide OTA updates within one to three months after the mass production. However, the timing and scope of updates and upgrades are tailored to each customer's specific requirements. We maintain proactive communication with our customers to ensure a seamless and satisfying experience, consistently meeting their needs with precision and care.

## BUSINESS

### OUR SUPPLIERS

Our suppliers primarily consist of SoC solution providers, providers of parts and components for smart cockpits, and software providers. During the Track Record Period, we mainly purchased automotive-grade chips, modules and display screens from our suppliers. Modules are integrated units that combine multiple hardware components and functionalities into a single and cohesive unit, which generally consist of multiple chips, printed circuit board (PCB), and various electronic components such as resistors, capacitors, inductors, and shielding covers. The aggregate purchases from our top five suppliers of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB313.8 million, RMB400.5 million, RMB1,075.9 million and RMB383.6 million, which accounted for 32.2%, 40.8%, 56.6% and 60.5% of our total purchases of the relevant year/period, respectively. Purchases from our largest supplier of each of the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025 amounted to RMB79.9 million, RMB136.4 million, RMB478.8 million and RMB192.8 million, which accounted for 8.2%, 13.9%, 25.2% and 30.4% of our total purchases, respectively. The following tables set out details of our five largest suppliers in each period of the Track Record Period:

Suppliers	Major Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Purchase Amount <i>(RMB in thousands)</i>	% of Our Total Purchase
<i>Year ended December 31, 2022</i>						
Supplier A . .	Automotive-grade chips	A private limited company established in 2015 and located in Hong Kong, which is a subsidiary of global analog and embedded semiconductors designer and manufacturer listed on the Nasdaq Stock Market	2020	Bank transfer	79,918	8.2%
Supplier B . .	Modules and automotive-grade chips	A limited company established in 2018 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic components and related services	2020	Bills and bank transfer	77,260	7.9%
Supplier C . .	Automotive-grade chips	A private limited company established in 1999 and located in Hong Kong, which is a subsidiary of a global semiconductor distribution services provider listed on the Taiwan Stock Exchange	2019	Bank transfer	67,232	6.9%
Supplier D . .	Display screens	A limited company established in 2018 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic equipment and components	2020	Bills and bank transfer	54,636	5.6%
Supplier E . .	Automotive-grade chips and modules	A limited company established in 2001 and headquartered in Shanghai, primarily focusing on providing automobile electronic components and related services	2016	Bills and bank transfer	34,705	3.6%
<b>Total . . . .</b>					<b><u>313,751</u></b>	<b><u>32.2%</u></b>

## BUSINESS

Suppliers	Major Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Purchase Amount <i>(RMB in thousands)</i>	% of Our Total Purchase
<i>Year ended December 31, 2023</i>						
Supplier F <sup>(1)</sup>	Automotive-grade chips	A limited company established in 2021 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing automobile components	2023	Bank transfer	136,372	13.9%
Supplier G	Modules	A limited company established in 2010 and headquartered in Shanghai, primarily focusing on providing IoT solutions and wireless modules, which is listed on the Shanghai Stock Exchange	2020	Bank transfer	82,278	8.4%
Supplier H <sup>(1)</sup>	Automotive-grade chips	A limited company established in 2006 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing comprehensive supply chain services	2023	Bank transfer	65,212	6.6%
Supplier B	Modules and automotive-grade chips	A limited company established in 2018 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic components and related services	2020	Bills and bank transfer	58,573	6.0%
Supplier A	Automotive-grade chips	A private limited company established in 2015 and located in Hong Kong, which is a subsidiary of global analog and embedded semiconductors designer and manufacturer listed on the Nasdaq Stock Market	2020	Bank transfer	58,069	5.9%
<b>Total</b>					<b><u>400,504</u></b>	<b><u>40.8%</u></b>
<i>Year ended December 31, 2024</i>						
QUALCOMM CDMA Technologies Asia-Pacific Pte. Ltd.	Automotive-grade chips	A private limited company established in 1999 and located in Singapore, which is a subsidiary of Qualcomm, Inc., the global automotive-grade chip provider listed on the Nasdaq Stock Market	2021	Bank transfer	478,774	25.2%
Supplier C	Automotive-grade chips	A private limited company established in 1999 and located in Hong Kong, which is a subsidiary of a global semiconductor distribution services provider listed on the Taiwan Stock Exchange	2019	Bank transfer	191,815	10.1%
Supplier B	Modules and automotive grade chips	A limited company established in 2018 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic components and related services	2020	Bills and bank transfer	139,609	7.3%

## BUSINESS

Suppliers	Major Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Purchase Amount	% of Our Total Purchase
						(RMB in thousands)
Supplier E . .	Automotive-grade chips and modules	A limited company established in 2001 and headquartered in Shanghai, primarily focusing on providing automobile electronic components and related services	2016	Bills and bank transfer	134,764	7.1%
Supplier I . .	Automotive-grade chips and modules	A limited company established in 2017 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic products, and computer software and hardware	2024	Bills and bank transfer	130,965	6.9%
					<u>1,075,927</u>	<u>56.6%</u>

Suppliers	Major Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Purchase Amount	% of Our Total Purchase
						(RMB in thousands)
<i>Five months ended May 31, 2025</i>						
QUALCOMM CDMA Technologies Asia-Pacific Pte. Ltd. . .	Automotive-grade chips and modules	A private limited company established in 1999 and located in Singapore, which is a subsidiary of Qualcomm, Inc., the global automotive-grade chip provider listed on the Nasdaq Stock Market	2021	Bank transfer	192,750	30.4%
Supplier B . .	Modules and automotive-grade chips	A limited company established in 2018 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic components and related services	2020	Bills and bank transfer	63,309	10.0%
Supplier C . .	Automotive-grade chips	A private limited company established in 1999 and located in Hong Kong, which is a subsidiary of a global semiconductor distribution services provider listed on the Taiwan Stock Exchange	2019	Bank transfer	61,010	9.6%
Supplier A . .	Automotive-grade chips	A private limited company established in 2015 and located in Hong Kong, which is a subsidiary of global analog and embedded semiconductors designer and manufacturer listed on the Nasdaq Stock Market	2020	Bank transfer	35,525	5.6%
Supplier J . .	Automotive-grade chips and modules	A limited company established in 2013 and headquartered in Beijing, primarily focusing on providing information technology services and hardware	2022	Bank transfer	30,987	4.9%
					<u>383,581</u>	<u>60.5%</u>

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*Note:*

- (1) We started engaging Supplier F and Supplier H in 2023 to provide us with automotive-grade chips due to the increased demand for domain controllers from our OEM customers. We continue to procure automotive-grade chips from these two suppliers though the procurement amount from each of them did not place them among our five largest suppliers for the year ended December 31, 2024.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our top five suppliers were independent third parties. As of the Latest Practicable Date, to the best of our knowledge, none of our Directors, their respective close associates or any shareholder who owned more than 5% of our issued share capital had any interest in any of our five largest suppliers in each period during the Track Record Period.

### **Salient Terms of Supply Agreements**

A summary of the typical terms and conditions of our framework agreements with key suppliers is set forth below:

- *Term.* The agreements generally have a duration of three to five years.
- *Product/Solution specifications.* We specify the products or solutions, specification, price, quantity, delivery timeline and other detailed items in each purchase order.
- *Quality control.* The suppliers shall provide products or solutions in accordance with the quality standards and requirements specified by us. All products are subject to inspection and approval by us and our customers.
- *Delivery.* The suppliers are generally responsible for delivery of products to our designated location specified in each purchase order.
- *Payment arrangement.* We usually pay our suppliers via bank transfer or bills.
- *Return policy.* We have the right to reject and return, or to request replacement or maintenance of non-conforming products, even if the non-conformity does not become apparent until the processing or production stage. Suppliers shall bear the reasonable expenses regarding such returns.
- *Confidentiality.* Suppliers are obliged to keep our trade secrets. Such information shall be used solely for the purposes of cooperation pursuant to the agreements and shall not be disclosed to any third party without our prior consent.
- *Termination.* Agreements may be terminated upon one party's material breach of obligations, upon expiration, or by the suppliers with prior notice pursuant to the requirements in the agreement.

## BUSINESS

### Procurement of Raw Materials, Parts and Components

During the Track Record Period, raw materials we procured from suppliers mainly consisted of automotive-grade chips, screens, and other hardware components. In 2022, 2023, 2024 and for the five months ended May 31, 2025, our aggregate purchases of automotive-grade chips amounted to RMB498.9 million, RMB617.1 million, RMB1,290.7 million and RMB484.9 million, respectively, which accounted for 51.1%, 62.9%, 71.7% and 76.5% of our total purchases, respectively. For the same years, our aggregate purchases of screens amounted to RMB148.4 million, RMB116.2 million, RMB97.9 million and RMB12.9 million, respectively, which accounted for 15.2%, 11.8%, 5.4% and 2.0%, respectively.

During the Track Record Period, we procured various types of automotive-grade chips, including SoCs, memory chips, audio and video transmission chips, communication chips and power management chips. The following table sets forth a breakdown of purchase value of automotive-grade chips by types for the period indicated.

	For the year ended December 31,						For the five months ended May 31,	
	2022		2023		2024		2025	
	Purchase Value	% of Total	Purchase Value	% of Total	Purchase Value	% of Total	Purchase Value	% of Total
<i>(RMB in thousand, except for percentages)</i>								
SoCs . . . . .	180,095	36.2	262,016	42.5	596,213	46.2	251,099	51.8
Communication . . . .	35,589	7.1	103,312	16.7	192,768	14.9	56,872	11.7
Memory . . . . .	63,325	12.7	97,576	15.8	187,984	14.6	49,718	10.2
Audio and video transmission . . . . .	85,418	17.1	76,298	12.4	160,022	12.4	52,756	10.9
Power management . .	62,912	12.6	26,488	4.3	40,672	3.1	17,768	3.7
Other <sup>(1)</sup> . . . . .	71,589	14.3	51,403	8.3	113,048	8.8	56,703	11.7
<b>Total purchase amount . . . . .</b>	<b>498,928</b>	<b>100.0</b>	<b>617,093</b>	<b>100.0</b>	<b>1,290,707</b>	<b>100.0</b>	<b>484,916</b>	<b>100.0</b>

*Note:*

(1) Other chips consist mainly of MCU, DAB chips, GNSS chips and Bluetooth & Wi-Fi chips.

Among all chip types, the SoC is the core component in smart cockpit domain controllers, and powers essential systems such as navigation, infotainment, in-vehicle connectivity and multi-screen interactions. In 2022, 2023, 2024 and the five months ended May 31, 2025, our purchases of SoCs amounted to RMB180.1 million, RMB262.0 million, RMB596.2 million and RMB 251.1 million, respectively, representing 36.2%, 42.5%, 46.2% and 51.8% of our total purchase amount of automotive-grade chips. Specifically, our purchases of Qualcomm SoCs amounted to RMB121.2 million, RMB115.8 million and RMB518.7 million and RMB202.2 million during the same periods, accounting for 67.3%, 44.2%, 87.0% and 80.5% of our total purchase amount of SoCs. As we strategically focus on offering smart cockpit solutions equipped with mid-end and high-end SoCs and associated modules, we depend on a limited number of suppliers, such as Qualcomm. To ensure a stable supply of chips and mitigate potential supply chain disruptions, we adopt a proactive procurement strategy by budgeting additional chip inventory when making purchases. Our purchasing decisions are based on a comprehensive evaluation of market conditions, historical consumption patterns, and forecasted demand for our products. We closely monitor fluctuations in chip availability and lead times, thereby making informed adjustments. If any circumstances cause significant changes to SoC supply and any customer requests to switch from the current SoCs used in domain controllers for its vehicle models to a difference one, we will need to re-design the system schematics of the domain controller and we expect this process to range between six to 12 months. If we have previously developed a domain controller using the SoC newly designated by such customer to re-design the domain controller, our R&D staff can leverage our know-how accumulated in developing existing solutions for the newly-designated SoC, potentially completing the re-design with less time. However, if we have not developed any domain controller using the new SoC, the re-design may take up to 12 months. Since the main costs for switching SoCs are the R&D staff's time, the duration of the re-design directly affects the costs that we would incur in associated with switching SoCs. If Qualcomm terminates its SoC supply to us, our business, financial performance and prospects may be materially adversely affected. See “Risk Factors — Risks relating to Our Business and Industry — We rely on Qualcomm for stable SoC supplies.”

### **Impact of the Global Chip Shortage**

During the Track Record Period, we experienced some fluctuations in prices of automotive-grade chips. We generally procure chips based on customers' demand and our production plans, with orders placed in advance to suppliers. The COVID-19 pandemic adversely affected the worldwide supply chains and caused a global chip shortage starting in late 2020 which led to a sharp increase in chip prices until 2022. The chip shortage mainly resulted in delayed delivery and increased costs of the chips we purchased. Since some chips could not be delivered on schedule as planned, we also purchased high-priced in-stock chips from certain suppliers, thereby increasing the procurement costs of certain chips.



However, we successfully secured our chips supplies in 2022 with the following measures and strengths: (i) as one of the leading companies in the smart cockpit industry, we have maintained long-term cooperative relationships with multiple chip manufacturers and distributors, (ii) we established a strategic procurement department responsible for the procurement of various raw materials, formulating effective mechanisms for procurement management and supplier entry, (iii) our supply chain center generally sends orders to suppliers in advance based on our annual and monthly procurement plans formed after discussions with multiple departments, including business, production, and finance, along with the chip delivery cycles, and (iv) we proactively expanded our network of suppliers to ensure sufficient chip supply for our production.

Since 2023, the supply of chips has stabilized, leading to a decline in chip prices. According to CIC, the average price of mainstream SoCs for passenger vehicle smart cockpit solutions was RMB791.1 per unit, RMB684.5 per unit and RMB699.2 per unit in 2022, 2023 and 2024, respectively. The average price of mainstream automotive-grade chips for passenger vehicle smart cockpit solutions is expected to increase at a moderate rate in the near future, according to CIC. For details, see “Industry Overview — Global and China’s Passenger Vehicle Smart Cockpit Solution Market — Main Materials for Passenger Vehicle Smart Cockpit Solution.”

Our advanced smart cockpit solutions rely on chips as critical components, which in turn makes our business dependent on chip suppliers. See “Risk Factors — Risks Relating to Our Business and Industry — Because 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.” We included price adjustment provisions in domain controller sales contracts with our major customers, according to which new pricing agreement can be initiated by either party or only the OEM customers, in some rare cases, due to fluctuations in raw material costs and market prices of similar domain controllers or drastic technological changes that necessitate a price adjustment. Additionally, we have adopted a multifaceted approach to ensure a stable supply. For instance, we have established strategic partnerships with our primary suppliers, securing long-term commitments and ensuring a consistent flow of essential raw materials and components. In addition, we are actively broadening our supplier base to diversify our sourcing options for crucial raw materials and components. We believe such strategies help to mitigate dependence on existing suppliers and enhance the resilience of our supply chain. During the Track Record Period, our supply chain remained stable, and our procurement efforts successfully ensured consistent supply without significant delivery delays.

### **Quality Control for Procurement**

We have formulated detailed quality standards for raw materials, covering both technical specifications and regulatory compliance requirements. We only procure raw materials from selected suppliers that can satisfy our stringent standards to ensure the consistently high quality and performance of our products. We intend to maintain stable business relationships with our

major suppliers of raw materials. We generally maintain long-term business relationship with major raw materials suppliers during the Track Record Period. However, we cannot assure you that we will maintain our business relationships with our major suppliers on similar terms, if at all. Although we maintain a list of backup suppliers, if any supplier fails to deliver raw materials timely, we are still subject to risks associated with a shortage of raw materials. See “Risk Factors — Risks Relating to Our Business and Industry — Disruptions in the supply of raw materials or components used in our smart cockpit solutions or in the supply of certain services used in our vehicle connectivity support services may materially and adversely affect our business and profitability.”

Our procurement team is responsible for communicating with suppliers, keeping procurement records, and evaluating potential and existing suppliers. The procurement team also maintains a list of qualified suppliers, which is reviewed annually. Our procurement team works closely with other internal teams to ensure proper management of our procurement process. For example, our R&D team is responsible for providing specifics of raw materials to be purchased, while our production team monitors the usage and need of raw materials on a rolling basis and evaluates the performances of sample and actual raw materials. Our quality control team is also involved in the procurement process to ensure compliance with internal and regulatory standards.

#### **OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS**

During the Track Record Period, there was some overlapping between our major customers and suppliers.

Customer E, being our fifth-largest customer for the year ended December 31, 2022, was also our supplier in 2022 and 2023. We mainly provided smart cockpit solutions and intelligent connectivity services to Customer E, and Customer E mainly provided IoTs and software to us, some of which were also incorporated into the smart cockpits we subsequently sold to Customer E at the group level. In 2022 and 2023, our sales to Customer E amounted to RMB86.9 million and RMB102.2 million, accounting for 7.1% and 6.8% of our total revenue, respectively, and our purchases from Customer E amounted to RMB14.8 million and RMB26.3 million, accounting for 1.5% and 2.7% of our total purchases, respectively. In 2024 and for the five months ended May 31, 2025, we generated revenue of RMB62.8 million and RMB2.2 million from Customer E, accounting for 2.5% and 0.3% of our total revenue, while we did not have purchases from Customer E in the same period.

Customer I, being our fourth-largest customer for the year ended December 31, 2024, was also our supplier in 2024. We use modules, software and other hardware components provided by Customer I to assemble and deliver domain controllers and screens to Customer I. Customer I provided software integrated into smart cockpits delivered to another OEM customer for us in 2024. In 2022, 2023 and 2024 and for the five months ended May 31, 2025, our sales to Customer I amounted to RMB19.5 million, RMB16.7 million and RMB148.8 million and

RMB37.5 million, accounting for 1.6%, 1.1%, 5.8% and 5.0% of our total revenue, respectively, and our purchases from Customer I was RMB1.3 million and RMB0.9 million, accounting for 0.1% and 0.1% of our total purchases in 2024 and for the five months ended May 31, 2025.

According to CIC, it is common for leading enterprises in the automotive intelligence industry to operate across multiple segments across the entire value chain, and it is a norm in the automotive intelligence industry that upstream and downstream enterprises along the value chain transact with each other as suppliers and customers.

Negotiations of the terms of our sales to and purchases from the overlapping customer and supplier were conducted on a project-by-project basis and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from these overlapping customers and suppliers were entered into after due consideration taking into account the prevailing purchase and selling prices at the relevant times, conducted in the ordinary course of business under normal commercial terms and on arm's length basis. As of the Latest Practicable Date, none of our Directors, their close associates or any shareholders who owned more than 5% of the issued share capital of our Company, had any interest in any of our overlapping customers and suppliers during the Track Record Period.

### COMPLIANCE WITH U.S. EXPORT CONTROL LAWS AND REGULATIONS

The United States has increased export controls restrictions on China through the Export Administration Regulations (the “EAR”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the “BIS”). The EAR generally applies to (i) exports of commodities, software and technology from the United States to foreign countries and to re-export from one foreign country to another; and (ii) shipments from one foreign country to another of foreign-made products that incorporate more than de minimis amount (varying from 25% to less than 10%) of controlled U.S. origin parts, components or materials, or the foreign direct product with certain controlled U.S. technology. The EAR also maintains a list of items, software, and technology that are subject to export controls (the “**Commerce Control List**”). The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number (“ECCN”). An ECCN is a designation that an item is controlled because of its specific performance characteristics, qualities, or designated-end use. Additionally, many of the products, services and technologies that fall within the scope of the EAR are not specifically controlled for export, and are given the classification of EAR99. They are not listed on the Commerce Control List and such EAR99 items generally consist of low-technology consumer goods and do not require a license in most situations. Unlike an EAR99 designation, which is a broad category, an ECCN is much more narrowly defined and are focused on product categories. For more information, see “Regulatory Overview – U.S. Trade Laws and Regulations – Export Controls.” During the Track Record Period and up to the Latest Practicable Date, our business activities had not been affected by the U.S. Chip Export Restrictions or other U.S. export and import control laws in any material respect.

**Procurement of Chips**

We procure various types of automotive-grade chips, including SoCs, memory chips, audio and video transmission chips, communication chips and power management chips for our domain controllers. During the Track Record Period, we procured certain chips and SoCs that are not domestically-produced, including the SoCs we purchased from Qualcomm. These chips and SoCs are subject to the EAR, and are either listed on the Commerce Control List under separate ECCNs for each product type or are categorized under EAR99 and not listed on the Commerce Control List. Our procurement (and subsequent use in our products) of these chips and SoCs involved only:

- (1) various chips classified as EAR99 items, generally consisting of low-technology consumer goods which do not require a license in most situations; and
- (2) various chips and SoCs subject to the EAR classified under ECCNs 5A992.c, 5A991 and 3A991 that are controlled for anti-terrorism reasons. These items are only subject to a license requirement for export, re-exports or transfers (in-country) to entities designated on the BIS' Entity List, Denied Persons List or Unverified List (the "BIS Lists Entities") and Crimea region, Cuba, Iran, Luhansk People's Republic and Donetsk People's Republic regions, North Korea and Syria, as well as Russia and Belarus (collectively, the "AT Sanctioned Countries"), or restricted under the U.S. Chip Export Restrictions if intended for use in Mainland China, Hong Kong SAR, or Macau SAR for certain prohibited end-uses set forth in section 744.23 of the EAR.

As advised by our U.S. Export Control Legal Advisor, given that during the Track Record Period, (i) we did not purchase any items subject to the EAR which require a license for any sales of our products to BIS Lists Entities; (ii) we did not have sales to any entities headquartered in or ordinarily resided in, or owned or controlled by a government of any AT Sanctioned Countries; (iii) we have not engaged in transactions that involve or benefit any "military end-users" or "military end-use"; and (iv) our activities did not involve certain prohibited end-uses set forth in section 744.23 of the EAR, our procurements (and subsequent use in our products) of chips and SoCs that are subject to the EAR during the Track Record Period did not represent a violation of the applicable U.S. export controls (including the U.S. Chip Export Restrictions set forth in the EAR).

Prior to the Track Record Period, we procured certain chips on a one-off basis and subsequently sold as part of our products in 2021, which are currently subject to an export license requirement to export, re-export, or transfer (in country) to China (including our Company) pursuant to the U.S. Chip Export Restrictions introduced by the BIS on October 7, 2022. The U.S. Chip Export Restrictions introduced new restrictions related to semiconductors, semiconductor manufacturing, supercomputers, and advanced computing items and end uses in Mainland China, Hong Kong SAR or Macau SAR. For details, see "Regulatory Overview — U.S. Trade Laws and Regulations — Export Controls — U.S. Chip Export Restrictions." In 2021 (prior to the issuance of the U.S. Chip Export Restrictions on October 7, 2022), these

items were generally eligible for export, re-export or transfer (in-country) to China pursuant to License Exception ENC in section 740.17 of the EAR subject to reporting requirements that the supplier of such chips must comply with in accordance with section 740.17(e)(3) of the EAR. Therefore, our procurement (and subsequent use in our products) of these chips in 2021 did not implicate the export controls then-applicable to these chips and did not represent a violation of the U.S. Chip Export Restrictions as it pre-dated the effect of the relevant restriction. Other than the one-off procurement in 2021, we did not procure or sell other items subject to the same export license requirement during the Track Record Period and in particular, after the issuance of the U.S. Chip Export Restrictions. Our businesses do not need to procure these chips again because these chips were purchased in 2021 solely for the purpose of providing sample products to the customer who did not engage us for mass production and ceased to place orders.

### **Business Dealing with Entity List Customer**

We have business activities with a customer designated on the BIS' Entity List ("Entity List Customer"). During the Track Record Period, we provided assembly services to this Entity List Customer and the Entity List Customer supplied us with components such as SoCs, PCBs, memory chips, telecommunication chips and power management chips, which we assembled into domain controllers and delivered to this customer. Our revenue from this customer accounted for approximately 1.6%, 1.1%, 5.8% and 5.0% of our total revenue in 2022, 2023, 2024 and for the five months ended May 31, 2025, respectively.

We have taken measures to ensure that the domain controllers delivered to this Entity List Customer do not involve items other than those that we have received from the customer itself. According to our internal policies, raw materials provided by customers must be used exclusively for their designated projects and must not be mixed with materials purchased by our Company or provided by other project clients. Therefore, we have assigned specific codes to the raw materials provided by the Entity List Customer and kept separate inventory records for these materials to distinguish them from both our own purchased materials and materials provided by other customers for different projects. This ensures that the Entity List Customer's materials are not mixed with or misappropriated as other materials. In particular, we have not included any aforementioned items subject to the EAR we procured as part of our service provisions to the Entity List Customer. During the Track Record Period, we also provided R&D services to the Entity List Customer, and such transactions were performed domestically in China, denominated in Renminbi and did not involve exports or transactions of any items subject to the EAR. On the basis that, no items subject to the EAR were involved in our services to the Entity List Customer, as advised by our U.S. Export Control Legal Advisor, our R&D services did not represent a violation of the applicable U.S. export controls. To the best knowledge of our Group, save for the aforementioned transactions with our Entity List Customer, we did not have other sales with BIS Lists Entities. Based on the foregoing, our business activities do not implicate the U.S. Chip Export Restrictions.

While our business activities and procurement of chips had not been affected by U.S. export control laws and regulations in any material respect during the Track Record Period, we cannot be certain what additional export control actions the U.S. government may take that could impact our products and services. Future U.S. export controls may materially affect or target some of our key suppliers or customers, raw material and key components necessary for our operations. Our business may be affected if we fail to promptly secure alternative sources of supply or demand on terms acceptable. See “Risk Factors — Risks Relating to Jurisdictions Where We Operate — We could be adversely affected as a result of our transactions we make with certain entities or in certain industries that are, or become subject to, sanctions and export controls administered by the United States and other relevant sanction authorities.”

We cannot be certain as to the direction the U.S. government may take on additional controls related to semiconductor products or other products with chips or semiconductors integrated. If the U.S. export control restrictions heighten to the extent where we can no longer purchase the chips and SoCs used in our key products, we will need to source new chips and/or software, or collaborate with other suppliers as an alternative. We believe that we can find domestically-produced alternatives or other components not subject to the EAR, such as purchasing from SemiDrive and Siengine, for the chips and SoCs that are currently used in our domain controllers. We have conducted extensive market research on domestic chip manufacturers, focusing on various chip types utilized in our products. There have been established domestic Chinese chip-makers with mass production capabilities, which may be capable of replacing overseas chip-makers after necessary verification of the relevant products. With the continuous improvement in feature and quality, such domestically-produced products have the potential to be comparable to imported chips.

### **BIS Connected Vehicles Rule**

On January 16, 2025, the BIS issued the Final Rule (“Final Connected Vehicles Rule”), which formalized the previously proposed rule prohibiting the sale in or import into the U.S. of connected vehicles integrating specific hardware and software, or those components or software if sold or imported separately, with a sufficient nexus to certain foreign adversaries including China and Russia. The Final Connected Vehicles Rule adopted a narrow scope of the restrictions and reduced compliance burden on the automotive industry than the previously issued proposed rules. In particular, the Final Connected Vehicles Rule does not apply to commercial vehicles, vehicles with a gross vehicle weight rating of over 10,000 pounds are excluded from the Final Connected Vehicles Rule. While our products can fall under the definition of Vehicle Connectivity Systems under the Final Rule, our products may be installed in various vehicles including commercial vehicles, which are exempted from the Final Connected Vehicles Rule. As of the Latest Practicable Date we did not sell our products to customers in the United States or to customers who incorporated them into products for sale to the United States to our best knowledge, and we do not intend to actively develop our business in the United States as a market in the future.



**INTELLECTUAL PROPERTY**

Intellectual property rights serve as a cornerstone of our business strategy and are instrumental in safeguarding our future commercial success. It is vital for us to secure and uphold our intellectual properties to safeguard our innovative technologies, inventions, and expertise.

We have established ourselves as a significant hub of intellectual property within our industry. In 2023, we were named a National Intellectual Property Leading Enterprise by the China National Intellectual Property Administration. In the same year, two of our proprietary technological innovations related to smart cockpit solutions and vehicle connectivity support services were acknowledged as internationally leading technologies by the NEVC. We were recognized as a Specialized and Innovative “Little Giant” Enterprise (專精特新“小巨人”企業) by the MIIT in 2024. As of the Latest Practicable Date, we have applied for 6,114 patents, among which 5,051 are invention patents, accounting for approximately 82.6% of our applications. We had been granted 1,769 patents as of May 31, 2025, among which 921 are invention patents, accounting for 52.1% of the granted patents. Among the 6,067 patent applications as of May 31, 2025, approximately 35.7% were closed without patent granted. As of May 31, 2025, we owned 639 trademarks, four registered domain names and 127 software copyrights in various categories in the PRC.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material legal, arbitral, or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. Our Directors confirm that they are not aware of any material legal, arbitral or administrative proceedings of infringement of any third parties’ intellectual property rights by us as of the Latest Practicable Date. See “Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights” for details of our material intellectual property rights.



## BUSINESS

### AWARDS AND ACHIEVEMENTS

During the Track Record Period, we have received recognition for the quality and popularity of our products. The following table sets forth some of the significant awards and recognition we had received from the relevant authorities and organizations in China as of the Latest Practicable Date:

Award/Recognition	Awarding Authority	Award Year
2024 Shanghai Manufacturing Single-Item Champion Enterprises (2024年上海市製造業單項冠軍企業) . . . . .	Shanghai Municipal Economic and Informatization Commission	2025
2024 Postdoctoral Research Workstations (2024年度博士後科研工作站) . . . . .	National Postdoctoral Management Committee	2025
專精特新“小巨人”企業 . . . . .	MIIT	2024
Top 100 Private-owned Manufacturing Enterprises in Shanghai (上海市民營製造業企業100強) . . . . .	Shanghai Enterprises Federation	2024
2023 Advanced Enterprises in Quality Standard Innovation (2023年度質量標準創新先進企業) . . . . .	International Automotive Quality Standardization Association	2024
2023 National Center for Enterprise Technology (國家企業技術中心) . . .	National Development and Reform Commission, Ministry of Finance, General Administration of Customs, and State Administration of Taxation	2024
2023 Top 100 Hard Core Technology Enterprises in Shanghai (上海硬核科技企業百強). . . . .	Shanghai Municipal Economic and Informatization Commission	2023 & 2024
Enterprises with Advantages in National Intellectual Property (國家知識產權優勢企業) . . . . .	China National Intellectual Property Administration	2023
2023 Hurun Global Unicorn List (胡潤全球獨角獸). . . . .	Hurun Research Institute	2023
Company with Most Investment Value in the Intelligent Vehicle Industry (智能汽車行業最具投資價值公司) . .	Gaogong Intelligent Vehicle Research Institute	2023
2023 (The Seventh) GGAI Golden Globe Awards — Leading Cross-Platform Smart Cockpit System Supplier of the Year (年度跨平台智艙系統領軍供應商) . . . . .	Gaogong Intelligent Vehicle Research Institute	2023
Shanghai Innovative Enterprise Headquarters (上海市創新型企業總部) . . . . .	Shanghai Municipal Development & Reform Commission	2023
Top 100 Manufacturing Enterprises in Shanghai (上海市製造業企業100強), Top 100 Private-owned Manufacturing Enterprises in Shanghai (上海市民營製造業企業100強). . . . .	Shanghai Enterprises Federation	2023

**PRIVACY AND DATA SECURITY**

We are steadfast in our commitment to protecting privacy and data security. We have designed stringent policies and procedures to ensure that the collection, use, storage, transmission, and dissemination of data are in compliance with all applicable laws and regulations, optimize data governance, and protect the benefits of our customers, employees and other third parties. See “Regulatory Overview” for details on privacy and data security regulations. We adhere to these data management, operational and maintenance policies, and procedures to safeguard the confidentiality, integrity, and availability of data collected and processed throughout our operations of business and recognize it as an essential pillar of our operational integrity.

**Data Collection, Desensitization and De-identification**

Our data collection processes are underpinned by rigorous de-identification and desensitization procedures. During the Track Record Period, we collected certain types of users’ basic information, such as telephone numbers to enable account creation, login authentication and customer support services when they sign up for our in-vehicle user interface system, which are collected with prior consent in accordance with applicable laws and regulations. We also collected users’ location information to enable location-based services, mobile devices information, and basic vehicle information such as the car models and license plate numbers to support stable operation of in-vehicle systems, ensure software and hardware compatibility. We may also gather data on vehicle operations, such as ignition and shutdown times, oil temperature, and water temperature, to enable the assessment of the vehicle’s condition and the diagnosis of operational issues. We collect the above-mentioned types of data only for our vehicle connectivity support services business, and our smart cockpit solutions business does not collect such data. In addition, the DMS primarily assesses driving habits by using in-vehicle sensors to collect data on the driver’s facial expression, head posture, eye openness, heart rate, as well as vehicle operating data such as speed and acceleration. Such data is only collected and processed locally within the vehicle and is not transmitted to our servers. As advised by our PRC Legal Advisor, based on the foregoing fact, we do not actually have control over such data or information and thus is not considered to have “collected” such data or information when assessing driving habits pursuant to the Personal Information Security Specification (GB/T 35273-2020). Before any data is utilized for the purposes of design, production, research and development of our offerings, it undergoes meticulous transformation into desensitized and de-identified formats. For example, we replace individual telephone numbers with user ID for subsequent data processing. This meticulous approach not only minimizes privacy risks but also ensures compliance with stringent data privacy regulations.

**Data Storage and Retention**

We store data collected and generated during our domestic business operation in cloud data centers operated by three different third-party providers located within the territory of China. Our data retention policies are meticulously crafted to balance business needs with regulatory requirements while minimizing the risk of data exposure. We strictly follow the data

storage period for data with a minimum storage period as requested by law. Data with no such specific storage period is retained for the necessary duration with stringent controls in place to ensure secure storage and disposal when no longer needed. Generally, we do not retain data for more than one year. We conduct regular assessments to ensure secure storage and disposal when no longer needed.

To enhance personal information security, we have implemented a comprehensive data protection framework from the following perspectives:

- *Comprehensive data governance and internal control measures.* We have adopted a suite of internal policies, including Data Security Management Policy, Data Classification and Grading Management Policy and Personal Information Protection Policy, which define the roles and responsibilities of departments and personnel involved in data security and set forth detailed protection protocols.
- *Compliant data collection practices.* We apply graded protection measures based on the classification level of data. For data sourced from third parties, we conduct thorough assessments of their legality, quality and scope and ensure data security compliance under the agreement by means such as signing a data protection agreement. All data collection processes are recorded to ensure traceability, legality and compliance.
- *Robust data storage and management controls.* We implement identity authentication, access permission control and real-time monitoring for our data systems. Sensitive customer data is accessible to only authorized employees and is encrypted where necessary. We have established data backup and recovery protocols to ensure data availability and integrity.
- *Stringent physical access controls.* We select secure and reputable premises as our office locations. Enhanced security measures, such as restricted-access rooms, entry control and surveillance are deployed for areas where important data is stored. Access to server rooms is limited to designated infrastructure and cybersecurity personnel, while others must apply for access authorization.
- *Incident report and trainings.* Our information security team conducts timely investigations and takes appropriate security measures in response to suspicious or abnormal activities. All employees are required enter into confidentiality agreements and we conduct regular training sessions and awareness programs to promote compliance with data security protocols.
- *Data security certifications.* Our IT systems have been certified to international standards, including IATF16949 (Automotive Quality Management System), ISO 21434 (Automotive Cybersecurity Standard), ISO/IEC 27001 (Information Security Management System) and ISO/IEC 27701 (Privacy Information Management System).

In addition, we leverage advanced technologies and robust measures to safeguard against potential threats through life-cycle data management, from data entry to data destruction. We store user data in encrypted format and adopt a combination of full backup and incremental backup to ensure that our collected data is well maintained. We also conduct routine data backups to mitigate the risk of data loss or corruption, enhancing resilience against potential security threats.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we had not encountered any material data or personal information leakage, and the data we possessed and stored had not been used in a way in violation with individuals' rights.

### **Data Usage and Protection**

Data usage is governed by stringent policies and procedures designed to ensure compliance with regulatory requirements and safeguard individual privacy. Access to confidential and important data is tightly controlled with a robust internal approval system. Only when our employees obtain approval from responsible personnel can they have access to data which is directly relevant and necessary for their responsibilities and for limited purposes. We closely monitor the access frequency of such employees to ensure their compliance with our data protection protocols.

We carry out all data processing activities within the territory of China in accordance with relevant laws and regulations. We have adopted robust internal rules and procedures designed to prevent illegal and/or unauthorized transmission of data. Data transmission and storage are protected through encryption technologies at both software and hardware levels, ensuring data integrity and confidentiality.

### **Data Security Awareness**

We enter into confidentiality agreements with our employees, outlining their legal obligations not to disclose, distribute, or sell confidential information to any party, including fellow employees without access to such information. Upon the conclusion or termination of their employment, employees are required to return all confidential materials and maintain their confidentiality thereafter. Breaches of confidentiality or misconduct resulting in the leakage of confidential information may result in penalties for employees. In addition, we prioritize employee training to reinforce compliance with our data security protocols and underscore the significance of reasonable data usage. Authorized employees undergo data privacy training and are mandated to promptly report any potential data leaks to us.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any claims or penalties regarding unauthorized use and/or transfer of personal information, which had caused a material and adverse effect on our business, financial condition, or results of operations. Our PRC Legal Advisor is of the view that we are in compliance with all material aspects of applicable PRC laws and regulations with respect to privacy and personal data protection.

**COMPETITION**

Smart cockpits are an essential component in the automotive industry's intelligent transformation, providing users with the most tangible and perceivable benefits from automotive intelligence technologies. We primarily operate in the passenger vehicle smart cockpit solution market and the intelligent vehicle connectivity market. The markets in which we operate are in their early stage of development and are intensely competitive. The markets are characterized by rapid changes in technology, shifting customer demands and frequent introduction of new services and products. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as from new entrants into the market, some of which may become significant players in the future.

China is the world's largest passenger vehicle market. The market size of China's passenger vehicle smart cockpit solution industry grew from RMB44.2 billion in 2020 to RMB129.0 billion in 2024, with a CAGR of 30.7%, according to CIC. As Chinese consumers' demand for intelligent, connected, and immersive driving experience continues to grow, the size of China's passenger vehicle smart cockpit solution market is expected to reach RMB299.5 billion in 2029, representing a CAGR of 18.4% from 2024 to 2029. Driven by intelligent transportation systems, a data-driven economy, and policy support, the China's market size for the intelligent vehicle connectivity industry increased from RMB13.8 billion in 2020 to RMB37.9 billion in 2024, which accounted for 35.4% of the global market in 2024, representing a CAGR of 28.7%. The China's market size for the intelligent vehicle connectivity industry is expected to reach RMB75.3 billion by 2029, with a CAGR of 14.7%. For details, see "Industry Overview."

**SEASONALITY**

Our results of operations are affected by seasonal fluctuations in demand for our solutions, as affected by market trends of the automotive industry. Given OEMs in the automotive industry usually deliver more of their vehicle models towards the year end, it can impact the delivery of our solutions in the fourth quarter of each year. Our delivery of solutions typically increase in the second half of the year, which is generally in line with the trend of sales volume of passenger vehicles in China according to CIC. Such fluctuations are seasonal in nature and thus quarterly or half-year results are not indicative of our results of operations for the full year. See "Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to seasonality."

**IMPACT OF THE COVID-19 PANDEMIC**

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has materially and adversely affected the China's and global economy. The COVID-19 pandemic had adverse impact on automotive OEMs' operations as their manufacturing and sales generally slowed down and their production schedule experienced delays due to the global supply shortage of certain raw materials and components. These

factors affected the demand for our smart cockpit products from OEMs impacted by the COVID-19, which in turn caused us to be unable to meet our business growth target in 2022. The COVID-19 also had adverse impact on supplies of certain raw materials. For example, the average unit price for the SoCs we purchased in 2022 increased approximately 4%. We negotiated, and successfully reached agreements, with a few customers to obtain compensation for the increased chip costs that we incurred for purchasing chips to be used in the domain controllers for these customers.

The COVID-19 outbreaks in China and the measures taken to contain the spread caused delays and/or cancellations of certain on-site office activities, manufacturing processes, and research and development activities. We managed to mitigate the impact on our operations and performance by taking various measures, including implementing remote work arrangements for research and development activities, stocking raw materials, maintaining continuous operation of our factories, and working with logistics and transportation partners to guarantee timely delivery of our products. There were not disruptions on our production activities due to COVID-19 outbreak. We believe that our operational and financial performance was not materially adversely affected by the COVID-19 pandemic during the Track Record Period. After the COVID-19 pandemic subsided in early 2023, our business and the operation resumed to normal.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

We are fully committed to integrating sustainable development principles into our daily operations and decision-making processes. We recognize our responsibility to uphold high standards in environmental, social and governance (“ESG”) practices.

Our Board assumes the responsibility of establishing, adopting, and reviewing our ESG policies, vision, and goals on an annual basis. They evaluate and address our ESG-related risks while also considering the adoption of additional policies related to environmental protection, social responsibility and internal governance. Our management is responsible for developing the Company’s ESG strategy, policy, and reporting, including assessing and managing environmental and climate-related risks, with oversight provided by the Board. Our management is specifically in charge of (i) designating a representative who will be in charge of determining the responsibilities and authority of each department head with regard to ESG matters; (ii) approving our environmental objectives and employee training plans; (iii) making sure there are enough resources available to establish, implement, and maintain the environmental management system; (iv) assessing and mitigating our ESG risks on a regular basis; and (v) taking action in response to potential environmental accidents.

We have also established a specialized Environment, Health, and Safety (“EHS”) Management Committee at the business level, which is responsible for formulating our EHS decisions, convening EHS Management Committee meetings, discussing and approving the personnel adjustments, responsibilities revision, system establishment and other work.

### **Potential Impacts of ESG-related Risks**

Given the nature of our business, we do not generate significant emissions, waste, or heavy pollution. Nevertheless, monitoring environmental, social, and climate-related risks that could affect our business, strategy, and financial performance remains a key priority.

As a provider of smart cockpit solutions and vehicle connectivity support services, our emissions mainly fall under Scope 2, as defined by the Listing Rules. Through ongoing tracking and review of emission indicators, we have taken proactive steps to reduce carbon emissions and improve waste management. Hazardous waste is managed by third-party contractors in compliance with national regulations.

During the Track Record Period, we have not incurred significant capital expenditure or compliance costs related to climate and environmental protection.

### **Identification, Assessment, Management and Stakeholder Engagement**

We have identified environmental, social and climate-related material issues through regular assessments and internal reporting processes. We also actively interact with external stakeholders, including our customers and suppliers, government agencies and business partners, through various effective communication channels exchanges. Their valuable feedback is consolidated and incorporated into our materiality assessment and corporate strategy where applicable, ensuring their perspectives are considered in our management decision-making process. We steadfastly believe that the materiality assessment is pivotal to the sustainable development of our business.

### **Environmental Protection**

We attach great importance to environmental protection and commit to reduce air pollution, water usage, energy consumption, and reduce carbon emissions. Our EHS management committee is actively supporting all departments in implementing the ISO 14001 Environmental Management System and the ISO 45001 Safety and Health Management System. We have issued EHS Training Management Regulations and provided employees with training on our environmental policies to enhance their awareness of environmental protection.

We believe 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% by 2026.



## BUSINESS

### *Emissions*

We are insisting on continuing to optimize the production process, reduce the emissions during our production process, and strengthen the absorption of waste gas. We also employ a third-party organization to monitor the environment in our production area.

The following table sets forth the emission data of our Xiamen facility during the Track Record Period are as follow.

Category	Unit	For the year ended December 31,			For the five months ended May 31,
		2022	2023	2024	2025
Tin and its compounds . . . . .	ton	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>
Non-methane total hydrocarbon . . . . .	ton	0.15	0.37	0.14	0.023

*Note:*

(1) The data for tin and its compounds is reported as zero due to rounding.

We are planning to set a quantitative reduction target by 2026, based on the progress of production expansion and our business development. In our production and operational activities, electricity consumption is the primary source of GHG emissions. We are committed to continuously leveraging our information management system to enhance electricity efficiency and minimize energy waste. Additionally, we aim to optimize equipment operation by reducing unnecessary power consumption, preventing equipment idling, and lowering energy usage through standardized internal audits and regular maintenance.

The following table sets forth the GHG emission data of our Xiamen facility during the Track Record Period. We prioritize the recording of GHG emission 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. We also plan to gradually expand and improve the Scope 3 emission data calculation and formulate feasible carbon targets as appropriate.

Category	Unit	For the year ended December 31,			For the five months ended May 31,
		2022	2023	2024	2025
<b>Scope 1 Emission</b> . . . . .	tonnes of CO <sub>2</sub>	5.69	8.92	14.78	4.41
Fossil Fuel Emission . . .	equivalents	5.60	8.86	14.52	4.39
Vehicle use produces methane and nitrous oxide carbon dioxide emissions . . . . .		0.09	0.07	0.26	0.01
<b>Scope 2 Emission</b> . . . . .		2,074.15	2,394.30	3,513.62	1,712.67
Electricity . . . . .		2,074.15	2,394.30	3,513.62	1,712.67
<b>Scope 1+2 Emission</b> . . . . .		2,079.84	2,403.22	3,528.40	1,717.08

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*Note:*

- (1) The sum may not equal to the total amount due to rounding.

### ***Energy Consumption***

We are committed to actively conserving energy and supporting the initiative of green production and low-carbon office. By 2026, we aim to establish quantifiable targets, progressively reduce energy consumption, and increase the use of renewable energy to facilitate our transition to a low-carbon business model. We are also expanding the use of electric vehicles for daily office activities, embracing a low-carbon and energy-efficient lifestyle.

During the Track Record Period, the majority of our electricity consumption was primarily attributed to our Xiamen facility, where we consumed 3,725,117 kWh, 4,300,099 kWh, 7,364,135 kWh and 4,836,076 kWh in 2022, 2023, 2024 and for the five months ended May 31, 2025, respectively.

### ***Hazardous Waste Emissions***

We are committed to standardizing solid waste management, ensuring safe disposal, and promoting comprehensive reuse to support cleaner production and sustainable development. We maintain strict control over unorganized emissions, discharge pollutants in full compliance with regulatory permits, and continuously enhance the daily operation and maintenance of online monitoring systems to meet emission standards and reduce hazardous waste output.

Our hazardous waste mainly includes waste circuit boards, chemical wastes, waste activated carbon, waste organic solvents and wastes containing organic solvents, organic resin waste circuit boards, cutting powders and oil/water, hydrocarbon/water mixtures or emulsion-waste cutting fluids generated in the production process. During the Track Record Period, the majority of our hazardous waste was primarily attributed to our Xiamen facility, which generated 5.8 tons, 6.8 tons, 25.4 tons and 9.8 tons of hazardous waste in 2022, 2023, 2024 and for the five months ended May 31, 2025, respectively.

### ***Water Consumption***

Our water consumption is predominantly sourced from tap water, and we are actively implementing measures to promote water recycling within our production processes.

During the Track Record Period, the majority of our water consumption was primarily attributed to our Xiamen facility, where we consumed 10,032 tons, 10,703 tons, 19,941 tons and 16,205 tons in 2022, 2023, 2024 and for the five months ended May 31, 2025, respectively.

### **Employee Benefits and Welfare**

We are committed to creating an inclusive and collaborative company culture, guided by principles of integrity, innovation, and dedication. Upholding strict policies on equal employment opportunities, we unequivocally prohibit discrimination based on factors such as race, color, religion, gender, or sexual orientation, among others. We prohibit any use of child labor in any of our operations.

We offer competitive salaries alongside a comprehensive benefits package. We provide insurance schemes supplemented by additional commercial insurance coverage, and various allowances, including meal and transportation allowances. We also provide annual medical checkups and other welfare benefits, demonstrating our holistic approach to employee well-being.

In alignment with our dedication to professional growth, we actively support employees' development through external training programs and the provision of relevant training resources tailored to specific job roles. By fostering a culture of continuous learning and development, we aim to enhance the skills and knowledge of our employees, thereby facilitating their professional advancement within the organization.

Furthermore, we place a strong emphasis on embracing diversity and fostering equal and respectful treatment of all employees throughout their employment journey, encompassing hiring, training, wellness initiatives, and both personal and professional development. While maximizing equal career opportunity for everyone, we will also continue to promote work-life balance and create a pleasant workplace for all our employees.

### **Workplace Safety**

We place paramount importance on fostering a workplace environment that prioritizes the health and safety of our employees. To this end, we maintain a comprehensive array of rules, standard operating procedures, and measures designed to uphold these principles. These measures encompass various facets, including the implementation of stringent safety guidelines that meticulously outline potential hazards and appropriate mitigation strategies, as well as workplace hygiene standards.

We require all new employees to undergo rigorous safety training sessions to ensure a thorough understanding of safety protocols and procedures specific to our operations. We have established a three-tiered safety education and training system, ensuring that every new employee receives comprehensive safety education at the company level (Level 1), department level (Level 2), and team level (Level 3). New employees must undergo trainings under these three levels to ensure they fully understand the safety protocols and procedures unique to our operations. We also schedule an EHS training on an annual basis, organizing courses on safety, fire protection, occupational health, and environmental protection. Additionally, each department is responsible for conducting regular training sessions based on the specialized programs to reinforce safety awareness, operational procedures, and compliance, thereby enhancing employees' safety consciousness and improving their safe operation skills.

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Furthermore, to maintain compliance with relevant laws and regulations, our proactive human resources department collaborates closely with legal advisors to monitor developments and adjust policies as necessary, thereby ensuring our ongoing adherence to statutory requirements and best practices in workplace safety. We have obtained ISO50001, ISO9001, ISO14001, ISO26262, QC080000, ANSI. ESDS. 20.20 and IATF16949 certifications.

According to the compliance certificate issued by the relevant competent governmental authorities as confirmed by our PRC Legal Advisor, during the Track Record Period, we have not received any administrative penalties related to production safety.

### Corporate Governance

We maintain a zero-tolerance policy towards the acceptance of any form of bribes by employees. To further standardize the integrity in our business operation and promote self-discipline among all our employees, we have implemented a set of anti-corruption policies and procedures which are approved and overseen by the management.

We have implemented thorough strategies to safeguard our intellectual property. We enter into employment contracts with our employees, which contain provisions with respect to confidentiality, non-competition, and ownership of intellectual property. These contracts stipulate that any intellectual property created by individuals during their tenure with us, including internally developed content, is recognized as our exclusive property.

### EMPLOYEES

As of December 31, 2022, 2023, 2024 and May 31, 2025, we had a total of 1,753, 1,682, 2,145 and 2,098 full-time employees, respectively, and 21, 13, 10 and eight part-time employees, respectively, substantially all of whom are located in mainland China.

The following table sets forth a breakdown of our employees categorized by work function as of May 31, 2025.

Function	Number of Employees	% of Total
Manufacturing . . . . .	876	41.6
R&D . . . . .	709	33.7
Operations . . . . .	253	12.0
Sales and business development . . . . .	54	2.6
Management and administration . . . . .	214	10.2
<b>Total . . . . .</b>	<b>2,106</b>	<b>100.0</b>

We are deeply committed to fostering the growth and well-being of our employees. To remain competitive and expand our talent pool, we offer attractive compensation packages and a dynamic working environment. We have implemented a clear promotion system, with distinct salary tiers corresponding to each level, and a promotion plan to recognize and reward our team members' contributions. To support our new employees, we offer a comprehensive, multi-phase talent development program. We also offer employees ongoing internal sharing sessions and external training focused on enhancing their skills. We care about our employees and have established a dedicated welfare fund that extends to their families. Should any employee face family difficulties, they can apply for financial assistance from this fund.

We enter into standard labor contracts with all employees and require confidentiality and non-compete agreements from our research and development staff as well as middle to senior management. We believe that we have a good working relationship with our employees. Our employees are represented by a labor union. During the Track Record Period, we had not witnessed any major labor disputes with our existing or departing employees, which demonstrates our efforts on maintaining good relationships with our employees.

During the Track Record Period and up to the Latest Practicable Date, we had not made social insurance and housing provident fund contributions for some of our employees in full in accordance with the relevant PRC laws and regulations, primarily because (i) some employees were not willing to bear the costs associated with social insurance and housing provident funds strictly in proportion to their salary, and (ii) for some employees there was a timing gap between their onboarding date and the completion of requisite administrative procedures before we could make the contributions.

Further, we engaged one third-party human resource agency to pay social insurance and housing provident funds for certain of our employees in certain locations where they work, which was primarily attributable to the preference of these employees to participate in local social insurance and housing provident fund schemes in their place of residency. Pursuant to the agreements entered into between the third-party agent and us, the third-party agent has an obligation to pay social insurance and housing provident funds for our relevant employees. Pursuant to the written confirmation issued by the third-party agent, it had not failed to pay or delayed in paying any social insurance or housing provident funds for such employees during the Track Record Period. According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》) and the Administration of Housing Provident Funds (《住房公積金管理條例》), employers shall apply for registrations on behalf of the employees and pay on time and in full social insurance contributions and housing provident fund, but the aforementioned regulations do not explicitly stipulate the legal consequences and potential liability of using such agency agreements. See “Risk Factors — Risks Relating to Our Business and Industry — We have not made adequate contributions to the social insurance and housing provident fund, which could subject us to penalties.”

According to relevant PRC laws and regulations, (i) in respect of outstanding social insurance contributions, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a maximum fine or penalty equivalent to three times the amount of the outstanding contributions; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period; if the payment is not made within such period, the relevant authority relating to housing provident fund contributions may apply to court for compulsory execution. We might be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities if the third-party human resource agency failed to pay the social insurance or housing provident funds for the relevant employees in full amount and/or in a timely manner, or if the validity of such arrangements are challenged by competent PRC authorities.

As of the Latest Practicable Date, we have obtained the compliance certificates from local social insurance and housing provident fund authorities, which are competent authorities as confirmed by our PRC Legal Advisor, stating that the relevant subsidiary is not subject to any significant administrative penalty due to non-compliances with the relevant laws and regulations concerning social insurance and labor rights, and housing provident funds during the Track Record Period. In addition, as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay any shortfall with respect to social insurance and housing provident funds or imposing any administrative penalties on us, nor were we aware of any material employee complaints or involved in any material labor disputes with our employees with respect to social insurance and housing provident fund. Besides, we have made full provisions in respect of the outstanding amount of the social insurance fund and housing provident fund contributions. During the Track Record Period, the amount of our aggregate shortfall in respect of the social insurance fund and housing provident fund contributions amounted to approximately RMB4.2 million. We undertake to make contributions for our employees in a manner as required as soon as practicable once we receive the notification from the relevant government authorities, if any, to require us to make contribution for the outstanding amounts or to amend our policies or practice in this regard, so that we will not receive administrative punishment from the relevant government authorities due to the failure to make the contributions in time. Also, we undertake to fully rectify and make full contributions of social insurance and housing provident funds as soon as practicable under local practices, and disclose the status in our annual report(s) in due course. Based on the foregoing, our PRC Legal Advisor is of the view that, if the competent social insurance and housing provident fund authorities order us or any of our subsidiaries to rectify their non-compliance with the laws and regulations relating to social insurance and housing provident fund within a prescribed time limit and pay the late payment fee (if any), and if such entities complete the rectification and pay the late payment fee (if any) within the prescribed time limit as required by the competent social insurance and housing provident fund authorities, the risk of us being fined by such authorities is relatively low.

**INSURANCE**

We have purchased insurance to cover certain potential risks and liabilities. For example, we have maintained all-risk property insurance for our machines, equipment, furniture, inventory, buildings and other assets in our Xiamen production facility, which covers risks arising from natural disasters such as earthquake, typhoon and heavy rain, as well as accidents such as fire, robbery, and theft. We also provide social insurance including pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, and medical insurance for our employees based in China pursuant to PRC laws and regulations. We do not maintain any key-man life insurance and business interruption insurance, which are not mandatory under PRC laws.

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. According to CIC, our insurance coverage is in line with the market practice. However, our insurance policies are subject to standard deductibles, exclusions and limitations. See “Risk Factors — Risks Relating to Our Business and Industry — We may not have sufficient insurance coverage to cover our business risks.”

**PROPERTIES****Owned Properties**

As of the Latest Practicable Date, we owned land use rights to five parcels of land in the PRC, with a total gross site area of 169,155.02 square meters, mainly used as our production facility. Two parcels of the land are in Xiamen, Fujian Province, and another three are located in Liuzhou, Guangxi Province, Rui'an, Zhejiang Province and Shaoxing, Zhejiang Province, respectively. These five parcels of land owned by us are recognized as the right-of-use assets in our consolidated statements of financial position.

**Leased Properties**

As of the Latest Practicable Date, we leased seven properties in the PRC with an aggregate gross floor area of 52,802.98 square meters. Our leased properties are primarily used as office space. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

Pursuant to the applicable PRC laws and regulations, both lessors and lessees must register lease agreements with the relevant authorities and obtain property leasing filing certificates. As of the Latest Practicable Date, the lessors of six properties had provided their title certificates of the relevant properties, while the lessor of the remaining one property had not provided any title certificates. Three of our lease agreements had not been registered with the relevant local authorities. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect its legality, validity or enforceability. However, we



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may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC governmental authorities require us to rectify it but we fail to do so within the prescribed time period. See “Risk Factors — Risks Relating to Our Business and Industry — We face certain risks relating to our lease properties, including any legal defects and unforeseen lease terminations of such properties.” We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB110,000, which we believe is immaterial. Therefore, we believe that the failure to register these lease agreements will not have any material adverse effect on our results of operations or financial condition. As of the Latest Practicable Date, we have not received any administrative penalties in this regard.

As of May 31, 2025, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

### LICENSES AND PERMITS

We are required by relevant laws and regulations to obtain and maintain various licenses and permits in order to conduct our business. The following table sets out the main standards, certifications or requirements that we complied with as of the Latest Practicable Date:

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
License for Network Connection of Telecommunications Equipment (電信設備進網許可證) . . . . .	Our Company	September 15, 2022	September 15, 2025
License for Network Connection of Telecommunications Equipment (電信設備進網許可證) . . . . .	Our Company	December 2, 2022	December 2, 2025
License for Network Connection of Telecommunications Equipment (電信設備進網許可證) . . . . .	Our Company	March 29, 2024	March 29, 2027
License for Network Connection of Telecommunications Equipment (電信設備進網許可證) . . . . .	Our Company	August 1, 2024	August 1, 2027

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License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	March 15, 2024	March 15, 2029
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	September 8, 2023	December 31, 2025
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	July 21, 2022	December 31, 2025
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	December 2, 2022	December 31, 2025
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	November 25, 2024	November 25, 2029
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	July 29, 2024	July 29, 2029
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	June 27, 2025	June 27, 2030
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	June 27, 2025	June 27, 2030
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	June 25, 2025	June 25, 2030
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	May 16, 2025	May 16, 2030
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證) . . . . .	Our Company	April 21, 2025	April 21, 2030

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License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
Value-Added Telecommunications Business License (增值電信業務經營許可證) . . . . .	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	August 26, 2022	September 25, 2027
Value-Added Telecommunications Business License (增值電信業務經營許可證) . . . . .	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	September 6, 2023	June 19, 2028
Value-Added Telecommunications Business License (增值電信業務經營許可證) . . . . .	Shanghai Qianzi Information Technology Co., Ltd.	September 18, 2020	September 18, 2025
High and New Technology Enterprises Certificate (高新技術企業) . . . . .	Our Company	November 15, 2023	November 15, 2026
High and New Technology Enterprise Certificate (高新技術企業) . . . . .	PATEO CONNECT (Nanjing) Co., Ltd.	December 13, 2023	December 12, 2026
High and New Technology Enterprises Certificate (高新技術企業) . . . . .	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	December 12, 2023	December 11, 2026
Information System Security Level Protection Filing Certificate (信息系統安全等級保護備案證明) . . . . .	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	September 9, 2020	Long-term
Information System Security Level Protection Filing Certificate (信息系統安全等級保護備案證明) . . . . .	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	February 9, 2021	Long-term
Pollutant Discharge Permit (排污許可證) . . . . .	Liuzhou PATEO CONNECT Co., Ltd.	April 22, 2024	April 21, 2029
Registration for Pollutant Discharge from Fixed Pollution Sources (固定污染源排污登記) . . . . .	Pateo Connect Technology (Xiamen) Co., Ltd.	May 13, 2021	May 12, 2026
Customs Record Receipt of Consignees and Consignors of Imported and Exported Goods (海關進出口貨物收發貨人備案) . . . . .	Our Company	December 16, 2016	Long-term
Foreign Trade Dealers Filing Receipt (對外貿易經營者備案登記表) . . . . .	Our Company	December 16, 2021	Long-term

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As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits necessary to conduct our operations in the PRC from the relevant government authorities, and such business licenses had remained in full effect.

### LEGAL PROCEEDINGS AND COMPLIANCE

#### Legal Proceedings

We may from time to time become a party to various litigation, arbitration or administrative proceedings arising in the ordinary course of our business. See “Risk Factors — Risks Relating to Our Business and Industry — We may be exposed to risks related to litigation and administrative proceedings that could materially and adversely affect our business, results of operations, and financial condition.” During the Track Record Period and up to the Latest Practicable Date, we had not been the defendant or arbitration respondent in any litigation, arbitration or administrative proceeding which, in our opinion, would likely have a material and adverse effect on our business, financial condition or results of operations. As of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against our Company or any of the Directors which could have a material and adverse effect on our business, financial condition or results of operations.

#### Legal Compliance

During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

### 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.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Ying, our founder, chairman of our Board, executive Director and general manager, was entitled to exercise approximately 34.14% of the voting rights in our Company through: (i) 32,295,581 Shares (representing approximately 23.14% of the voting rights in our Company) directly held by him, and (ii) 15,350,000 Shares (representing approximately 11.00% of the voting rights in our Company) held by our Employee Incentive Platforms, which were controlled by Mr. Ying as their respective general partner.

Immediately upon completion of the Global Offering, Mr. Ying will, by himself and through our Employee Incentive Platforms, be entitled to exercise approximately 31.77% of the voting rights of our Company (assuming that the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme) or approximately 31.44% of the voting rights of our Company (assuming that the Over-allotment Option is exercised in full and no Shares are issued under the Pre-IPO Share Option Scheme). Accordingly, Mr. Ying and our Employee Incentive Platforms constitute a group of Controlling Shareholders upon completion of the Global Offering.

For details of the relationship among the group of Controlling Shareholders, and their shareholding in our Company, see “History, Development and Corporate Structure” and “Substantial Shareholders.”

### COMPETITION

The Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the Listing.

#### Management Independence

We are able to carry on our business independently from the Controlling Shareholders from a management perspective. Upon Listing, our Board will consist of 14 Directors, including five executive Directors, three non-executive Directors and six independent non-executive Directors.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Our executive Directors and senior management team are responsible for the day-to-day management of our operations. Notwithstanding the roles of Mr. Ying in our Board, our Directors are of the view that our Company is able to function independently from Mr. Ying for the following reasons:

- (a) all of the independent non-executive Directors are independent of Mr. Ying, and decisions of our Board require the approval of a majority vote from members of our Board;
- (b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (c) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (d) we will have six independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and
- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders and their close associates after the Listing.

### **Operational Independence**

We have independent operating capabilities and management systems. We do not rely on any operational or administrative resources of our Controlling Shareholders or their close associates for business development, staffing, administration, sales and marketing activities. We have independent access to suppliers and customers, and an independent management team to handle our day-to-day operations. We also possess the necessary licenses, certificates, facilities and intellectual property rights to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.



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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates after the Listing.

### Financial Independence

Our finance department is independent from our Controlling Shareholders and their close associates. Its responsibilities include, among other things, financial control, accounting, financial reporting and internal control. As of the Latest Practicable Date, none of our finance staff was employed by our Controlling Shareholders or their close associates. Our Group is capable of making financial decisions independently. We have established an independent audit system and a financial and accounting system. In addition, we manage our bank accounts independently, and do not share any bank accounts with our Controlling Shareholders or their close associates.

During the Track Record Period, certain of our Group's bank loans were guaranteed by Mr. Ying, one of our Controlling Shareholders (the "**Guaranteed Loans**"). As of May 31, 2025, all of Mr. Ying's personal guarantees on the Guaranteed Loans have been released as confirmed by the relevant financial institutions. For further details on our bank borrowings, see Note 29 of the Accountants' Report set out in Appendix I to this prospectus.

Save as disclosed above, we confirm that there is no other financial assistance provided by our Controlling Shareholders to our Group and vice versa. We are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates. Additionally, we have received a series of Pre-IPO Investments as of the Latest Practicable Date. For details of the Pre-IPO Investments, see "History, Development and Corporate Structure — Pre-IPO Investments." We expect that, upon completion of the Global Offering, our operations will be financed primarily by the net proceeds from the Global Offering, internally generated funds and borrowings or financing from financial institutions.

Based on the above, our Directors are of the view that we are able to carry on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their close associates after the Listing.

### CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between the Group and the Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) the Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- (e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (g) we have appointed Guotai Junan Capital Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### OVERVIEW

Upon Listing, the Board will consist of 14 Directors, including five executive Directors, three non-executive Directors and six independent non-executive Directors. The Directors serve for a term of three years and shall be subject to re-election upon retirement. The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for developing and reviewing the policies and practices of the Company on corporate governance, risk management, internal control and compliance with legal and regulatory requirements.

The Supervisory Committee currently consists of five Supervisors. The Supervisory Committee is responsible for supervising the performance of duty of the Board and the senior management of the Company and overseeing the financial, internal control and risk conditions of the Company.

The senior management currently consists of five members who are responsible for our day-to-day management and operation.

### DIRECTORS

The following table sets forth the key information about the Directors.

Name	Age	Position	Responsibilities	Date of the appointment as a Director	Date of joining the Group
Mr. Ying . . . . .	51	Founder of the Group, chairman of the Board, executive Director, and general manager of the Company	Responsible for overall strategic planning of the Group and major business and operational decisions, including the management of our business operation, business development and public relations	October 20, 2009	October 20, 2009
Zhang Fukai (張富凱) . . . . .	51	Executive Director, chief financial officer of the Company and secretary to the Board	Responsible for the overall financial management and the management of day-to-day work of the Board and corporate governance matters	May 1, 2016	September 19, 2011

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Responsibilities	Date of the appointment as a Director	Date of joining the Group
Xu Zhenhui (徐真慧) . . . . .	41	Executive Director and deputy general manager of the Company	Responsible for providing guidance and support on corporate and business strategies and coordinating internal resources	May 15, 2018	January 9, 2017
Lai Weilin (賴偉林) . . . . .	43	Executive Director and deputy general manager of the Company	Responsible for providing guidance and advice on corporate and business strategies and the management of our business operation	July 30, 2021	October 25, 2011
Gao Yinghui (高穎輝) . . . . .	47	Executive Director	Responsible for providing guidance and advice on business operation and industrial cooperation	June 18, 2017	April 15, 2013
Wang Bihui (王碧輝) . . . . .	38	Non-executive Director	Responsible for providing guidance and advice on corporate and business strategies	August 16, 2024	August 16, 2024
Wang Yue (王越) . . . . .	36	Non-executive Director	Responsible for providing guidance and advice on corporate and business strategies	June 7, 2022	June 7, 2022
Ma Xiaoyong (馬曉詠) . . . . .	51	Non-executive Director	Responsible for providing guidance and advice on corporate and business strategies	September 21, 2022	September 21, 2022
Li Yuanpeng (李遠鵬) . . . . .	47	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	October 27, 2021	October 27, 2021
Wang Yanfeng (王延峰) . . . . .	47	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	October 27, 2021	October 27, 2021
Pang Chunlin (龐春霖) . . . . .	54	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	October 27, 2021	October 27, 2021

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Responsibilities	Date of the appointment as a Director	Date of joining the Group
Zhang Xiaoliang (張曉亮) . . . . .	45	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	October 27, 2021	October 27, 2021
Liu Gongshen (劉 功申) . . . . .	51	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	June 7, 2022	June 7, 2022
Xu Lili (徐黎黎) . . . . .	43	Independent non-executive Director	Responsible for supervising the Group's financial position and providing independent judgement to the Board	June 24, 2024 <sup>(1)</sup>	Listing Date

(1) The appointment will become effective upon the Listing Date.

(2) Each of the Directors had no relationship with other Directors, Supervisors or senior management members of the Company as of the Latest Practicable Date.

### Executive Directors

**Mr. Ying**, aged 51, 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.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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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 51, 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.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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**Ms. Xu Zhenhui (徐真慧)**, aged 41, 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 43, 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.

**Mr. Gao Yinghui (高穎輝)**, aged 47, was appointed as a Director in June 2017 and was re-designated as an executive Director in June 2024. He has been serving as the senior director of service operation and industry cooperation department of Shanghai Pateo Network Technology Service Co., Ltd. (上海博泰悅臻網絡技術服務有限公司), a wholly-owned subsidiary of the Company, since April 2013. He is responsible for providing guidance and advice on business operation and industrial cooperation.

Prior to joining the Group, Mr. Gao worked in Shanghai Newtouch Software Co., Ltd. (上海新致軟件股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688590)) from February 2001 to April 2013.

Mr. Gao obtained a bachelor's degree in computer applications from Luoyang Institute of Technology (洛陽工學院) (currently known as Henan University of Science and Technology (河南科技大學)) in the PRC in June 1999.



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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### Non-executive Directors

**Mr. Wang Bihui (王碧輝)**, aged 38, 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. Wang Yue (王越)**, aged 36, was appointed as a Director in June 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.

Prior to joining the Group, Mr. Wang once worked at Haitong Securities Co., Ltd. (海通證券股份有限公司) (a company listed on the Stock Exchange (stock code: 6837) and Shanghai Stock Exchange (stock code: 600837)) from July 2013 to July 2016, where he was responsible for matters related to securities management. He has been the managing director of Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司) since January 2018.

Mr. Wang obtained a bachelor's degree in material physics from Nanjing University (南京大學) in the PRC in June 2011. He then obtained his master's degree in arts from Johns Hopkins University in the U.S. in June 2013.

**Mr. Ma Xiaoyong (馬曉詠)**, aged 51, 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 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.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Independent Non-executive Directors

**Dr. Li Yuanpeng (李遠鵬)**, aged 47, 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.

**Dr. Wang Yanfeng (王延峰)**, aged 47, 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. Wang has been holding positions at School of Electronic Information and Electrical Engineering of Shanghai Jiao Tong University (上海交通大學電子信息與電氣工程學院), including a deputy dean since 2015 and a senior professional and technical fellow since 2017. Since 2018, Dr. Wang has been serving as a deputy dean at

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Artificial Intelligence Research Institute of Shanghai Jiao Tong University (上海交通大學人工智能研究院). Since November 2019, Dr. Wang has been serving as an independent director at Cloudwalk Technology Co., Ltd. (雲從科技集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688327)).

Dr. Wang obtained a master's degree in 2005 and a doctorate in business administration in June 2009 from Shanghai Jiao Tong University (上海交通大學) in the PRC.

**Mr. Pang Chunlin (龐春霖)**, aged 54, 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 45, 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. (北京麥銳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.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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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 51, 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 43, 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.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### SUPERVISORS

The following table sets forth the key information about the Supervisors.

Name	Age	Position	Responsibilities	Date of appointment as a Supervisor	Date of joining the Group
Liang Chen (梁晨) . . . . .	41	Chairman of the Supervisory Committee	Responsible for overseeing our operations and financial activities	October 27, 2021	April 9, 2012
Xu Tingting (徐婷婷) . . . . .	42	Employee Representative Supervisor	Responsible for overseeing our operations and financial activities	October 27, 2021	July 26, 2012
Wu Yunyun (吳芸芸) . . . . .	34	Employee Representative Supervisor	Responsible for overseeing our operations and financial activities	October 27, 2021	June 26, 2012
Shi Wan (施萬) . . . . .	38	Supervisor	Responsible for overseeing our operations and financial activities	September 21, 2022	September 21, 2022
Li Zijie (李自潔) . . . . .	46	Supervisor	Responsible for overseeing our operations and financial activities	June 24, 2024	June 24, 2024

(1) Each of the Supervisors had no relationship with other Directors, Supervisors or senior management members of the Company as of the Latest Practicable Date.

The PRC Company Law requires a joint stock company with limited liability to establish a supervisory committee. The Supervisory Committee currently consists of five members.

**Mr. Liang Chen (梁晨)**, aged 41, has been serving as a Supervisor and the chairman of the Supervisory Committee since October 2021. He successively served various roles at the Company, including project management manager of the project department of the Company from April 2012 to July 2014, the director of the project department of the Company from July 2014 to March 2016, and the chief technology officer of the vehicle connectivity R&D business department of the Company from March 2016 to August 2023. He has been serving as the vice president of the Company since August 2023, overseeing the procurement center of the Company. He is responsible for overseeing our operations and financial activities.

Prior to joining the Group, Mr. Liang had certain working experience in electronic technology industry, including once worked at Delphi (China) Technology R&D Center Co. (德爾福(中國)科技研發中心有限公司, currently known as Delphi (China) Technical Center Co., Ltd. (安波福(中國)科技研發有限公司)) from August 2009 to November 2010, and TIANHE (ASIA PACIFIC) CO., LIMITED (天合亞太有限公司) from December 2010 to March 2012.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Mr. Liang obtained a bachelor's degree in telecommunication engineering from Donghua University (東華大學) in the PRC in July 2006.

**Ms. Xu Tingting (徐婷婷)**, aged 42, has been serving as an employee representative Supervisor since October 2021. She also successively served as the project manager in the UED department at Shanghai Botai Yuezhen Electronic Equipment Manufacturing Co. (上海博泰悅臻電子設備製造有限公司), predecessor of the Company, from February 2012 to January 2016, the senior product manager of product planning department of the Company from February 2016 to January 2023, and the senior project manager of listing preparation department of the Company from February 2023 to April 2023, and has been serving as the senior project manager of R&D business division of the Company since May 2023. She is responsible for overseeing our operations and financial activities.

Ms. Xu obtained a bachelor's degree in art design from China Academy of Art (中國美術學院) in the PRC in July 2004.

**Ms. Wu Yunyun (吳芸芸)**, aged 34, has been serving as an employee representative Supervisor since October 2021. She is responsible for overseeing our operations and financial activities.

Ms. Wu served as a cashier in the finance department at Shanghai Botai Yuezhen Electronic Equipment Manufacturing Co. (上海博泰悅臻電子設備製造有限公司), predecessor of the Company, from June 2012 to May 2014. She then successively served as the cashier and cost accountant in the finance department from May 2014 to December 2018 and the head of accounting in capital operations department from January 2019 to March 2021 at Shanghai Qinggan Intelligent Technology Co., Ltd. (上海擎感智能科技有限公司). Since March 2021, she has been serving as an accounting supervisor in the capital operations department of the Company.

Ms. Wu obtained a bachelor's degree in financial management from East China University of Science and Technology (華東理工大學) in the PRC in July 2012.

**Mr. Shi Wan (施萬)**, aged 38, has been appointed as a Supervisor since September 2022. He is responsible for overseeing our operations and financial activities.

Prior to joining the Group, Mr. Shi previously held various positions at the group companies of Dongfeng Motor Group Co., Ltd. (東風汽車集團股份有限公司) (“**Dongfeng Group**”) (a company listed on the Stock Exchange (stock code: 0489)), including the budget analyst in the budget management department of Dongfeng Commercial Vehicle Co., Ltd. (東風商用車有限公司) from September 2008 to May 2011, the manager of budget management and financial analysis at foundry plant No. 1 of Dongfeng Commercial Vehicle Co., Ltd. from June 2011 to July 2013. Mr. Shi then successively served several management positions in Dongfeng Group, including the manager of fund management business in the finance control department from August 2013 to October 2019, the business manager for industrial finance in the finance control department from November 2019 to January 2021, the business manager for



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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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securities research in the finance control department from February 2021 to June 2022. Since July 2022, Mr. Shi has been serving as the deputy manager of the asset management division in the finance control department of Dongfeng Group.

Mr. Shi obtained a bachelor's degree in Finance from Wuhan University (武漢大學) in the PRC in June 2008.

**Ms. Li Zijie (李自潔)**, aged 46, has been appointed as a Supervisor since June 2024. She is responsible for overseeing our operations and financial activities.

Prior to joining the Group, Ms. Li once served as a consultant at StatoilHydro in Norway from May 2009. From May 2017 to May 2020, she once held several positions at China Tianying Inc. Shanghai Branch (中國天楹股份有限公司上海分公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000035)) including the assistant to the general manager. Since June 2020, she has been serving as an investment director at Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司).

Ms. Li obtained a bachelor's degree in computer software from University of Shanghai for Science and Technology (上海理工大學) in the PRC in July 2002. She also obtained master's degrees in software engineering and accounting from Fudan University (復旦大學) in the PRC in June 2005 and June 2007, respectively. In October 2009, she further obtained a master's degree in project management from Norwegian University of Science and Technology in Norway.

### SENIOR MANAGEMENT

The following table sets forth the key information about the senior management of the Company.

Name	Age	Position	Responsibilities	Date of appointment as senior management of the Company	Date of joining the Group
Mr. Ying . . . . .	51	Founder of the Group, chairman of the Board, executive Director, and general manager of the Company	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	October 20, 2009	October 20, 2009



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Responsibilities	Date of appointment as senior management of the Company	Date of joining the Group
Zhang Fukai (張富凱) . . . . .	51	Executive Director, chief financial officer of the Company and secretary to the Board	Responsible for the overall financial management and the management of day-to-day work of the Board and corporate governance matters	October 27, 2021	September 19, 2011
Lai Weilin (賴偉林) . . . . .	43	Executive Director and deputy general manager of the Company	Responsible for providing guidance and advice on corporate and business strategies and management of our business operation	October 27, 2021	October 25, 2011
Xu Zhenhui (徐真慧) . . . . .	41	Executive Director and deputy general manager of the Company	Responsible for providing guidance and support on corporate and business strategies and coordinating internal resources	October 27, 2021	January 9, 2017
Zhang Yi (張毅) . . . . .	52	Deputy general manager of the Company and vice executive president of the intelligent manufacturing department of the Company	Responsible for the management of manufacturing and business development	October 27, 2021	September 26, 2016

- (1) Each of the senior management members of the Company had no relationship with other Directors, Supervisors or senior management members of the Company as of the Latest Practicable Date.

For the biographical details of Mr. Ying, Mr. Zhang Fukai, Mr. Lai Weilin and Ms. Xu Zhenhui, see the paragraphs headed “— Directors” in this section.

**Mr. Zhang Yi (張毅)**, aged 52, has been serving as deputy general manager of the Company since October 2021. He is also currently serving as managers of certain subsidiaries of the Company. He is responsible for the management of manufacturing and business development.

Prior to joining the Group, Mr. Zhang had certain 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.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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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 (東南大學) in the PRC.

### GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries,

- (i) save as disclosed above, none of the Directors, Supervisors or senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this prospectus;
- (ii) none of the Directors, Supervisors or members of the senior management of the Company was related to any other Directors, Supervisors and members of the senior management;
- (iii) save as disclosed in "Appendix VI — Statutory and General Information," none of the Directors, Supervisors or chief executive officer of the Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and
- (iv) save as disclosed above, there was no additional matter with respect to the appointment of the Directors or Supervisors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

### CONFIRMATION FROM OUR DIRECTORS

#### Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

#### Rule 3.09D of the Listing Rules

Each of our 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 or June 17, 2024 (as the case may be); and (ii) understood his or her obligations as a director of a listed issuer under the Listing Rules.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors had confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he or she had no past or present financial or other interest in the business of the Company or its subsidiary or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there were no other factors that may affect his or her independence at the time of his or her appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his or her independence.

### JOINT COMPANY SECRETARIES

The Company has appointed Dr. Liu Yicheng (劉意成) and Ms. Leung Hoi Yan (梁皓欣) as our joint company secretaries in March 2025 and September 2025, respectively, with effect from the Listing Date.

**Dr. Liu Yicheng (劉意成)**, aged 35, joined the Group in September 2024 as the secretary of the Company and was appointed as one of our joint company secretaries for the purpose of Rules 3.28 and 8.17 of the Listing Rules in March 2025. Prior to joining the Group, Dr. Liu worked at China International Capital Corporation Limited (中國國際金融股份有限公司) from July 2017 to August 2024, where his last position was the senior associate of the investment banking department. Dr. Liu obtained a bachelor's degree in economics in July 2012 and a doctorate degree in management in June 2017, both from Tsinghua University (清華大學).

**Ms. Leung Hoi Yan (梁皓欣)** 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, 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.

### BOARD COMMITTEES

We have established three Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Dr. Li Yuanpeng, Mr. Zhang Xiaoliang and Ms. Xu Lili, with Dr. Li Yuanpeng currently serving as the chairman. Ms. Xu Lili has the appropriate professional experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

- (i) proposing the appointment or change of external auditors to our Board, monitoring the independence of external auditors and evaluating their performance;
- (ii) examining the financial information of the Company and reviewing financial reports and statements of the Company;
- (iii) examining the financial reporting system, the risk management and internal control system of the Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and
- (iv) dealing with other matters that are authorized by the Board.

### Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Pang Chunlin, Mr. Zhang Xiaoliang and Ms. Xu Zhenhui, with Mr. Pang Chunlin currently serving as the chairman. The primary duties of the Nomination Committee include, but are not limited to, the following:

- (i) conducting extensive search and providing our Board with suitable candidates for our Directors, general managers and other members of the senior management;
- (ii) reviewing the structure, size and composition of our Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually, assist our Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (iii) researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board;
- (iv) supporting the Company's regular evaluation of the Board's performance;
- (v) assessing the independence of the independent non-executive Directors; and
- (vi) dealing with other matters that are authorized by the Board.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Dr. Wang Yanfeng, Dr. Li Yuanpeng and Mr. Ying, with Dr. Wang Yanfeng currently serving as the chairman. The primary duties of the Remuneration Committee include, but are not limited to, the following:

- (i) advising our Board on the overall remuneration plan and structure of our Directors and senior management and the establishment of transparent and formal procedures for determining the remuneration policy of the Company;
- (ii) monitoring the implementation of the remuneration system of the Company;
- (iii) making recommendations on the remuneration packages of our Directors and senior management; and
- (iv) other duties conferred by our Board.

### CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the Listing.

Pursuant to code provision C.2.1 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 responsibilities between the chairperson and the general manager should be segregated and should not be performed by the same individual. We do not have a separate chairperson and general manager and Mr. Ying currently performs these two roles. The Board believes that vesting the roles of both the chairperson and 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 the chairperson of the Board and the general manager of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Company intends to comply with all code provisions under the Corporate Governance Code after the Listing.

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## **DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

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### **BOARD DIVERSITY POLICY**

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 two female Directors and 12 male Directors, ranging from 36 years old to 54 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 our 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.

Upon the Listing, 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. The Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

### **DIRECTORS' AND SUPERVISORS' REMUNERATION AND REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS**

The Directors, Supervisors and senior management members who receive remuneration from the Company are paid in the forms of salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment. The remuneration of the Directors, Supervisors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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The aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind paid to the Directors and Supervisors for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025 amounted to RMB23.5 million, RMB23.8 million, RMB45.9 million and RMB15.5 million, respectively. The aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind incurred by the five highest-paid individuals (including three, three, three and three Directors, respectively) of the Group for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025 amounted to RMB23.2 million, RMB23.2 million, RMB52.0 million and RMB18.5 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be approximately RMB16.5 million. The actual remuneration of Directors and Supervisors for 2025 may be different from the expected remuneration.

For the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, there were three, three, three and three Directors among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB9.4 million, RMB9.9 million, RMB20.0 million and RMB8.3 million, for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by the Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office in connection with the management positions of the Company or any subsidiary of the Company.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by the Company or our subsidiary to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

For details regarding the terms of the Pre-IPO Share Option Scheme, see “Appendix VI — Statutory and General Information — Further Information about the Directors, Supervisors and Substantial Shareholders — Pre-IPO Share Option Scheme.”



**COMPLIANCE ADVISER**

The Company has appointed Guotai Junan Capital Limited as our Compliance Adviser in compliance with Rules 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise the Company in certain circumstances including:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- (iii) where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry to the Company in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform the Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform the Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the Listing Date and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

## SHARE CAPITAL

### BEFORE THE COMPLETION OF THE GLOBAL OFFERING

As of the Latest Practicable Date, the issued share capital of the Company was RMB139,554,349 comprising 139,554,349 Shares with a nominal value of RMB1.00 each.

### UPON THE COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering and conversion of Domestic Shares into H Shares, assuming that the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the share capital of the Company will be as follows:

Description of Shares <sup>(1)</sup>	Number of Shares	Approximate percentage of the total share capital of the Company  (%)
Domestic Shares in issue . . . . .	78,993,402	52.67
H Shares to be converted from Domestic Shares <sup>(1)</sup> . . . . .	60,560,947	40.38
H Shares to be issued under the Global Offering . .	10,436,900	6.96
<b>Total</b> . . . . .	<b><u>149,991,249</u></b>	<b><u>100.00</u></b>

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the Listing, see “History, Development and Corporate Structure — Capitalization of the Company.”

Immediately following the completion of the Global Offering and conversion of Domestic Shares into H Shares, assuming that the Over-allotment Option is fully exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the share capital of the Company will be as follows:

Description of Shares <sup>(1)</sup>	Number of Shares	Approximate percentage of the total share capital of the Company  (%)
Domestic Shares in issue . . . . .	78,993,402	52.12
H Shares to be converted from Domestic Shares <sup>(1)</sup> . . . . .	60,560,947	39.96
H Shares to be issued under the Global Offering . .	12,002,420	7.92
<b>Total</b> . . . . .	<b><u>151,556,769</u></b>	<b><u>100.00</u></b>

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the Listing, see “History, Development and Corporate Structure — Capitalization of the Company.”

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## SHARE CAPITAL

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### OUR SHARES

Upon completion of the Global Offering, the H Shares and the Domestic Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares. Apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, investors of the PRC. H Shares may only be subscribed for and traded in Hong Kong dollars.

Domestic Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi, as the case may be. In addition to cash, dividends may be distributed in the form of Shares.

### CONVERSION OF DOMESTIC SHARES INTO H SHARES

The Domestic Shares are currently not listed or traded on any stock exchange.

According to the regulations by the CSRC and our Articles of Association, the holders of these Domestic Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Domestic Shares to H Shares upon the Global Offering, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Domestic Shares are to be converted, listed and traded as H Shares on the Stock Exchange, the approvals of any internal approval process and/or the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Domestic Shares into H Shares as set forth below, we will apply for the listing of all or any portion of the Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the Global Offering to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the listing of additional Shares after the Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our listing in Hong Kong. No Shareholder voting is required for the conversion of such Shares or the listing and trading of such converted Shares

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## SHARE CAPITAL

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on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant Domestic Shares will be withdrawn from the Share register, and the Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of the Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on the H Share register of the Company, such Shares would not be listed as H Shares.

The conversion of Domestic Shares into H Shares will involve an aggregate of 60,560,947 Domestic Shares held by 30 existing Shareholders, representing approximately 40.38% of total issued Shares of the Company upon completion of the conversion of Domestic Shares into H Shares and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme). Under the applicable PRC laws, foreign investors shall not hold more than 50.0% of the equity interest in a PRC company engaged in the provision of value-added telecommunication services. We will pay close attention to the proportion of foreign investments of the holders of the license for value-added telecommunication services (the “**ICP Certificate**”) and the legislative and regulatory development in value-added telecommunication, maintain ongoing dialogue with relevant government authorities and consult the relevant government authorities as necessary and in due course, and where necessary, take necessary actions in a timely manner to continuously comply with the latest regulatory requirements and maintain the validity of the ICP Certificate.

### DOMESTIC PROCEDURES

The Shareholders who apply for H Share Full Circulation (“**Full Circulation Participating Shareholders**”) may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

- (i) We will appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at HKSCC in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, crossborder settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

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## SHARE CAPITAL

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- (ii) We will engage a domestic securities company (the “**Domestic Securities Company**”) to provide services such as the transmission of sale orders and trading messages in respect of the converted H Shares. The Domestic Securities Company will engage a Hong Kong securities company (the “**Hong Kong Securities Company**”) for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by Shenzhen Stock Exchange (“**SZSE**”);
- (iii) The SZSE shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and trading messages in respect of the converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;
- (iv) According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Full Circulation Participating Shareholders that held Domestic Shares shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share “Full Circulation” at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share “Full Circulation” at the Hong Kong Securities Company; and
- (v) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our share capital registered shall be reduced by the number of Domestic Shares converted and increased by the number of H Shares so converted.

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## SHARE CAPITAL

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A Shareholder holding Domestic Shares not converted into H Shares can work with the Company according to the Articles of Association and follow the procedures set out in this prospectus to convert the Domestic Shares into H Shares after the Listing if they want, provided that such conversion of Domestic Shares into and listing and trading of H Shares will be subject to the approval of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by the Company.

### RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

Our Directors, Supervisors and members of the senior management of the Company shall declare their shareholdings in the Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the Shares are listed and traded, nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, Supervisors and members of senior management of the Company.

### REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, the Company is required to register and deposit our Shares that are not listed on the overseas stock exchange with the CSDC within 15 business days after the Listing and provide a written report to the CSRC regarding the centralized registration and deposit of our Shares that are not listed on the overseas stock exchange as well as the offering and listing of our H Shares.

## SUBSTANTIAL SHAREHOLDERS

As far as our Directors are aware, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme) and the conversion of the Domestic Shares into H Shares, the following persons will have an interest and/or short position in the Shares or underlying Shares which will be required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme)		
		Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Company <sup>(1)</sup>	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate) <sup>(1)</sup>
			%		%	%
Mr. Ying . . . . .	Beneficial owner	32,295,581 Domestic Shares	23.14	32,295,581 Domestic Shares	21.53	40.88 (Domestic Shares)
	Interest in controlled corporation <sup>(2)</sup>	15,350,000 Domestic Shares	11.00	15,350,000 H Shares	10.23	21.62 (H Shares)
Jiequan Rundong <sup>(3)</sup> . . . . .	Beneficial owner	10,069,203 Domestic Shares	7.22	10,069,203 H Shares	6.71	14.18 (H Shares)
Nanjing Rundong <sup>(3)</sup> . . . . .	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	10,069,203 H Shares	6.71	14.18 (H Shares)
Suning Rundong <sup>(3)</sup> . . . . .	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	10,069,203 H Shares	6.71	14.18 (H Shares)
Suning Holdings <sup>(3)</sup> . . . . .	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	10,069,203 H Shares	6.71	14.18 (H Shares)
Chen Yan (陳艷) <sup>(3)</sup> . . . . .	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	10,069,203 H Shares	6.71	14.18 (H Shares)
Zhang Jindong <sup>(3)</sup> . . . . .	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	10,069,203 H Shares	6.71	14.18 (H Shares)
Zhang Kangyang <sup>(3)</sup> . . . . .	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	10,069,203 H Shares	6.71	14.18 (H Shares)



## SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme)		
		Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Company <sup>(1)</sup>	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate) <sup>(1)</sup>
			%		%	%
Xinchang VC <sup>(4)</sup> . . . . .	Beneficial owner	7,864,556 Domestic Shares	5.64	7,864,556 Domestic Shares	5.24	9.96 (Domestic Shares)
Xinchang Financial Holdings <sup>(4)</sup> . . . . .	Interest in controlled corporation	7,864,556 Domestic Shares	5.64	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") <sup>(4)</sup> . . . . .	Interest in controlled corporation	7,864,556 Domestic Shares	5.64	7,864,556 Domestic Shares	5.24	9.96 (Domestic Shares)
Tianjin Jinmi <sup>(5)</sup> . . . . .	Beneficial owner	7,758,489 Domestic Shares	5.56	7,758,489 H Shares	5.17	10.93 (H Shares)
Tianjin Jinxing <sup>(5)</sup> . . . . .	Interest in controlled corporation	7,758,489 Domestic Shares	5.56	7,758,489 H Shares	5.17	10.93 (H Shares)
Xiaomi Inc. <sup>(5)</sup> . . . . .	Interest in controlled corporation	7,758,489 Domestic Shares	5.56	7,758,489 H Shares	5.17	10.93 (H Shares)
Xiaomi Corporation <sup>(5)</sup> . . . . .	Interest in controlled corporation	7,758,489 Domestic Shares	5.56	7,758,489 H Shares	5.17	10.93 (H Shares)
Guangzhou Ping An <sup>(6)</sup> . . . . .	Beneficial owner	5,840,017 Domestic Shares	4.18	5,840,017 Domestic Shares	3.89	7.39 (Domestic Shares)
Ping An Capital <sup>(6)</sup> . . . . .	Interest in controlled corporation	5,840,017 Domestic Shares	4.18	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") <sup>(6)</sup> . . . . .	Interest in controlled corporation	5,840,017 Domestic Shares	4.18	5,840,017 Domestic Shares	3.89	7.39 (Domestic Shares)

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme)		
		Number and description of the Shares	Approximate percentage of interest in the Company  %	Number and description of the Shares	Approximate percentage of interest in the Company <sup>(1)</sup>  %	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate) <sup>(1)</sup>  %
Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司) (“ <b>Ping An Financial Technology Consulting</b> ”) <sup>(6)</sup> . . . . .	Interest in controlled corporation	5,840,017 Domestic Shares	4.18	5,840,017 Domestic Shares	3.89	7.39 (Domestic Shares)
Ping An Insurance Group <sup>(6)</sup> . . . . .	Interest in controlled corporation	5,840,017 Domestic Shares	4.18	5,840,017 Domestic Shares	3.89	7.39 (Domestic Shares)
Gongqingcheng Shanyuan <sup>(7)(8)</sup> . . . . .	Beneficial owner	5,440,017 Domestic Shares	3.90	5,440,017 Domestic Shares	3.63	6.89 (Domestic Shares)
Shanmei Fund <sup>(7)</sup> . . . . .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	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) (“ <b>Shanxi Coal</b> ”) <sup>(7)</sup> . . . . .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	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) (“ <b>Shanmei Fund Management</b> ”) <sup>(7)</sup> . . . . .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	5,440,017 Domestic Shares	3.63	6.89 (Domestic Shares)
Hangzhou Shanjian <sup>(8)</sup> . . . . .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	5,440,017 Domestic Shares	3.63	6.89 (Domestic Shares)
Jinggangshan Beiyuan VC <sup>(8)</sup> . . . . .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	5,440,017 Domestic Shares	3.63	6.89 (Domestic Shares)
Hangzhou Gaojun <sup>(8)</sup> . . . . .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	5,440,017 Domestic Shares	3.63	6.89 (Domestic Shares)

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme)		
		Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Company <sup>(1)</sup>	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate) <sup>(1)</sup>
			%		%	%
Hangzhou Gaotuo <sup>(8)</sup> . . . . .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	5,440,017 Domestic Shares	3.63	6.89 (Domestic Shares)
Jin Yunqin (金允勤) <sup>(8)</sup> . . . . .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	5,440,017 Domestic Shares	3.63	6.89 (Domestic Shares)
Shengying VC <sup>(9)</sup> . . . . .	Beneficial owner	5,246,553 Domestic Shares	3.76	5,246,553 H Shares	3.50	7.39 (H Shares)
Shanghai Reform Fund <sup>(9)</sup> . . . . .	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	5,246,553 H Shares	3.50	7.39 (H Shares)
Shanghai Guosheng <sup>(9)</sup> . . . . .	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	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”) <sup>(9)</sup> . . . . .	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	5,246,553 H Shares	3.50	7.39 (H Shares)
Ruian Fuhai <sup>(10)(11)</sup> . . . . .	Beneficial owner	5,005,729 Domestic Shares	3.59	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) <sup>(10)</sup> . . . . .	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	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) <sup>(10)</sup> . . . . .	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	5,005,729 Domestic Shares	3.34	6.34 (Domestic Shares)
Ruian Municipal Finance Bureau (瑞安市財政局) <sup>(10)</sup> . . . . .	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	5,005,729 Domestic Shares	3.34	6.34 (Domestic Shares)

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme)		
		Number and description of the Shares	Approximate percentage of interest in the Company  %	Number and description of the Shares	Approximate percentage of interest in the Company <sup>(1)</sup>  %	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate) <sup>(1)</sup>  %
Oriental Fortune <sup>(11)</sup> . . . . .	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	5,005,729 Domestic Shares	3.34	6.34 (Domestic Shares)
Shenzhen Oriental Fortune <sup>(11)</sup> . . . . .	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	5,005,729 Domestic Shares	3.34	6.34 (Domestic Shares)
Chen Wei <sup>(11)</sup> . . . . .	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	5,005,729 Domestic Shares	3.34	6.34 (Domestic Shares)
Shanghai Rujia <sup>(2)</sup> . . . . .	Beneficial owner	4,300,000 Domestic Shares	3.08	4,300,000 H Shares	2.87	6.06 (H Shares)
Zhuhai Shengguang <sup>(12)</sup> . . . . .	Beneficial owner	4,256,977 Domestic Shares	3.05	4,256,977 Domestic Shares	2.84	5.39 (Domestic Shares)
Zhuhai Shengguang Yisong New Power <sup>(12)</sup> . . . . .	Interest in controlled corporation	4,256,977 Domestic Shares	3.05	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) <sup>(12)</sup> . . . . .	Interest in controlled corporation	4,256,977 Domestic Shares	3.05	4,256,977 Domestic Shares	2.84	5.39 (Domestic Shares)
Shanghai Yisong <sup>(12)</sup> . . . . .	Interest in controlled corporation	4,256,977 Domestic Shares	3.05	4,256,977 Domestic Shares	2.84	5.39 (Domestic Shares)
Shanghai Jinlin <sup>(2)</sup> . . . . .	Beneficial owner	3,750,000 Domestic Shares	2.69	3,750,000 H Shares	2.50	5.28 (H Shares)
Wu Lingdong . . . . .	Beneficial owner	750,000 Domestic Shares	0.54	750,000 Domestic Shares	0.50	0.95 (Domestic Shares)
	Interest in controlled corporation <sup>(12)</sup>	4,256,977 Domestic Shares	3.05	4,256,977 Domestic Shares	2.84	5.39 (Domestic Shares)
Wuxi Huicuihengyi <sup>(13)</sup> . . . . .	Beneficial owner	4,718,734 Domestic Shares	3.38	4,718,734 Domestic Shares	3.15	5.97 (Domestic Shares)

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme)		
		Number and description of the Shares	Approximate percentage of interest in the Company  %	Number and description of the Shares	Approximate percentage of interest in the Company <sup>(1)</sup>  %	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate) <sup>(1)</sup>  %
Wuxi Huicuihengyi Management <sup>(13)</sup> . . . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	4,718,734 Domestic Shares	3.15	5.97 (Domestic Shares)
Wuxi Huicuihengyi Management Consulting Co., Ltd. <sup>(13)</sup> . . . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	4,718,734 Domestic Shares	3.15	5.97 (Domestic Shares)
Pu Jiong <sup>(13)</sup> . . . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	4,718,734 Domestic Shares	3.15	5.97 (Domestic Shares)
Wuxi Huicuihengyihui New VC <sup>(13)</sup> . . . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	4,718,734 Domestic Shares	3.15	5.97 (Domestic Shares)
Wuxi Huimao Investment Co., Ltd. (無錫惠茂投資有限公司) ("Wuxi Huimao") <sup>(13)</sup> . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	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") <sup>(13)</sup> . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	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") <sup>(13)</sup> .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	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") <sup>(13)</sup> . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	4,718,734 Domestic Shares	3.15	5.97 (Domestic Shares)

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme)		
		Number and description of the Shares	Approximate percentage of interest in the Company  %	Number and description of the Shares	Approximate percentage of interest in the Company <sup>(1)</sup>  %	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate) <sup>(1)</sup>  %
Wuxi Luoshe Asset Investment and Operation Co., Ltd. (無錫洛社資產投 資經營有限公司) ("Wuxi Luoshe") <sup>(13)</sup> . . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	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") <sup>(13)</sup> . . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	4,718,734 Domestic Shares	3.15	5.97 (Domestic Shares)
Sichuan Regional Cooperative Fund . . . . .	Beneficial owner	314,582 Domestic Shares	0.23	314,582 Domestic Shares	0.21	0.40 (Domestic Shares)
	Interest in controlled corporation <sup>(14)</sup>	4,404,152 Domestic Shares	3.16	4,404,152 Domestic Shares	2.94	5.58 (Domestic Shares)
Sichuan Manufacturing Fund <sup>(14)</sup> . . . . .	Beneficial owner	4,404,152 Domestic Shares	3.16	4,404,152 Domestic Shares	2.94	5.58 (Domestic Shares)
Sichuan Xietong <sup>(14)</sup> . . . . .	Interest in controlled corporation	4,404,152 Domestic Shares	3.16	4,404,152 Domestic Shares	2.94	5.58 (Domestic Shares)
Sichuan Xingchuan <sup>(14)(15)</sup> . . . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	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") <sup>(14)(15)</sup> . . . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	4,718,734 Domestic Shares	3.15	5.97 (Domestic Shares)
Department of Finance of Sichuan Province <sup>(14)(15)</sup> . . . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	4,718,734 Domestic Shares	3.15	5.97 (Domestic Shares)
Dongfeng Group . . . . .	Beneficial owner	3,622,560 Domestic Shares	2.60	3,622,560 H Shares	2.42	5.10 (H Shares)

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## SUBSTANTIAL SHAREHOLDERS

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- (1) The calculation is based on the total number of 78,993,402 Domestic Shares and 70,997,847 H Shares in issue upon Listing comprising (i) an aggregate of 60,560,947 H Shares to be converted from the Domestic Shares and (ii) 10,436,900 H Shares to be issued pursuant to the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option).
- (2) As of the Latest Practicable Date, Mr. Ying was the general partner of our Employee Incentive Platforms. As a result, Mr. Ying is deemed to be interested in the 15,350,000 Shares held by these Employee Incentive Platforms under the SFO.
- (3) As of the Latest Practicable Date, 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 the Latest Practicable Date, 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 the Latest Practicable Date, 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 the Latest Practicable Date, 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 the Latest Practicable Date, 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 the Latest Practicable Date, 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 the Latest Practicable Date, 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.



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## SUBSTANTIAL SHAREHOLDERS

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- (10) As of the Latest Practicable Date, 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 the Latest Practicable Date, 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 the Latest Practicable Date, 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 the Latest Practicable Date, 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 the Latest Practicable Date, 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 Huicuihengyihui 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 the Latest Practicable Date, 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 the Latest Practicable Date, 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.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme) and the conversion of the Domestic Shares into H Shares, have any interest and/or short position in the Shares or underlying shares of the Company which will be required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group.

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*The following discussion and our analysis should be read in conjunction with our combined financial statements included in the Accountants' Report in Appendix I to this prospectus, together with the accompanying notes. Our combined financial statements have been prepared in accordance with IFRS accounting standards.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business."*

*For the purposes of this section, unless the context otherwise requires, references to the years of 2022, 2023 and 2024 refer to our financial years ended December 31 of such years, respectively.*

### OVERVIEW

A leading smart cockpit solution provider in China. According to CIC, we are the third-largest provider of smart cockpit domain controller solutions for passenger vehicles in China by shipment volume in 2024, with a 7.3% market share — ranking after players with market share of 21.7% and 10.4%. 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. We also offer vehicle connectivity support services to elevate the driving experience, as well as enhance efficiency and cost-effectiveness. Among the top five Chinese OEMs in terms of sales volume in 2024 according to CIC, three have deployed our smart cockpit solutions, with two of them also deploying our vehicle connectivity support services.

We have achieved significant growth in recent years. Our revenue amounted to RMB1,217.8 million, RMB1,495.8 million, RMB2,557.0 million and RMB753.6 million in 2022, 2023 and 2024 and for the five months ended May 31, 2025, respectively. Our gross profit was RMB171.1 million, RMB231.1 million, RMB301.0 million and RMB98.7 million in 2022, 2023 and 2024 and for the five months ended May 31, 2025, respectively, representing a gross profit margin of 14.1%, 15.4%, 11.8% and 13.1% in the same periods, respectively. We had net loss of RMB452.2 million, RMB283.8 million, RMB540.8 million and RMB219.9 million in 2022, 2023 and 2024 and for the five months ended May 31, 2025, respectively. Our adjusted net loss (non-IFRS measure) was RMB390.5 million, RMB218.4 million, RMB352.4 million and RMB164.5 million in 2022, 2023 and 2024 and for the five months ended May 31, 2025, respectively. Our adjusted EBITDA (non-IFRS measure) was RMB(317.6) million, RMB(126.6) million, RMB(215.3) million and RMB(100.8) million in 2022, 2023 and 2024 and for the five months ended May 31, 2025, respectively. See “— Description of Major Comprehensive Income Line Items — Non-IFRS Measures” for a reconciliation of our net loss to the adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure).

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### **BASIS OF PREPARATION**

Our historical financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) accounting standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRS accounting standards, amendments to IFRS accounting standards and the related interpretations issued by the IASB, which are effective for the accounting periods beginning on January 1, 2024, throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRS Accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 5 to the Accountants’ Report included in Appendix I to this prospectus.

### **MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by the following significant factors.

#### **General Factors**

Our results of operations and financial condition are affected by general factors affecting the automotive intelligence industry, primarily including:

- global and China’s macroeconomic conditions and the growth of passenger vehicle market in China;
- development of global and China’s automotive intelligence industry, in particular the smart cockpit solutions market and intelligent vehicle connectivity solutions market;
- governmental policies, initiatives and incentives affecting China’s automotive intelligence market;
- market acceptance of smart cockpit and intelligent vehicle connectivity solutions;
- the competition in China’s smart cockpit and intelligent vehicle connectivity markets; and
- technology developments for smart cockpit and intelligent vehicle connectivity.

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### **Company Specific Factors**

While our business is influenced by the general factors set forth above, our results of operations are more directly affected by specific factors relating to our business, primarily including:

#### ***Our Ability to Strengthen Relationships with Existing Customers and Expand Our Customer Base***

Our results of operations depend significantly on our ability to increase our product and service offerings of smart cockpit and vehicle connectivity support services to OEM customers. We have established strong collaborations with major Chinese OEMs and their rapidly growing NEV brands such as Avatr and Voyah. Our high-quality, innovative solutions and ongoing marketing efforts have also allowed us to forge partnerships with overseas renowned customers. We will continue to enhance our solution offerings and customer experience to deepen customer loyalty. Revenue growth has been achieved in the past, which is expected to be driven by our ability to strengthen our relationships with existing customers.

We are also actively identifying, acquiring, and maintaining new customers to expand our customer base. Leveraging our highly scalable business model, we strive to attract leading OEMs across China to increase the penetration of our solutions equipped with car models of Chinese leading OEMs. Furthermore, we intend to strategically expand our international market presence primarily through offering smart cockpit solutions to be deployed on car models of major global OEMs. Our product development expertise and smart cockpit solutions will enable us to offer significant customization for diverse international markets. As we continue to develop and offer new solutions and expand our sales and service network, we anticipate rapid growth in our customer base and revenue.

#### ***Our Ability to Successfully Develop Solutions and Optimize the Mix of Our Products and Services***

We offer smart cockpit solutions that integrate software, hardware and cloud-based vehicle connectivity. We adopt a flexible approach that allows customers to choose individual products and solutions or combine various components into a seamless and integrated smart cockpit experience. This approach ensures an integrated solution tailored to meet diverse customer needs.

We believe we have established our brand for smart cockpit and vehicle connectivity support services among Chinese leading OEMs. Our revenue increased rapidly from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023 and further to RMB2,557.0 million in 2024. Our revenue increased from RMB560.9 million for the five months ended May 31, 2024 to RMB753.6 million for the five months ended May 31, 2025. Our ability to continuously grow revenue and expand margins will depend on our ability to develop and launch new offerings of solutions. We aspire to accelerate the advancement of our offerings by introducing smart cockpit solutions with a central computing platform that

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integrates the intelligent cockpit domain, autonomous driving domain, and vehicle body domain, as well as other in-vehicle smart facilities. Moreover, we plan to expand our offerings to provide smart cockpit domain solutions tailored to the varying needs of high-end, mid-range, and mass-market vehicle models for OEMs. To extend our reach upstream in the automotive intelligence industry's value chain, we are also taking initiatives among independent providers of smart cockpit solutions to explore the field of automotive-grade chips. Our ability to bring more value to our customers through continuous innovation in solutions and technologies influences OEMs' decisions to choose our solutions, which in turn affects our results of operations and financial condition.

Our gross profit margins vary across different business lines as well as different solutions and services, due to a variety of factors including technological advancement, pricing power, market demand, manufacturing costs, and availability of competing solutions. With a view to increasing our revenue and profitability, we plan to continue introducing new solutions to meet the evolving demand in the automotive industry.

### ***Our Ability to Enhance Technological Capabilities***

We have been committed to in-house research and development of advanced technologies since our inception. These technologies mainly focus on highly customized operating systems, automotive embedded software, echo cancellation and noise reduction and equalization algorithms, cockpit domain control, dual-processor SoC technology, T-Box in-vehicle communication integration, high-power processors air cooling technology, in-vehicle multi-display, customizable navigation system, and emergency rescue system. Our market share is affected by our ability to maintain our leading position in solution performance, which further depends on our continuous investments in research and development of new technologies and solutions. Our investment in research and development has yielded 1,769 issued patents as of May 31, 2025, among which 921 are invention patents.

Our business and competitive position depend on our ability to retain or hire technology talents. We will continue to recruit and retain top-tier talent from the global talent pool to continue our innovation efforts, including, among others, the development of a centralized computing platform, in-vehicle operating systems, and automotive-grade chips. We expect our strategic focus on innovations will further differentiate our solutions, further enhancing our competitiveness.

### ***Our Ability to Manage Raw Material Costs Effectively***

The fluctuations in the prices of raw materials and components, as well as other production-related costs, have affected and will continue to affect our profitability. Our results of operations are significantly affected by the material costs, which forms the majority of our cost of sales. In 2022, 2023, 2024, and for the five months ended May 31, 2025, our material costs were RMB834.6 million, RMB903.0 million, RMB1,747.3 million and RMB535.6 million, respectively, representing 79.7%, 71.4%, 77.5% and 81.8% of the total cost of sales in the corresponding periods, respectively.

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The prices of raw materials and components are susceptible to significant price fluctuations due to supply and demand trends of such materials and components, transportation costs, government regulations and tariffs, price controls, economic climate and other unforeseen circumstances. The principal raw materials and components that we use in the production of smart cockpit products primarily include chips and screens. Automotive-grade chips are the most important raw materials for our smart cockpit solutions. The COVID-19 pandemic caused a global chip shortage starting in late 2020 which resulted in a sharp increase in chip prices in 2021 and 2022. Since 2023, the supply of chips has stabilized, leading to a decline in chip prices. According to CIC, the average price of mainstream automotive-grade chips for passenger vehicle smart cockpit solutions was RMB791.1 per unit, RMB684.5 per unit and RMB699.2 per unit in 2022, 2023 and 2024, respectively. The average price of mainstream automotive-grade chips for passenger vehicle smart cockpit solutions is expected to increase at a moderate rate in the near future, according to CIC. For more details, see “Industry Overview — Global and China’s Passenger Vehicle Smart Cockpit Solution Market — Main Materials for Passenger Vehicle Smart Cockpit Solution.”

We manage our raw material costs by maintaining long-term relationships with key suppliers and selecting new suppliers that offer competitive prices. See “Business — Our Suppliers.” We do not use financial instruments to hedge our raw material exposure. We expect the prices of raw materials and components to continue to fluctuate in the foreseeable future and our results of operations will continue to be materially affected by such movements. See “Risk Factors — Risks Relating to Our Business and Industry — Disruptions in the supply of raw materials or components used in our smart cockpit solutions or in the supply of certain services used in our vehicle connectivity support services may materially and adversely affect our business and profitability.” We believe that, as a result of our increased business scale, we can have a greater bargaining power with suppliers of raw materials and components and obtain more favorable pricing and payment terms from them, which will enable us to improve our profitability.

### ***Our Ability to Improve Operating Efficiency***

Our selling expenses were RMB109.7 million, RMB116.8 million, RMB148.9 million and RMB48.6 million in 2022, 2023 and 2024 and for the five months ended May 31, 2025, respectively, which accounted for 9.0%, 7.8%, 5.8% and 6.4% of our total revenue, respectively. Our administrative expenses were RMB250.4 million, RMB259.8 million, RMB370.4 million and RMB145.1 million in 2022, 2023 and 2024 and for the five months ended May 31, 2025, respectively, representing 20.6%, 17.4%, 14.5% and 19.3% of our total revenue, respectively. Although the aggregate amount of our selling and administrative expenses increased during the Track Record Period, our selling and administrative expenses as a percentage of our total revenues decreased during the Track Record Period, reflecting our improved operational efficiency.



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To improve our profitability, we aim to improve operating efficiency in key aspects of our business, such as production, sales and marketing, and post-sale services. We plan to optimize our service processes to empower our sales personnel to respond more rapidly and efficiently to customers' demands. In addition, we strive to streamline internal management to achieve more efficient collaboration across all departments and business lines. We expect our selling expenses and administrative expenses as percentage of revenue to decrease over time due to economies of scale and improved operational efficiency.

### *Seasonality*

Our results of operations are affected by seasonal fluctuations in demand for our solutions, as affected by market trends of the automotive industry. Given OEMs in the automotive industry usually deliver more of their vehicle models towards the year end, it can impact the delivery of our smart cockpit solutions in the fourth quarter of each year. Our delivery of smart cockpit solutions and the number of vehicles enjoying our vehicle connectivity support services typically increase in the second half of the year, which is generally in line with the trend of sales volume of passenger vehicles in China according to CIC. Such fluctuations are seasonal in nature and thus quarterly or half-year results are not indicative of our results of operations for the full year. See "Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to seasonality."

## MATERIAL ACCOUNTING POLICIES

Our material accounting policies, which are important for understanding our financial condition and results of operations, are set forth in Note 4 to the Accountants' Report in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions, estimates and judgments that are set forth in Note 5 to the Accountants' Report included in Appendix I to this prospectus. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of material accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. See Note 4 to the Accountants' Report in Appendix I to this prospectus for a description of other material accounting policies.



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### **Revenue Recognition**

During the Track Record Period, we generated revenue primarily from (i) sales of smart cockpit solutions, (ii) providing vehicle connectivity support services to OEMs, and (iii) other sources, consisting primarily of sales of materials and components to OEMs and their Tier-1 suppliers in connection with their production of passenger vehicles. We are primarily responsible for providing the solution and product to the customers being a principal.

#### ***Smart Cockpit Solutions***

We offer OEMs smart cockpit solutions that integrate software, hardware, and cloud-based vehicle connectivity. We recognize revenue generated from smart cockpit solutions at a point in time when the smart cockpit solutions are accepted by customers.

#### ***Vehicle Connectivity Support Services***

Our vehicle connectivity support services provide a wide range of user support services and platform maintenance services to OEMs. We recognize revenue from vehicle connectivity support services over time on a straight-line basis as the customer simultaneously receives and consumes the benefits provided by us as we perform our obligations. The consideration received in advance in connection with these services is recognized as a contract liability and is released on a straight-line basis over the period of services.

### **Impairment on Equipment, Right-of-use Assets and Contract Costs**

At the end of the reporting period, we review the carrying amounts of equipment, right-of-use assets and contract costs with finite useful lives 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 equipment and right-of-use assets is estimated individually. When it is not possible to estimate the recoverable amount individually, we estimate 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.

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Before we recognize an impairment loss for assets capitalized as contract costs under IFRS 15, we assess and recognize any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalized as contract costs is recognized to the extent the carrying amount exceeds the remaining amount of consideration that we expect 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 recognized as expenses. The assets capitalized 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.

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 recognized 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 recognized 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 recognized immediately in profit or loss.

### **Share-based Payments**

Equity-settled share-based payments to employees and others providing similar services 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 our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve).

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At the end of each reporting period, we revise our 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 recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

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

### **Lease**

We assess 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.

#### ***Our Group as a Lessee***

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more lease or non-lease components, we allocate 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.

##### *Short-term leases*

We apply 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 recognized as expenses on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by us.

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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 in which we are reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

We present 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.

### *Lease liabilities*

At the commencement date of a lease, we recognize and measure the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments are fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

We remeasure lease liabilities (and make 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.

We present lease liabilities as a separate line item on the consolidated statements of financial position.

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### *Lease modifications*

We account 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, we remeasure 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.

We account 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, we allocate 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.

### **Financial Instruments**

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized 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 by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables and trade receivables due from related parties arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from contracts with customers (“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 fair value through profit or loss (“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 recognized immediately in profit or loss.

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The effective interest method is a method of calculating the amortized 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.

For details, see Note 4 to the Accountants' Report included in Appendix I to this prospectus.

### **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 is taxable or deductible in other years and items that are never taxable or deductible. Our 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 recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 recognized 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. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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 realized, 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 we expect, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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For the purposes of measuring deferred tax for leasing transactions in which we recognize the right-of-use assets and the related lease liabilities, we first determine 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, we apply IAS 12 requirements to the lease liabilities and the related assets separately. We recognize 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 tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on the weighted average method. Net realizable 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 we must incur to make the sale.

### **SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of our financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. 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 ongoing basis. Revisions to accounting estimates are recognized 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.

### **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 each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.



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### ***Expected Credit Loss for Trade Receivables***

Trade receivables and contract assets with different credit risk characteristics are assessed for expected credit loss (“ECL”) individually. In addition, we use 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 our 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.

### ***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 or amortization and impairment, if any. In determining whether property, plant and equipment and right-of-use assets are impaired, we have to exercise judgment 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, we estimate 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. The value in use calculation requires us to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. 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.

### ***Fair Value Measurements and Valuation Process***

Some of our financial assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, we use 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.

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### DESCRIPTION OF MAJOR COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth a summary of our consolidated statements of comprehensive income and as percentages of our revenue for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
Revenue . . . . .	1,217,757	100.0	1,495,817	100.0	2,557,003	100.0	560,855	100.0	753,576	100.0
Cost of sales . . . . .	(1,046,635)	(85.9)	(1,264,729)	(84.6)	(2,256,001)	(88.2)	(532,486)	(94.9)	(654,921)	(86.9)
<b>Gross profit . . . . .</b>	<b>171,122</b>	<b>14.1</b>	<b>231,088</b>	<b>15.4</b>	<b>301,002</b>	<b>11.8</b>	<b>28,369</b>	<b>5.1</b>	<b>98,655</b>	<b>13.1</b>
Other income . . . . .	46,949	3.9	30,820	2.1	59,884	2.3	20,950	3.7	35,843	4.8
Impairment losses under expected credit loss model, net of reversal . .	(5,400)	(0.4)	(14,170)	(0.9)	(149,945)	(5.9)	4,341	0.8	19,025	2.5
Other gains and losses . .	(178)	(0.0)	108,431	7.2	50,853	2.0	9,718	1.7	(43,697)	(5.8)
Selling expenses . . . . .	(109,709)	(9.0)	(116,838)	(7.8)	(148,891)	(5.8)	(49,477)	(8.8)	(48,569)	(6.4)
Administrative expenses . .	(250,397)	(20.6)	(259,797)	(17.4)	(370,379)	(14.5)	(137,404)	(24.5)	(145,067)	(19.3)
Research and development costs . . . . .	(277,424)	(22.8)	(235,440)	(15.7)	(207,279)	(8.1)	(90,985)	(16.2)	(98,011)	(13.0)
Share of result of associates . . . . .	–	–	–	–	(733)	(0.0)	(86)	(0.0)	(5,682)	(0.8)
Share of result of a joint venture . . . . .	–	–	–	–	(10)	(0.0)	–	–	(4)	(0.0)
Listing expenses . . . . .	–	–	–	–	(31,221)	(1.2)	(13,033)	(2.3)	(9,244)	(1.2)
Finance costs . . . . .	(27,113)	(2.2)	(27,788)	(1.9)	(44,074)	(1.7)	(17,165)	(3.1)	(23,170)	(3.1)
Loss before tax . . . . .	(452,150)	(37.1)	(283,694)	(19.0)	(540,793)	(21.1)	(244,772)	(43.6)	(219,921)	(29.2)
Income tax . . . . .	(3)	(0.0)	(67)	(0.0)	(27)	(0.0)	–	–	–	–
<b>Loss for the year/period .</b>	<b>(452,153)</b>	<b>(37.1)</b>	<b>(283,761)</b>	<b>(19.0)</b>	<b>(540,820)</b>	<b>(21.1)</b>	<b>(244,772)</b>	<b>(43.6)</b>	<b>(219,921)</b>	<b>(29.2)</b>

### Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS accounting standards, we also use adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS accounting standards. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS

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measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS accounting standards.

We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted for equity-settled share-based payments and listing expenses. Our equity-settled share-based payments consist of non-cash expenses arising from granting restricted ordinary shares to eligible individuals. Listing expenses are the expenses arising from activities in relation to the proposed Listing and Global Offering.

We define adjusted EBITDA (non-IFRS measure) as adjusted net loss (non-IFRS measure) adjusted by adding back (i) finance costs, (ii) income tax, (iii) depreciation of property, plant and equipment, and (iv) depreciation of right-of-use assets, and deducting interest income from bank deposits. The terms “adjusted net loss” and “adjusted EBITDA” are not defined under IFRS, and such terms may not be comparable to other similarly named measures used by other companies.

	For the year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
<i>(RMB in thousands)</i>					
<b>Loss for the year/period . . . . .</b>	<b><u>(452,153)</u></b>	<b><u>(283,761)</u></b>	<b><u>(540,820)</u></b>	<b><u>(244,772)</u></b>	<b><u>(219,921)</u></b>
Add:					
Equity-settled share-based					
payments . . . . .	61,638	65,363	157,186	64,092	46,128
Listing expenses . . . . .	–	–	31,221	13,033	9,244
<b>Adjusted net loss (non-IFRS</b>					
<b>    measure) . . . . .</b>	<b><u>(390,515)</u></b>	<b><u>(218,398)</u></b>	<b><u>(352,413)</u></b>	<b><u>(167,647)</u></b>	<b><u>(164,549)</u></b>
Add:					
Finance costs . . . . .	27,113	27,788	44,074	17,165	23,170
Income tax expenses . . . . .	3	67	27	–	–
Depreciation of property, plant					
and equipment . . . . .	25,517	30,276	39,539	11,629	17,203
Depreciation of right-of-use assets .	24,855	35,415	55,430	24,245	23,946
Less:					
Interest income from bank deposits	<u>(4,596)</u>	<u>(1,756)</u>	<u>(1,956)</u>	<u>(331)</u>	<u>(538)</u>
<b>Adjusted EBITDA (non-IFRS</b>					
<b>    measure) . . . . .</b>	<b><u>(317,623)</u></b>	<b><u>(126,608)</u></b>	<b><u>(215,299)</u></b>	<b><u>(114,939)</u></b>	<b><u>(100,768)</u></b>

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### DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

#### Revenue

During the Track Record 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,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
<b>Smart cockpit solutions</b>										
Domain controllers <sup>(1)</sup> . . . . .	674,302	55.4	784,850	52.4	1,959,008	76.6	458,149	81.7	599,769	79.6
Cockpit components <sup>(2)</sup> . . . . .	238,284	19.6	208,829	14.0	158,507	6.2	50,258	9.0	61,534	8.2
R&D services . . . . .	165,963	13.6	358,719	24.0	323,893	12.7	23,157	4.1	62,415	8.2
<b>Subtotal . . . . .</b>	<b>1,078,549</b>	<b>88.6</b>	<b>1,352,398</b>	<b>90.4</b>	<b>2,441,408</b>	<b>95.5</b>	<b>531,564</b>	<b>94.8</b>	<b>723,718</b>	<b>96.0</b>
<b>Vehicle connectivity</b>										
support services . . . . .	89,326	7.3	122,370	8.2	110,228	4.3	27,036	4.8	27,535	3.7
Others <sup>(3)</sup> . . . . .	49,882	4.1	21,049	1.4	5,367	0.2	2,255	0.4	2,323	0.3
<b>Total revenue . . . . .</b>	<b>1,217,757</b>	<b>100.0</b>	<b>1,495,817</b>	<b>100.0</b>	<b>2,557,003</b>	<b>100.0</b>	<b>560,855</b>	<b>100.0</b>	<b>753,576</b>	<b>100.0</b>

*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. For details, see “Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — 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.

We derive a substantial portion of our revenue from providing smart cockpit solutions that integrate software, hardware, and cloud-based vehicle connectivity to OEMs and Tier-1 supplier customers. In 2022, 2023 and 2024 and for the five months ended May 31, 2024 and 2025, our revenue generated from smart cockpit solutions was RMB1,078.5 million, RMB1,352.4 million, RMB2,441.4 million, RMB531.6 million and RMB723.7 million, respectively, representing 88.6%, 90.4%, 95.5%, 94.8% and 96.0% of our total revenue, respectively. The overall increase was mainly attributable to an increase in revenue from sales of domain controllers from RMB674.3 million in 2022 to RMB784.9 million in 2023 and

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further to RMB1,959.0 million in 2024 and from RMB458.1 million for the five months ended May 31, 2024 to RMB599.8 million for the five months ended May 31, 2025, reflecting (i) the rise in shipment volume of our domain controller products driven by growing demand from our customers, and (ii) the higher prices of our domain controllers designed for high-end vehicle models. Our revenue from sales of cockpit components decreased from RMB238.3 million in 2022 to RMB208.8 million in 2023 and further to RMB158.5 million in 2024, primarily because certain OEM customers, who historically contributed significantly to the revenue from sales of displays, contributed less revenue in 2023 and 2024 as their projects approached the end of their contract terms. Our revenue from sales of cockpit components increased from RMB50.3 million for the five months ended May 31, 2024 to RMB61.5 million for the five months ended May 31, 2025, primarily due to the increased average unit price of cockpit components, attributable to the optimization of our projects.

We provide vehicle connectivity support services to OEMs, consisting of a variety of user support services and platform maintenance services. In 2022, 2023 and 2024 and for the five months ended May 31, 2024 and 2025, revenue from vehicle connectivity support services amounted to RMB89.3 million, RMB122.4 million, RMB110.2 million, RMB27.0 million and RMB27.5 million, accounting for 7.3%, 8.2%, 4.3%, 4.8% and 3.7% of our total revenue, respectively. The fluctuations in our revenue from vehicle connectivity support services were primarily due to changes in customer demand.

We also generate revenue from selling materials and components to be used by OEMs and Tier-1 supplier customers in their production, which consist primarily of automotive-grade chips. In 2022, 2023 and 2024 and for the five months ended May 31, 2024 and 2025, our revenue from others was RMB49.9 million, RMB21.0 million, RMB5.4 million, RMB2.3 million and RMB2.3 million, accounting for 4.1%, 1.4%, 0.2%, 0.4% and 0.3% of our total revenue, respectively. The significant decrease in our revenue from others was primarily due to variations in the demand, sales channels and market price for automotive-grade chips. In 2022 when chip supplies ran low, we purchased certain automotive-grade chips and sold them to certain OEM customers to help them alleviate the chip shortage impact. We do not consider sales of chips as our core business, and we plan to further reduce sales of chips over the next five years.

### **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. In 2022, 2023 and 2024 and for the five months ended May 31, 2025, our cost of sales was RMB1,046.6 million, RMB1,264.7 million, RMB2,256.0 million and RMB654.9 million, respectively, accounting for 85.9%, 84.6%, 88.2% and 86.9% of our total revenue, respectively.

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The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of our revenue, for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	% of total revenue		% of total revenue		% of total revenue		% of total revenue		% of total revenue	
	Amount		Amount		Amount		Amount		Amount	
(RMB in thousands, except for percentages)										
(unaudited)										
Material costs . . . . .	834,600	68.5	902,977	60.4	1,747,343	68.3	433,807	77.3	535,565	71.1
Manufacturing costs . . .	120,648	9.9	199,788	13.4	306,895	12.0	58,331	10.4	70,792	9.4
Staff costs . . . . .	91,387	7.5	161,964	10.8	201,763	7.9	40,348	7.2	48,564	6.4
<b>Total . . . . .</b>	<b>1,046,635</b>	<b>85.9</b>	<b>1,264,729</b>	<b>84.6</b>	<b>2,256,001</b>	<b>88.2</b>	<b>532,486</b>	<b>94.9</b>	<b>654,921</b>	<b>86.9</b>

Our principal raw material and components procured for production smart cockpits include automotive-grade chips, integrated circuits and structural components. We purchase automotive-grade chips from suppliers in the United States, Taiwan 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. In 2022, 2023 and 2024 and for the five months ended May 31, 2025, our material costs amounted to RMB834.6 million, RMB903.0 million, RMB1,747.3 million and RMB535.6 million, respectively, accounting for 68.5%, 60.4%, 68.3% and 71.1% of our total revenue, respectively.

The following table sets forth a breakdown of our cost of sales by offering of products and services, in absolute amounts and as percentages of our revenue, for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	% of total revenue		% of total revenue		% of total revenue		% of total revenue		% of total revenue	
	Amount		Amount		Amount		Amount		Amount	
(RMB in thousands, except for percentages)										
(unaudited)										
Smart cockpit solutions .	943,362	77.4	1,148,555	76.8	2,165,626	84.6	507,501	90.5	629,160	83.5
Vehicle connectivity										
support services . . .	74,201	6.1	96,865	6.5	85,899	3.4	23,128	4.1	23,834	3.2
Others <sup>(1)</sup> . . . . .	29,072	2.4	19,309	1.3	4,476	0.2	1,857	0.3	1,927	0.2
<b>Total . . . . .</b>	<b>1,046,635</b>	<b>85.9</b>	<b>1,264,729</b>	<b>84.6</b>	<b>2,256,001</b>	<b>88.2</b>	<b>532,486</b>	<b>94.9</b>	<b>654,921</b>	<b>86.9</b>

*Note:*

(1) Consist primarily of purchase costs associated with our sales of automotive-grade chips.

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The following table sets forth the sensitivity analysis on the impact on our loss before tax for the changes in material costs. Actual changes in our loss before taxation resulting from increase or decrease in the material costs may differ from the results of the following sensitivity analysis.

Impact on loss before tax			
For the year ended December 31,			For the five months ended May 31,
2022	2023	2024	2025
(RMB in thousands)			

### Hypothetical fluctuations in material costs:

Increase of 5% . . . . .	(41,730)	(45,149)	(87,367)	(26,778)
Decrease of 5% . . . . .	41,730	45,149	87,367	26,778
Increase of 10% . . . . .	(83,460)	(90,298)	(174,734)	(53,557)
Decrease of 10% . . . . .	83,460	90,298	174,734	53,557
Increase of 20% . . . . .	(166,920)	(180,595)	(349,469)	(107,113)
Decrease of 20% . . . . .	166,920	180,595	349,469	107,113

### 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. The following table sets forth our gross profit and gross profit margin by business line for the periods indicated.

For the year ended December 31,						For the five months ended May 31,			
2022	2023	2024	2024	2025		2024	2025		
Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
(RMB in thousands, except for percentages)									
(unaudited)									

#### Smart cockpit solutions

Domain controllers <sup>(1)</sup> . . . . .	44,588	6.6%	36,515	4.7%	143,604	7.3%	16,316	3.6%	60,221	10.0%
Cockpit components <sup>(2)</sup> . . . . .	32,012	13.4%	17,277	8.3%	10,921	6.9%	913	1.8%	3,942	6.4%
R&D services . . . . .	58,586	35.3%	150,050	41.8%	121,257	37.4%	6,834	29.5%	30,395	48.7%
Subtotal . . . . .	135,186	12.5%	203,842	15.1%	275,782	11.3%	24,063	4.5%	94,558	13.1%

#### Vehicle connectivity

support services . . . . .	15,126	16.9%	25,505	20.8%	24,329	22.1%	3,908	14.5%	3,701	13.4%
Others <sup>(3)</sup> . . . . .	20,810	41.7%	1,741	8.3%	891	16.6%	398	17.6%	396	17.0%
Total . . . . .	171,122	14.1%	231,088	15.4%	301,002	11.8%	28,369	5.1%	98,655	13.1%



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*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. For details, see “Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — 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 sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

In 2022, 2023 and 2024 and for the five months ended May 31, 2025, our gross profit was RMB171.1 million, RMB231.1 million, RMB301.0 million and RMB98.7 million, representing a gross profit margin of 14.1%, 15.4%, 11.8% and 13.1%, respectively. Our gross profit margin was substantially impacted by the fluctuation of our material costs. Although the average price of mainstream chips for passenger vehicle smart cockpit solutions in China decreased from RMB791.1 per unit in 2022 to RMB699.2 per unit in 2024, according to CIC, our overall costs for purchase of automotive-grade chips remained steady. This deviation is due to an increase in the variety and volume of new products using high-end chips, as a result of our continuous development and optimization of various solutions and products.

Gross profit of domain controllers decreased from RMB44.6 million in 2022 to RMB36.5 million in 2023, and gross profit margin decreased from 6.6% in 2022 to 4.7% in 2023, primarily due to the declined prices of our domain controllers sold to certain major OEM customers who experienced declined operating results due to the intensified industry competition and passed the pricing pressure onto their suppliers. Gross profit of domain controllers increased from RMB36.5 million in 2023 to RMB143.6 million in 2024, and gross profit margin increased from 4.7% in 2023 to 7.3% in 2024, primarily due to (i) the increased shipment volume of mid- and high-end smart cockpit solutions as a result of increased customer demand for smart cockpit solutions equipped with mid- and high-end SoCs, and (ii) increased gross margins for smart cockpit solutions equipped with mid-end SoCs as certain loss-making projects ended in 2024. Gross profit of domain controllers increased from RMB16.3 million for the five months ended May 31, 2024 to RMB60.2 million for the five months ended May 31, 2025, and gross profit margin increased from 3.6% for the five months ended May 31, 2024 to 10.0% for the five months ended May 31, 2025, primarily due to the increased shipment volume of high-end smart cockpit solutions as a result of increased customer demand.

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### 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. In 2022, 2023 and 2024 and for the five months ended May 31, 2025, our other income was RMB46.9 million, RMB30.8 million, RMB59.9 million and RMB35.8 million, accounting for 3.9%, 2.1%, 2.3% and 4.8% of our total revenue, respectively. The following table sets forth a breakdown of our other income by nature, in absolute amounts and as percentages of our revenue, for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
Government grants and value-added tax additional deduction . . . . .	40,351	3.4	26,973	1.9	56,623	2.2	19,642	3.5	34,969	4.6
Interest income from bank deposits . . . . .	4,596	0.4	1,756	0.1	1,956	0.1	331	0.1	538	0.1
Rental income . . . . .	1,742	0.1	2,091	0.1	69	—	29	0.0	94	0.0
Others . . . . .	260	0.0	—	—	1,236	—	948	0.1	242	0.1
<b>Total . . . . .</b>	<b>46,949</b>	<b>3.9</b>	<b>30,820</b>	<b>2.1</b>	<b>59,884</b>	<b>2.3</b>	<b>20,950</b>	<b>3.7</b>	<b>35,843</b>	<b>4.8</b>

### 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 had impairment losses recognized under expected credit loss model of RMB5.4 million, RMB14.2 million and RMB149.9 million in 2022, 2023 and 2024, and reversed impairment loss recognized under expected credit loss model of RMB4.3 million and RMB19.0 million for the five months ended May 31, 2024 and 2025, respectively. For more discussions on the fluctuations in impairment losses under expected credit loss model, see “— Period to Period Comparison of Results of Operations — The Five Months Ended May 31, 2025 Compared to the Five Months Ended May 31, 2024 — Impairment Losses under Expected Credit Loss Model (Net of Reversal)” and “— Period to Period Comparison of Results of Operations — Year Ended December 31, 2024 Compared to Year Ended December 31, 2023 — Impairment Losses under Expected Credit Loss Model (Net of Reversal).”

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### 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. The following table sets forth a breakdown of our other gains and losses by nature, in absolute amounts and as percentages of our revenue, for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
Gains from changes in fair value of financial assets at FVTPL . . .	417	0.1	111,758	7.5	65,646	2.6	16,723	3.0	(36,126)	(4.8)
Net foreign exchange losses . . . . .	(638)	(0.1)	(3,500)	(0.2)	(12,002)	(0.5)	(5,945)	(1.1)	(3,967)	(0.5)
Donations . . . . .	(17)	(0.0)	–	–	(500)	–	(500)	(0.1)	–	–
Losses on disposal of property, plant and equipment and early termination of lease .	–	–	(147)	(0.0)	(3,323)	(0.1)	34	0.0	(4,167)	(0.6)
Others . . . . .	60	0.0	320	0.0	1,032	0.0	(594)	(0.1)	563	0.1
<b>Total . . . . .</b>	<b>(178)</b>	<b>0.0</b>	<b>108,431</b>	<b>7.3</b>	<b>50,853</b>	<b>2.0</b>	<b>9,718</b>	<b>1.7</b>	<b>(43,697)</b>	<b>(5.8)</b>

### 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.

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The following table sets forth a breakdown of our selling expenses, in absolute amounts and as percentages of our revenue, for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
Staff costs . . . . .	66,238	5.5	64,820	4.2	78,525	3.1	30,573	5.5	27,224	3.6
After-sales service expenses . . . . .	21,814	1.8	25,001	1.7	32,037	1.3	9,408	1.7	9,592	1.3
Promotion, advertising and travelling expenses . . . . .	16,261	1.3	20,409	1.4	24,340	1.0	4,359	0.8	5,491	0.7
Depreciation and amortization . . . . .	355	0.0	1,171	0.1	4,317	0.1	743	0.1	581	0.1
Others <sup>(1)</sup> . . . . .	5,041	0.4	5,437	0.4	9,672	0.3	4,394	0.8	5,681	0.8
<b>Total . . . . .</b>	<b>109,709</b>	<b>9.0</b>	<b>116,838</b>	<b>7.8</b>	<b>148,891</b>	<b>5.8</b>	<b>49,477</b>	<b>8.8</b>	<b>48,569</b>	<b>6.4</b>

*Note:*

- (1) Consist primarily of office expenses, rental expenses, telecommunication expenses, consulting service fees, and software licensing fees.

In 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025 our selling expenses were RMB109.7 million, RMB116.8 million, RMB148.9 million, RMB49.5 million and RMB48.6 million, respectively, accounting for 9.0%, 7.8%, 5.8%, 8.8% and 6.4% of our total revenue, respectively.

### 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.

## FINANCIAL INFORMATION

The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of our revenue, for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	% of total		% of total		% of total		% of total		% of total	
	Amount	revenue	Amount	revenue	Amount	revenue	Amount	revenue	Amount	revenue
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
Staff costs <sup>(1)</sup> . . . . .	150,560	12.3	150,088	10.0	258,060	10.1	105,645	18.8	94,290	12.5
Depreciation and amortization . . . . .	31,998	2.6	29,961	2.0	29,676	1.2	9,924	1.8	13,802	1.8
Office expenses . . . . .	27,763	2.3	24,759	1.7	26,222	1.0	7,637	1.4	12,472	1.7
Professional service fees . . . . .	12,070	1.0	15,333	1.0	9,085	0.4	4,021	0.7	10,721	1.4
Business development expenses . . . . .	10,218	0.8	14,317	1.0	21,368	0.8	5,942	1.1	6,778	0.9
Intellectual property fees . . . . .	8,009	0.7	6,203	0.4	7,408	0.3	727	0.1	536	0.1
Others <sup>(2)</sup> . . . . .	9,779	0.9	19,136	1.3	18,560	0.7	3,508	0.6	6,468	0.9
<b>Total . . . . .</b>	<b>250,397</b>	<b>20.6</b>	<b>259,797</b>	<b>17.4</b>	<b>370,379</b>	<b>14.5</b>	<b>137,404</b>	<b>24.5</b>	<b>145,067</b>	<b>19.3</b>

*Notes:*

- (1) Include equity-settled share-based payments to our management personnel in the amount of RMB13.1 million, RMB16.2 million, RMB96.3 million, RMB40.8 million and RMB22.4 million in 2022, 2023 and 2024 and for the five months ended May 31, 2024 and 2025, respectively.
- (2) Consist primarily of recruiting and training expenses, software licensing fees, and telecommunication expenses.

In 2022, 2023 and 2024 and for the five months ended May 31, 2024 and 2025, our administrative expenses were RMB250.4 million, RMB259.8 million, RMB370.4 million, RMB137.4 million and RMB145.1 million, respectively, accounting for 20.6%, 17.4%, 14.5%, 24.5% and 19.3% of our total revenue, respectively. We recorded professional service fees of RMB12.1 million, RMB15.3 million, RMB9.1 million, RMB4.0 million and RMB10.7 million during the same periods, related to legal and consulting services we received.

### 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, (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.

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The following table sets forth a breakdown of our research and development expenses by nature, in absolute amounts and as percentages of our revenue, for the periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
<i>(RMB in thousands, except for percentages)</i>										
<i>(unaudited)</i>										
Staff costs . . . . .	257,653	21.2	206,279	13.8	156,400	6.1	70,921	12.6	86,065	11.4
Depreciation and amortization . . . . .	6,998	0.6	13,823	0.9	15,748	0.6	3,657	0.7	3,640	0.5
Others <sup>(1)</sup> . . . . .	12,773	1.0	15,338	1.0	35,131	1.4	16,407	2.9	8,306	1.1
<b>Total . . . . .</b>	<b>277,424</b>	<b>22.8</b>	<b>235,440</b>	<b>15.7</b>	<b>207,279</b>	<b>8.1</b>	<b>90,985</b>	<b>16.2</b>	<b>98,011</b>	<b>13.0</b>

*Note:*

- (1) Consist primarily of material costs related to research and development activities, testing expenses, outsourced R&D expenses, rental expenses for cloud servers, office expenses, and travel expenses of research and development personnel.

In 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, our research and development expenses were RMB277.4 million, RMB235.4 million, RMB207.3 million, RMB91.0 million and RMB98.0 million, respectively, accounting for 22.8%, 15.7%, 8.1%, 16.2% and 13.0% of our total revenue, respectively. The decrease in our research and development expenses from 2022 to 2024 did not adversely affect our business and financial performance, demonstrated by the continuous increase in our revenue from 2022 to 2024, because we have been able to leverage and reuse accumulated knowledge and experience in earlier research and development projects, thereby reducing duplication of research and development work and enhancing efficiency. For example, we started our research and development on Qualcomm's Snapdragon 8295 chipset since 2022 with an aim of providing smart cockpit solutions based on this high-end SoC. In February 2023, a leading Chinese NEV OEM awarded us design wins for all of its existing and upcoming car models released under its current modular car platform. Therefore, we incurred substantial research and development expenses in 2022 and 2023, in connection with our research and development work for Snapdragon 8295 chipset. We started to deliver domain controller samples to this customer which generated revenue for us in June 2023 and started mass production of domain controllers in February 2024. Accordingly, our research and development expenses decreased in 2024 partly because our development of domain controllers based on Snapdragon 8295 chipset successfully completed. When a new customer engages us to design and produce smart cockpit domain controllers based on Qualcomm's Snapdragon 8295 chipset, our research and development staff can leverage our know-how accumulated in developing existing solutions, with less time spent in the design process for the new customer. Research and development

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expenses increased by 7.7% from the five months ended May 31, 2024 to the five months ended May 31, 2025 primarily due to our prudent expansion of our research and development team size from 639 employees as of December 31, 2024 to 709 employees as of May 31, 2025. We believe the decrease in our research and development expenses during the Track Record Period would not adversely affect our product development capability or competitiveness as the current structure and number of research and development personnel can support our research and development needs and our research and development efficiency can be further enhanced in the foreseeable future.

### **Share of Result of an Associate**

Our share of result of an associate represents changes in value of our investments in an integrated circuit company accounted for under the equity method. We did not record any share of result of an associate in 2022 and 2023. Our share of loss of an associate was RMB0.7 million, RMB0.1 million and RMB5.7 million in 2024 and for the five months ended May 31, 2024 and 2025.

### **Listing Expenses**

Our listing expenses represent expenses incurred for the preparation of this Global Offering. We did not record any listing expenses in 2022 and 2023. Our listing expenses were RMB31.2 million, RMB13.0 million and RMB9.2 million in 2024 and for the five months ended May 31, 2024 and 2025, respectively.

### **Finance Costs**

Our finance costs consist primarily of (i) interest expense on bank borrowings, and (ii) interest expense on lease liabilities. In 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, our finance costs were RMB27.1 million, RMB27.8 million, RMB44.1 million, RMB17.2 million and RMB23.2 million, respectively.

### **Fair Value Gains or Losses on Equity Instrument at Fair Value through Other Comprehensive Income**

We recorded fair value gains or losses on equity instrument at fair value through other comprehensive income (“FVTOCI”), which represents the fair value loss of an unlisted entity in the fiscal year 2022. The Group invested in this unlisted entity in February 2021 and measured at FVTOCI due to long-term strategic purposes. In September 2022, the investee applied for liquidation by creditors. Our management considered that the fair value of the investment should be equal to the remaining realizable asset of the entity as of December 31, 2022, which caused a fair value loss in the amount of RMB 32.7 million.



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### TAXATION

#### PRC

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the basic tax rate of our Company and our PRC subsidiaries was 25% during the Track Record Period, except for certain subsidiaries entitled to different preferential tax rates.

Our Company and one of our subsidiaries, Shanghai PATEO Network Technology Service Co., Ltd., were qualified as a high and new technology enterprise (“HNTE”) in 2020 and renewed our HNTE in 2023, and entitled to a preferential tax rate of 15% from 2023 to 2025. PATEO CONNECT (Nanjing) Co., Ltd. (“PATEO Nanjing”) was qualified as an 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 Track Record Period.

Further, according to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2022 to September 30, 2022 and for the period from October 1, 2022 to December 31, 2024, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had no disputes or unresolved tax issues with relevant tax authorities.

#### Germany

Under the relevant tax laws and implementation regulations in Germany, the applicable tax rate of our German subsidiaries was 30.7% for the Track Record Period. As we had no assessable profit arising in Germany during the Track Record Period, no provision for Germany profit tax has been made in the consolidated statement of profit or loss and other comprehensive income.

#### Hong Kong

Under the relevant tax laws and implementation regulations in Hong Kong, the applicable tax rate of our Hong Kong subsidiary was 16.5% for the Track Record Period. As we had no assessable profit arising in Hong Kong during the Track Record Period, no Hong Kong income tax has been made in our Company’s consolidated statement of profit or loss and other comprehensive income.

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### **PATH TO PROFITABILITY**

#### **Background of Historical Loss-making**

We have not been profitable in any financial year since our establishment.

Our revenue increased significantly during the Track Record Period, growing from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, and further to RMB2,557.0 million in 2024. Our revenue increased by 34.4% from RMB560.9 million for the five months ended May 31, 2024 to RMB753.6 million for the five months ended May 31, 2025. However, despite this robust revenue growth, it has not yet been sufficient to fully offset the various costs and expenses incurred during the Track Record Period. In 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, we incurred net loss of RMB452.2 million, RMB283.8 million, RMB540.8 million, RMB244.8 million and RMB219.9 million respectively, and adjusted net loss (non-IFRS measure) of RMB390.5 million, RMB218.4 million, RMB352.4 million, RMB167.6 million and RMB164.5 million for the same periods, respectively. The increases in our net loss and adjusted net loss (non-IFRS measure) in 2024 compared to those in 2023 were primarily because we recognized credit loss of RMB117.6 million for trade receivables from one OEM customer which is experiencing difficulties in its operations. During the Track Record Period, our adjusted net loss margin (non-IFRS measure), representing adjusted net loss as a percentage of revenue, continually narrowed, decreasing from 32.1% in 2022 to 14.6% in 2023, 13.8% in 2024. Our adjusted net loss margin (non-IFRS measure) amounted to 21.8% for the five months ended May 31, 2025, primarily due to the seasonal nature of our business. See “— Description of Major Comprehensive Income Line Items — Non-IFRS Measures.” Additionally, we recorded net operating cash outflow of RMB463.7 million, RMB270.6 million and RMB705.8 million in 2022, 2023 and 2024, and net operating cash inflow of RMB90.4 million for the five months ended May 31, 2025, respectively. The significant increase in our net operating cash outflow in 2024 compared to that in 2023 was primarily due to the increase in our trade receivables in line with the overall growth in our business scale.

Our net loss and net operating cash outflows during the Track Record Period were primarily due to the following reasons:

- *Limited operating history of smart cockpit solutions.* We began our business in automotive intelligence industry with an initial focus on vehicle connectivity solutions. As the automotive intelligence industry rapidly evolved, we have continuously adapted our product and service offerings in response to industry advancement. Since 2015, as large central control screens became a standard feature in vehicles, with some vehicle models integrating the central screen and instrument panel, and innovations like HUD displays and streaming rearview mirrors being introduced, the smart cockpit has gradually become a crucial trend of intelligent vehicle development. To seize the opportunities in this evolving market and deepen our presence in the automotive industry, we shifted our focus in 2018 to smart cockpit solutions, integrating software, hardware and cloud-based vehicle

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connectivity. Prior to July 2021, we primarily relied on an electronics contract manufacturer located in Nanjing, Jiangsu Province, for product production. In July 2021, we established our first production facility in Xiamen, Fujian Province. Our limited operating history of designing, developing and producing smart cockpit products has necessitated a ramp-up period to achieve profitability.

- *Significant investments in R&D.* The competitive and complex markets for smart cockpits and vehicle connectivity support services require substantial upfront investments in technology innovation and talent recruitment. We have successfully developed and continually refined our in-house capabilities for smart cockpit solutions integrating software, hardware, and cloud-based vehicle connectivity. We believe that continually enhancing our technological capabilities is critical to improving our products and solutions, establishing and maintaining our market leadership, and increasing revenue and achieving profitability. To seize the industry opportunities and maintain our market-leading position, we have formulated and committed to a strategy of ongoing technology innovation and invested considerable resources in our extensive R&D efforts aimed at fostering continuous iteration in solutions and products. To attract and retain R&D talents capable of driving our technology innovation and product evolution, we have offered competitive benefits and incentives for our R&D personnel. As a result, we incurred R&D expenses of RMB277.4 million, RMB235.4 million, RMB207.3 million, RMB91.0 million and RMB98.0 million in 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, respectively. In 2022, our R&D investments reached a peak level because we focused on building our technology capabilities and infrastructure in line with our development strategies. With a significant portion of foundational R&D work completed in 2022, we shifted our focus toward improving the efficiency of our R&D activities. This resulted in a decrease in R&D expenses in 2023 and 2024 compared to that in the corresponding periods in previous years. Our continual investments in R&D have yielded technology breakthroughs, paving the way for our future profitability.
- *Economies of scale are still materializing.* Although we experienced a rapid growth during the Track Record Period, our business scale has not yet reached the level necessary to fully enjoy cost advantages from economies of scale. Our gross profit and gross profit margin fluctuated during the Track Record Period. Our gross profit increased from RMB171.1 million in 2022 to RMB231.1 million in 2023, to RMB301.0 million in 2024 and increased from RMB28.4 million for the five months ended May 31, 2024 to RMB98.7 million for the five months ended May 31, 2025. Our gross profit margin was 14.1%, 15.4%, 11.8%, 5.1% and 13.1% in 2022, 2023, 2024 and for the five months ended May 31, 2024 and 2025, respectively. Our gross profit margin was lower than that of certain industry participants with mature production and operations in smart cockpit sector, primarily because we are still in the stage of ramping up our business scale. For example, we incurred significant costs of sales from procurement of chips and hardware components for our smart cockpit products and solutions. Our material costs used in our production increased

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from RMB834.6 million in 2022 to RMB903.0 million in 2023 and further to RMB1,747.3 million in 2024, and increased from RMB433.8 million for the five months ended May 31, 2024 to RMB535.6 million for the five months ended May 31, 2025. The increase in our material costs was generally in line with the increasing production and deliveries of our smart cockpit products and solutions. We believe, as our business scale grows, we can have greater bargaining power with suppliers of raw materials and obtain more favorable pricing and payment terms from them, which will enable us to improve our profitability. In addition, our first production facility only was put into use in July 2021, and the skill level of our manufacturing staff, as well as the factory's operational efficiency, are not yet fully developed. Compared to other established smart cockpit providers, we believe that our operational efficiency of our production facilities still has significant room for improvement. Furthermore, as our business continues to grow, we anticipate realizing the benefits from economies of scale evidenced by a decrease in selling expenses and administrative expenses as a percentage of our total revenue.

- *Moderate pricing approach to gain a larger market share.* According to CIC, the competitive landscape of China's passenger vehicle smart cockpit solutions industry is relatively fragmented. During the Track Record Period, we took a moderate pricing approach and offered competitive prices for our smart cockpit products to attract new customers and retain existing customers, with an aim to develop our revenue scale. In 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, the average unit price of our mid-end domain controllers was approximately RMB1,703, RMB1,885, RMB1,965, RMB2,197 and RMB2,037. According to CIC, the industry average unit price for smart cockpit powered by mid-ends SoCs (such as Qualcomm's 8155 processors) ranged from RMB1,500 to RMB2,500 during the Track Record Period.
- *Investment in attracting and retaining talent.* In order to seize the industry opportunities and enhance our market-leading position, we have made efforts to recruitment and retention of talent who possess in-depth industry knowledge and profound managerial experience. As a result, staff costs constituted a significant portion of our administrative expenses and selling expenses. The aggregate amount of staff costs in our administrative expenses and selling expenses were RMB216.8 million, RMB214.9 million, RMB336.6 million, RMB136.2 million and RMB121.5 million in 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, representing 17.8%, 14.4%, 13.2%, 24.3% and 16.1% of total revenue in the same periods, respectively.

See “— Major Factors Affecting Our Results of Operations” for more details.

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### **Strategies to Improve Our Performance**

We believe that our strong customer base, robust technology and product capabilities, and reliable mass production capacity provide a solid foundation for our sustainable long-term growth. We plan to achieve breakeven and profitability primarily through implementing the following strategies.

#### ***Capture Market Opportunity***

Driven by the evolving consumer demands, coupled with OEM's accelerating deployment of automotive intelligence, development of software and hardware technology as well as supportive policies and regulations, China's smart cockpit market has been evolving and is expected to continue its expansion. According to CIC, the market size of China's passenger vehicle smart cockpit solutions grew from RMB44.2 billion in 2020 to RMB129.0 billion in 2024, with a CAGR of 30.7%, and is expected to reach RMB299.5 billion in 2029, representing a CAGR of 18.4% from 2024 to 2029. As an essential component of smart cockpits, domain controllers have demonstrated an increasing penetration rate, in terms of shipment volume, in passenger vehicles in China from 13.7% in 2020 to 44.1% in 2024, which is expected to reach over 90% by 2029.

As a leading player in the passenger vehicle smart cockpit solution industry, our performance is closely aligned with our industry's upward trend and we believe we are well poised to fully capitalize on this market potential to achieve sustainable growth.

#### ***Strengthening Existing Collaborations and Attracting New Customers***

Our future growth depends on our ability to maintain and deepen relationships with existing customers. By expanding and enhancing these partnerships, we can deploy our solutions more widely with the increasing production of customers' vehicle models, leading to more mass production contracts and boosting product sales. We have been able to expand our collaboration with existing customers during the Track Record Period. Our customers who collaborated with us in 2022 contributed revenue of RMB1,163.6 million and RMB1,250.2 million and RMB285.9 million in 2023 and 2024 and for the five months ended May 31, 2025, respectively. For the five months ended May 31, 2025, we delivered approximately 266 thousand domain controllers, representing an increase of 20.4% from approximately 210 thousand units for the five months ended May 31, 2024. For the five months ended May 31, 2025, we obtained a total of 23 design wins from our existing OEM customers, including 19 for our smart cockpit solutions and four for our vehicle connectivity support services.

In addition to maximizing the value of existing customer relationships, we will continue to broaden our customer base and strengthen cooperation with key customers. Since 2024, we have enhanced our collaboration with Chinese premium NEV brands which are currently leading the development trend of automotive intelligence in China and drive the overall growth in China's passenger vehicle market, according to CIC. For example, we obtained design wins from a leading Chinese NEV OEM in February 2023 for all of its existing and upcoming car models released under its current modular car platform. We started to deliver domain controller samples to this customer which generated revenue for us in June 2023 and started mass

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production in February 2024. As of the Latest Practicable Date, we had delivered over 284,000 smart cockpit hardware products powered by Qualcomm’s Snapdragon 8295 chipset to this customer. We believe we can further increase our revenue through our continual efforts in developing new customers, securing design wins from new customers and increasing sales volume, particularly our domain controller products.

The table below sets forth the movement of the number of collaborating OEM customers of our smart cockpit solutions business in each period during the Track Record Period.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Number of collaborating OEM customers at the beginning of the year/period . . . . .	<u>14</u>	<u>17</u>	<u>16</u>	<u>16</u>
Number of OEM customers commencing collaboration within the year/period . . . . .	6	2	2	2
Number of OEM customers with projects ended within the year . .	<u>(3)</u>	<u>(3)</u>	<u>(2)</u>	<u>(3)</u>
Number of collaborating OEM customers at the end of the year/period . . . . .	<u>17</u>	<u>16</u>	<u>16</u>	<u>15</u>

The table below sets forth the number of design wins that we obtained from collaborating OEM customers of our smart cockpit solutions business in each period during the Track Record Period.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Design wins obtained from existing OEM customers . .	28	47	27	23
Design wins obtained from new OEM customers . . . . .	4	5	6	— <sup>(1)</sup>

*Note:*

- (1) Two OEM customers commenced collaboration with us during the five months ended May 31, 2025, but we obtained the respective design wins in 2024.

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### ***Expand Overseas Markets***

We plan to expand our business beyond China and bring our solutions to global partners. While most of our revenue currently is generated from China, we have commenced active exploration of overseas markets. On the one hand, with the international expansion of Chinese OEMs, we partner with them to design and deliver products tailored to their overseas vehicle model. For example, in 2020, we established a branch in Indonesia, through which we have explored the marketing opportunities in the local automotive market. Notably, our collaboration with the local branch of a Chinese OEM in Indonesia has led to the successful development of smart cockpit solutions tailored to local needs and driving scenarios. We believe that the increasing international market share of Chinese OEMs provides significant revenue growth potential given our strategic partnerships with them.

On the other hand, we also directly market and sell our products to overseas OEMs, as we aim to collaborate with global OEMs and Tier-1 suppliers to OEMs to penetrate international markets and enhance our global presence. In 2021, we expanded our global footprint by opening a branch in Germany. Through close cooperation with local OEMs such as a global luxury car manufacturer in Europe we are currently collaborating with, we aim to offer European customers more flexible solutions adapted to market-specific demands. We have achieved one design win from a famous international OEM outside of China.

We will continue supporting domestic OEMs' overseas operations while initiating global projects with international OEMs and deepening our partnerships with Tier-1 suppliers to OEMs worldwide. As global demand for smart cockpit solutions rises, we can seize these opportunities by expanding our customer engagements worldwide.

### **Improve Our Gross Profit Margin**

Our ability to increase our gross profit margin is crucial to our business success and profitability. We are currently implementing various measures to improve our overall cost-effectiveness and gross profit margin, with a focus on expanding our operations and further enhancing our revenue streams, which is crucial for reducing costs through economies of scale.

### ***Innovate and Refine Our Offerings***

We plan to proactively introduce novel, higher-margin solutions to improve profitability. As such, we will continue to allocate resources to foster innovation and develop advanced technologies. This approach allows us to justify pricing level and stand out in the highly competitive market, ensuring long-term profitability.



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### *Manage Costs of Materials and Components Effectively*

The main raw materials for manufacturing our smart cockpit solutions include SoCs, other automotive-grade chips, various types of modules, PCBs, software, displays, and other devices for our solutions. The fluctuations in the prices of raw materials and components, as well as other production-related costs, have affected and will continue to affect our profitability. During the Track Record Period, we had witnessed fluctuations in raw material and component prices, especially for the chips, which had influenced our cost of sales.

To secure stable supply and competitive prices, we have a dedicated procurement committee which monitors our overall procurement costs and takes proactive actions to negotiate prices and terms with major chip suppliers. By expanding and diversifying supplier base, along with increasing procurement volume, we have strengthened our bargaining power. Therefore, we are able to secure more favorable prices for materials and components necessary for our production. For example, when our procurement amount of a key chip doubled from the first quarter of 2024 to the fourth quarter of 2024, its average purchase price decreased by more than 5%. Strengthening long-term relationships with existing suppliers further enhances stability of our supply chain. We expect to benefit from an increasingly optimized supply chain, driving greater profitability.

### *Enhance Production Efficiency*

We plan to improve our production efficiency by increasing our in-house production capacities. We utilize a combination of self-owned and leased production lines to optimize production capacity and efficiently meet customer needs at the current stage. Anticipating increased future orders, we have invested significantly in upgrading our production facilities and equipment to boost capacity. In July 2021, we established our first production facility in Xiamen, Fujian Province. We are constructing two new facilities in Liuzhou, Guangxi Zhuang Autonomous Region and Rui'an, Zhejiang Province, which are expected to focus on domain controller production and smart cockpit assembly and commence operations from 2024 to 2025. We completed the first phase of our Liuzhou production center in May 2024. Our Rui'an production center is expected to commence mass production by the end of 2025. We have reduced usage of outsourced production or leased production line and increased our in-house production capacity because the depreciation costs associated with self-owned production facilities were generally lower than the rental costs for leased production lines during the Track Record Period. See “Business — Production — Production Facilities.”

Beyond capacity expansion, we are optimizing production workflows and increasing automation to improve efficiency and reduce unit production cost. We have taken many cost optimization initiatives and regularly monitor their cost reduction effect. For example, we consolidated testing procedures to eliminate redundancies, reducing the number of test operators by one-third. Additionally, through refining testing logic and optimizing testing actions, we increased hourly production output (UPH) by approximately 20%. We have also improved the efficiency of our SMT production lines by optimizing the reconfiguration process. Previously, the average time required for SMT changeovers was four hours. Through

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process improvements and workflow optimizations, we reduced this to 1.25 hours, with further plans to lower it to 0.5 hours. The improvements in our production processes have successfully enhanced our production efficiency. The gross profit margin of our domain controller products for the five months ended May 31, 2025 was 10.0%, as compared to 3.6% for the same period of 2024.

While our capacity expansion and utilization of automation require investments that may lead to short-term capital expenditures, we believe that expanding in-house production, automating key processes, and improving operational efficiency will allow us to achieve long-term cost-effectiveness, enhance supply chain stability, and ultimately improve profitability.

### ***Enhance Inventory Management***

We recorded impairment loss on inventories as a result of the decline in the net realizable value of our inventories. During the Track Record Period, our impairment loss on inventories amounted to RMB34.9 million, RMB30.8 million, RMB50.2 million, RMB11.5 million and RMB12.4 million, respectively, accounting for 2.9%, 2.1%, 2.0%, 2.0% and 1.6% of our revenue for the corresponding periods. In 2022, 2023, 2024 and for the five months ended May 31, 2025, the turnover days of our inventory and contract costs were 135, 138, 80 and 127, respectively.

We achieved continuous improvement in management of our inventory during the Track Record Period. We have established an inventory management system and an ERP system that monitor our warehousing process. We generally commence production upon receiving demand forecast from a customer and regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. Our supply management team reviews our inventory aging reports routinely with other responsible teams, such as business operation team and risk management team, and takes necessary actions to minimize risks of obsolescence when required.

### **Enhancing Operating Leverage**

During the Track Record Period, we incurred significant operating expenses, including research and development, administrative, and selling expenses, to develop, manage, and promote our smart cockpit solutions. Moving forward, we aim to refine these functions and efficiently manage operational efficiency to support our sustained growth.

- *Selling expenses.* In 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, our selling expenses were RMB109.7 million, RMB116.8 million, RMB148.9 million, RMB49.5 million and RMB48.6 million, respectively. These expenses as a percentage of revenue decreased from 9.0% in 2022 to 7.8% in 2023 and further to 5.8% in 2024, and from 8.8% for the five months ended May 31, 2024 to 6.4% for the five months ended May 31, 2025. primarily due to our significant

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revenue growth, realizing economies of scale, and strong customer relationships. We expect that selling expenses, as a percentage of revenue, will continue to decline. We will leverage our solid customer relationships and communication channels to secure more contracts and acquire customers more cost-effectively.

- *Administrative expenses.* In 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, our administrative expenses were RMB250.4 million, RMB259.8 million, RMB370.4 million, RMB137.4 million and RMB145.1 million respectively, representing 20.6%, 17.4%, 14.5%, 24.5% and 19.3% of revenue for the same periods, respectively. We will actively monitor our administrative expenses and improve our operational efficiency. We expect the administrative expenses, as a percentage of revenue, to decline.
- *Research and development expenses.* In 2022, 2023, 2024, and for the five months ended May 31, 2024 and 2025, our research and development expenses were RMB277.4 million, RMB235.4 million, RMB207.3 million, RMB91.0 million and RMB98.0 million, respectively, representing 22.8%, 15.7%, 8.1%, 16.2% and 13.0% of revenue for the same periods, respectively. We believe our investments in research and development have already yielded substantial benefits. The long planning cycles in the automotive industry require significant upfront investments in research and development, which may take years to materialize. Looking ahead, while research and development expenses will remain a notable part of our operating costs to support business expansion, we expect the research and development expenses as a percentage of revenue to decrease over time.

We believe that we can achieve our profitability by expanding revenue scale, improving gross profit margin and enhancing operating leverage. Our net operating cash outflow decreased from RMB463.7 million in 2022 to RMB270.6 million in 2023. Our net operating cash outflow increased from RMB270.6 million in 2023 to RMB705.8 million in 2024, primarily due to an increase in trade and other receivables of RMB769.5 million and an increase in bills receivables at FVTOCI of RMB59.8 million. We recorded net operating cash outflow of RMB414.5 million for the five months ended May 31, 2024 and net operating cash inflow of RMB90.4 million for the five months ended May 31, 2025. We also fund our business operations with borrowings from commercial banks. As of July 31, 2025, we had unutilized committed banking facilities of RMB814.8 million. Furthermore, we completed Series D Financing in August 2024, and raised net proceeds in an aggregate amount of approximately RMB1,330.8 million. Based on the foregoing, our Directors believe that our business is sustainable. Taking into consideration financial resources presently available to us, including cash and cash equivalents on hand and internally generated funds, but without the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present needs till December 31, 2026.

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### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### The Five Months Ended May 31, 2025 Compared to the Five Months Ended May 31, 2024

##### *Revenue*

Our revenue increased by 34.4% from RMB560.9 million for the five months ended May 31, 2024 to RMB753.6 million for the five months ended May 31, 2025, reflecting the growth of our overall business scale.

##### *Smart cockpit solutions*

Our revenue from smart cockpit solutions increased by 36.1% from RMB531.6 million for the five months ended May 31, 2024 to RMB723.7 million for the five months ended May 31, 2025, primarily due to an increase in revenue from sales of domain controllers, sales of cockpit components, and R&D services.

- Revenue from sales of domain controllers increased by 30.9% from RMB458.1 million for the five months ended May 31, 2024 to RMB599.8 million for the five months ended May 31, 2025, primarily due to increases in both shipment volume and average unit price for domain controllers. The shipment volume of domain controllers increased from approximately 221 thousand for the five months ended May 31, 2024 to approximately 266 thousand for the five months ended May 31, 2025 reflecting the increased industry demands for domain controllers. The average unit price of our domain controllers increased from RMB2,075 for the five months ended May 31, 2024 to RMB2,257 for the five months ended May 31, 2025, primarily because we have strategically focused on developing and producing domain controllers equipped with high-end SoCs, which are relatively high-priced and cater to the growing consumer demand for vehicle models with higher intelligence and enhanced cockpit functions.
- Revenue from sales of cockpit components increased by 22.4% from RMB50.3 million for the five months ended May 31, 2024 to RMB61.5 million for the five months ended May 31, 2025, primarily due to the increased average unit price of cockpit components, attributable to the optimization of our projects.
- Revenue from R&D services increased significantly from RMB23.2 million for the five months ended May 31, 2024 to RMB62.4 million for the five months ended May 31, 2025, primarily due to the progress of an R&D project with an international OEM customer.

##### *Vehicle connectivity support Services*

Our revenue from vehicle connectivity support services kept stable at RMB27.0 million for the five months ended May 31, 2024 and RMB27.5 million for the five months ended May 31, 2025.

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### *Other revenue*

Our other revenue kept stable at RMB2.3 million for the five months ended May 31, 2024 and 2025.

### *Cost of Sales*

Our cost of sales increased by 23.0% from RMB532.5 million for the five months ended May 31, 2024 to RMB654.9 million for the five months ended May 31, 2025, because an increase of RMB101.8 million in material costs in line with the growth of our shipment volume of smart cockpit solutions and the increasing number of high-end SoCs being used in new products.

### *Gross Profit and Gross Profit Margin*

As a result of the foregoing, our gross profit increased by 247.8% from RMB28.4 million for the five months ended May 31, 2024 to RMB98.7 million for the five months ended May 31, 2025 and our gross profit margin increased from 5.1% to 13.1% during the same periods.

### *Smart cockpit solutions*

Our gross profit from smart cockpit solutions increased significantly from RMB24.1 million for the five months ended May 31, 2024 to RMB94.6 million for the five months ended May 31, 2025, and our gross profit margin increased from 4.5% for the five months ended May 31, 2024 to 13.1% for the five months ended May 31, 2025. The increases were primarily due to (i) the increased shipment volume of high-end smart cockpit solutions as a result of increased customer demand for smart cockpit solutions equipped with high-end SoCs, and (ii) increased gross profit margin for smart cockpit solutions equipped with high-end SoCs attributable to our cost control and project optimization measures.

### *Vehicle connectivity support services*

Our gross profit from vehicle connectivity support services remained stable at RMB3.9 million and RMB3.7 million for the five months ended May 31, 2024 and 2025. We recorded gross profit margin of 14.5% and 13.4% during the same periods, respectively. We had a lower gross profit margin for the five months ended May 31, 2025 than the overall gross profit margin for the full year of 2024 primarily due to the seasonal factor affecting the revenue generated from the projects for which we charge fees based on the number of passenger vehicles activated for intelligent connectivity functions. Given OEMs in the automotive industry usually increase the sales volume of their vehicle models towards the year end, we provide more vehicle connectivity support services and generate more revenue in the second half of the year. However, the costs associated with our vehicle connectivity support services are incurred evenly throughout the whole year.

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### *Other businesses*

Our gross profit from other businesses kept stable at RMB0.4 million for the five months ended May 31, 2024 and 2025.

### *Other Income*

Our other income increased by 71.1% from RMB21.0 million for the five months ended May 31, 2024 to RMB35.8 million for the five months ended May 31, 2025, primarily driven by the increase in government grants.

### *Impairment Losses under Expected Credit Loss Model (Net of Reversal)*

We recorded reversal of impairment losses under expected credit loss model of RMB4.3 million for the five months ended May 31, 2024 and RMB19.0 million for the five months ended May 31, 2025, primarily due to a decrease in impairment losses on trade receivables, which was generally in line with the decrease in trade receivables. Due to our business seasonality, we typically have a relatively large trade receivables balance amount at each year end, and we make impairment loss allowance on trade receivables under our impairment analysis as of year end. As we gradually collect the year-end trade receivables in the following year, including those for which we have made impairment loss allowance, we may eventually recognize reversal of impairment loss in an interim period of the following year. As of May 31, 2025, RMB1,093.7 million, or 84.2% of our trade receivables as of December 31, 2024 had been settled, and the corresponding allowance for impairment losses was reversed. We recognized revenue of RMB753.6 million for the five months ended May 31, 2025 and the trade receivables arising from revenue were less than the settled amount of trade receivables. As a result, we recorded reversal of impairment losses for the five months ended May 31, 2025.

### *Other Gains and Losses*

We recorded other losses of RMB43.7 million for the five months ended May 31, 2025 compared to other gains of RMB9.7 million for the same period in 2024. This fluctuation was primarily attributable to losses incurred from changes in fair value of financial assets at FVTPL associated with our equity interest in a new energy vehicle manufacturer in 2025 and losses incurred for early termination of some leases in 2024.

### *Selling Expenses*

Our selling expenses decreased by 1.8% from RMB49.5 million for the five months ended May 31, 2024 to RMB48.6 million for the five months ended May 31, 2025, primarily attributable to the decrease in staff costs related to our sales personnel as a result of the decreased share-based payments.

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### ***Administrative Expenses***

Our administrative expenses increased by 5.6% from RMB137.4 million for the five months ended May 31, 2024 to RMB145.1 million for the five months ended May 31, 2025, primarily because of (i) an increase in office expenses and depreciation and amortization in relation to our offices, attributable to the increase in administrative personnel, and (ii) an increase in professional service fees incurred for external business development advisory services.

### ***Research and Development Expenses***

Our research and development expenses increased by 7.7% from RMB90.1 million for the five months ended May 31, 2024 to RMB98.0 million for the five months ended May 31, 2025, primarily due to an increase in staff costs related to our R&D personnel, driven by the increased headcount of our R&D department.

### ***Share of Result of an Associate***

Our loss from share of result of an associate increased from RMB0.1 million for the five months ended May 31, 2024 to RMB5.7 million for the five months ended May 31, 2025, primarily due to a decrease in value of our investments in an integrated circuit company accounted for under the equity method.

### ***Listing Expenses***

We recognized listing expenses of RMB13.0 million for the five months ended May 31, 2024 and RMB9.2 million for the five months ended May 31, 2025, in line with the progress of our listing application.

### ***Finance Costs***

Our finance costs increased by 35.0% from RMB17.2 million for the five months ended May 31, 2024 to RMB23.2 million for the five months ended May 31, 2025, primarily due to an increase in interest expenses on bank borrowings, in line with our increased bank borrowing balance.

### ***Loss for the Period***

As a result of the foregoing, our net loss decreased by 10.2% from RMB244.8 million for the five months ended May 31, 2024 to RMB219.9 million for the five months ended May 31, 2025.



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

#### *Revenue*

Our revenue increased by 70.9% from RMB1,495.8 million in 2023 to RMB2,557.0 million in 2024, mainly driven by the increase in our revenue from smart cockpit solutions.

#### *Smart cockpit solutions*

Our revenue from smart cockpit solutions increased by 80.5% from RMB1,352.4 million in 2023 to RMB2,441.4 million in 2024, primarily due to an increase in revenue from sales of domain controllers, which was partially offset by decreases in (i) revenue from sales of cockpit components, and (ii) revenue from R&D services.

- Revenue from sales of domain controllers increased by 149.6% from RMB784.9 million in 2023 to RMB1,959.0 million in 2024, primarily due to increases in both shipment volume and average unit price for domain controllers. The shipment volume of domain controllers increased from approximately 793 thousand in 2023 to approximately 915 thousand in 2024, reflecting our collaboration with new customers. The average unit price of our domain controllers increased from RMB990 in 2023 to RMB2,141 in 2024, primarily because we have strategically focused on developing and producing domain controllers equipped with high-end SoCs, which are relatively high-priced and cater to the growing consumer demand for vehicle models with higher intelligence and enhanced cockpit functions.
- Revenue from sales of cockpit components decreased by 24.1% from RMB208.8 million in 2023 to RMB158.5 million in 2024, primarily because the average unit price of these products decreased while the total shipment volume of the products increased. As we produce or procure cockpit components to supplement our domain controllers, the changes in shipment volume and market prices for these products mostly reflect the customer demands for domain controllers equipped with high-end SoC and lower-priced components.
- Revenue from R&D services decreased by 9.7% from RMB358.7 million in 2023 to RMB323.9 million in 2024, primarily due to a decline in the average contract value of our R&D projects in 2024 as compared to 2023.

#### *Vehicle connectivity support services*

Our revenue from vehicle connectivity support services decreased by 9.9% from RMB122.4 million in 2023 to RMB110.2 million in 2024, primarily due to decreases in our revenue from two major OEMs.

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Under our agreement with one OEM, we supply smart cockpit domain controllers and provide maintenance services for the OEM's vehicle connectivity platform with a three-year term. Our service fees are based on the number of vehicles equipped with the domain controllers supplied by us which are connected to the OEM's platform. Since a significant portion of domain controllers under this agreement was delivered between 2019 to 2022, the three-year service term for the vehicles equipped with these domain controllers has ended or will end soon, leading to a decrease in our revenue from this OEM. Our revenue from another OEM decreased due to a reduction in both the types of services we provided and the number of active connected vehicles served through our QingCloud platform. This was a result of the OEM transferring its vehicles to its own platform.

The decrease in our revenue from the above-mentioned two OEMs was partially offset by the increased revenue from an OEM customer who entered into a new contract with us for user support services in the second half of 2023. Our revenue from this contract increased in 2024 because we generated revenue for the full year of 2024 compared to that for a half year in 2023.

### *Other revenue*

Our other revenue decreased by 74.5% from RMB21.0 million in 2023 to RMB5.4 million in 2024, primarily because we disposed of a substantial portion of chips in our inventory in 2023 and the amount of chips disposed of significantly decreased in 2024. We do not consider sales of chips as our core business, and we plan to further reduce sales of chips over the next five years.

### *Cost of Sales*

Our cost of sales increased by 78.4% from RMB1,264.7 million in 2023 to RMB2,256.0 million in 2024, because (i) an increase of RMB844.4 million in material costs in line with the growth of our shipment volume of smart cockpit solutions and the increasing number of high-end SoCs being used in new products, and (ii) an increase of RMB107.1 million in our manufacturing costs due to our expanded production scale for smart cockpit products.

### *Gross Profit and Gross Profit Margin*

As a result of the foregoing, our gross profit increased by 30.3% from RMB231.1 million in 2023 to RMB301.0 million in 2024. In contrast, our overall gross profit margin decreased from 15.4% in 2023 to 11.8% in 2024.

### *Smart cockpit solutions*

Our gross profit from smart cockpit solutions increased by 35.3% from RMB203.8 million in 2023 to RMB275.8 million in 2024, while our gross profit margin decreased from 15.1% in 2023 to 11.3% in 2024. The gross profit of domain controllers increased from RMB36.5 million in 2023 to RMB143.6 million in 2024, and gross profit margin increased from 4.7% in 2023 to 7.3% in 2024, primarily due to (i) the increased shipment volume of

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mid- and high-end smart cockpit solutions as a result of increased customer demand for smart cockpit solutions equipped with mid- and high-end SoCs, and (ii) increased gross profit margin for smart cockpit solutions equipped with mid-end SoCs as certain loss-making projects ended in 2024. However, as domain controllers have a relatively low gross margin, our overall gross margin decreased as the revenue contribution from domain controllers increased. Additionally, the gross profit and gross margin of our R&D services decreased in 2024 compared to those in 2023 because we completed a couple of R&D projects with relatively high gross margins in 2023.

### *Vehicle connectivity support services*

Our gross profit from vehicle connectivity support services decreased by 4.6% from RMB25.5 million in 2023 to RMB24.3 million in 2024, primarily due to the decrease in our revenue from vehicle connectivity support services. For details about the decrease in our revenue from this business in 2024, see “— Year Ended December 31, 2024 Compared to Year Ended December 31, 2023 — Revenue.” However, our gross profit margin slightly increased from 20.8% in 2023 to 22.1% in 2024, primarily because we strengthened our cost management and enhanced the operation efficiency for this business.

### *Other businesses*

Our gross profit from other businesses decreased by 48.8% from RMB1.7 million in 2023 to RMB0.9 million in 2024, primarily due to our accelerated disposal of chips in our inventories. The gross profit margin for other businesses increased from 8.3% in 2023 to 16.6% in 2024, primarily because our inventory pressure reduced after our disposal of chips in 2023 and, as a result, we could achieve better prices for the chips left in inventory.

### *Other Income*

Our other income increased from RMB30.8 million in 2023 to RMB59.9 million in 2024, primarily driven by an increase of RMB29.7 million in government grants and value-added tax additional deduction, primarily due to securing new grants and the successful verification and acceptance of some government-sponsored research projects.

### *Impairment Losses under Expected Credit Loss Model (Net of Reversal)*

Our impairment losses under expected credit loss model increased from RMB14.2 million in 2023 to RMB149.9 million in 2024, primarily due to the recognition of credit loss for trade receivables from one OEM customer which is experiencing difficulties in its operations. We generated revenue from our business with this OEM customer of RMB43 million, RMB103 million and RMB119 million in 2022, 2023 and 2024, respectively. As of both December 31, 2024 and May 31, 2025, the outstanding amount of all trade receivables due from this customer was RMB117.6 million, for which we have made full provision of allowance for impairment loss. Given that we have ceased doing business with this OEM customer and made full provision for the impairment loss, we believe that the impairment loss caused by this OEM

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customer has been fully reflected in our operating results for the Track Record Period and would have one-off impact on us. We filed a lawsuit against this OEM customer in January 2025 to recover the outstanding trade receivables balances from such customer. This case was first heard on April 27, 2025, but the defendant did not attend. As of the Latest Practicable Date, this OEM customer has entered bankruptcy reorganization proceedings, and the relevant court case has been suspended. We have filed a claim for our outstanding receivables and are actively communicating with the administrator.

### ***Other Gains and Losses***

Our other gains decreased by 53.1% from RMB108.4 million in 2023 to RMB50.9 million in 2024. This decrease was primarily attributable to a decrease in gains from changes in fair value of financial assets at FVTPL of RMB46.1 million, mainly associated with our equity interest in an intelligent new energy vehicle manufacturer.

### ***Selling Expenses***

Our selling expenses increased by 27.4% from RMB116.8 million in 2023 to RMB148.9 million in 2024. This change is primarily attributable to (i) an increase of RMB13.7 million in our staff costs related to our sales personnel as a result of the increased share-based payments and (ii) an increase of RMB7.0 million in our after-sales service expenses, which is in line with the growth in the sales of our domain controllers.

### ***Administrative Expenses***

Our administrative expenses increased by 42.6% from RMB259.8 million in 2023 to RMB370.4 million in 2024, primarily because of an increase of RMB108.0 million in the staff costs related to our administrative personnel as a result of increased share-based payments.

### ***Research and Development Expenses***

Our research and development expenses decreased by 11.9% from RMB235.4 million in 2023 to RMB207.3 million in 2024, primarily due to a decrease of RMB49.9 million in our staff costs related to our R&D personnel because we continue to implement measures to optimize our research and development team to improve efficiency and to streamline redundant projects and made strategic adjustments to those with uncertain prospects. For the impact on our research and development ability, see “— Year Ended December 31, 2023 Compared to Year Ended December 31, 2022 — Research and Development Expenses.”

### ***Share of result of an associate***

We recorded share of loss of an associate of nil in 2023, while this amount was RMB0.7 million in 2024, which was primarily due to a decrease in value of our investments in an integrated circuit company accounted for under the equity method.

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### *Listing expenses*

We recorded listing expenses of nil in 2023, while this amount was RMB31.2 million in 2024, which was primarily due to the expenses we incurred in preparation for this Global Offering.

### *Finance Costs*

Our finance costs increased by 58.6% from RMB27.8 million in 2023 to RMB44.1 million in 2024, primarily due to an increase in interest expense of RMB16.1 million, reflecting an increase in bank borrowings.

### *Income tax*

Our income tax was RMB67 thousand and RMB27 thousand in 2023 and 2024, respectively.

### *Loss for The Year*

As a result of the foregoing, our net loss increased by 90.6% from RMB283.8 million in 2023 to RMB540.8 million in 2024.

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

### *Revenue*

Our revenue increased by 22.8% from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, mainly driven by the increase in our revenue from smart cockpit solutions.

### *Smart cockpit solutions*

Our revenue from smart cockpit solutions increased by 25.4% from RMB1,078.5 million in 2022 to RMB1,352.4 million in 2023, primarily due to increases in revenue from R&D services and revenue from sales of domain controllers, which were offset by a decrease in revenue from cockpit components.

- Revenue from sales of domain controllers increased by 16.4% from RMB674.3 million in 2022 to RMB784.9 million in 2023, primarily due to an increase in shipment volume of domain controllers from approximately 488 thousand in 2022 to 793 thousand in 2023. The increase in shipment volume reflected heightened demand of OEMs for our smart cockpit solutions and our continuous efforts to upgrade our offerings and broaden our customer base. The average unit price of our domain controllers decreased from RMB1,382 in 2022 to RMB990 in 2023, primarily because the prices for domain controllers equipped with low-end SoCs decreased under the intensified market competition and such domain controllers accounted for a considerable portion of our total domain controller shipment volume in 2023.

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- Revenue from sales of cockpit components decreased by 12.4% from RMB238.3 million in 2022 to RMB208.8 million in 2023, primarily due to our strategic focus on domain controllers as our core products.
- Revenue from R&D services increased by 116.1% from RMB166.0 million in 2022 to RMB358.7 million in 2023, primarily due to more R&D projects we secured.

### *Vehicle connectivity support services*

Our revenue increased by 37.0% from RMB89.3 million in 2022 to RMB122.4 million in 2023, primarily because (i) we entered into a new contract with a major OEM to provide it with our user support services in the second half of 2023, and (ii) we collaborated with more vehicle brands in 2023 and further enhanced our service offerings.

### *Other revenue*

Our other revenue decreased by 57.8% from RMB49.9 million in 2022 to RMB21.0 million in 2023, primarily because of a decline in our sales of automotive-grade chips resulting from a more abundant supply in the market in 2023.

### *Cost of Sales*

Our cost of sales increased by 20.8% from RMB1,046.6 million in 2022 to RMB1,264.7 million in 2023, primarily attributable to (i) an increase of RMB79.1 million in manufacturing costs, primarily reflecting increased raw material costs, energy costs, and depreciation in relation to our manufacturing equipment and facilities in line with the growth of shipment volume of smart cockpit solutions, (ii) an increase of RMB70.6 million in staff costs, driven by the expansion of our manufacturing team, and (iii) an increase of RMB68.4 million in material costs in line with the growth of shipment volume of smart cockpit solutions.

### *Gross Profit and Gross Profit Margin*

As a result of the foregoing, our gross profit increased by 35.0% from RMB171.1 million in 2022 to RMB231.1 million in 2023. Our gross profit margin increased from 14.1% in 2022 to 15.4% in 2023, primarily due to an increase in our gross profit margin for smart cockpit solutions.

- *Smart cockpit solutions.* Our gross profit margin increased from 12.5% in 2022 to 15.1% in 2023, primarily due to the increased gross margin of our R&D services. We conducted R&D projects to develop software for our OEM customers' vehicle models to be exported to overseas markets which are more profitable compared to our R&D services for software on domestic vehicle models. Additionally, another innovative and profitable R&D project to develop smart cockpit solutions involving two SoCs also contributed to the increased gross profit margin of our R&D services. The increased gross margin for R&D services was partially offset by (i) a decrease in the gross margin of domain controllers as the competition intensified, and (ii) a decrease in the gross margin of cockpit components as we focus on domain controllers as our core products.

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- *Vehicle connectivity support services.* Our gross profit margin increased from 16.9% in 2022 to 20.8% in 2023, mainly because (i) we generated more revenue from major customers as we further enhanced our service offerings, and (ii) we strengthened our cost management and enhanced the operation efficiency for this business.
- *Others.* Our gross profit margin decreased from 41.7% in 2022 to 8.3% in 2023, primarily due to the decreased sales of automotive-grade chips to OEMs as the chip market stabilized in 2023. For detailed reasons for our ability to secure chip supplies in 2022, see “Business — Our Suppliers — Impact of the Global Chip Shortage.”

### ***Other Income***

Our other income decreased by 34.4% from RMB46.9 million in 2022 to RMB30.8 million in 2023, primarily due to a decrease of RMB13.4 million in government grants primarily because we participated in more government-funded R&D projects in 2022 compared with those in 2023.

### ***Impairment Losses under Expected Credit Loss Model (Net of Reversal)***

Our impairment losses under expected credit loss model increased from RMB5.4 million in 2022 to RMB14.2 million in 2023, primarily due to the increase in our provision for trade receivables, which was in line with the expansion in our business scale.

### ***Other Gains and Losses***

We recorded other losses of RMB178 thousand in 2022, while we recorded other gains of RMB108.4 million in 2023. This increase was primarily due to gains from changes in fair value of financial assets at FVTPL of RMB111.8 million in 2023, mainly associated with our equity interest in an intelligent new energy vehicle manufacturer.

### ***Selling Expenses***

Our selling expenses increased by 6.5% from RMB109.7 million in 2022 to RMB116.8 million in 2023. This change is primarily attributable to (i) an increase of RMB4.1 million in promotion, advertising and travelling expenses attributable to our augmented marketing and promotional endeavors, and (ii) an increase of RMB3.2 million in our after-sale service expense, which was driven by the growth in our shipment volume in 2023. The increase was partially offset by a decrease of RMB1.4 million in staff costs, primarily due to a decrease in equity-settled share-based payments to our sales personnel.



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## FINANCIAL INFORMATION

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### *Administrative Expenses*

Our administrative expenses increased by 3.8% from RMB250.4 million in 2022 to RMB259.8 million in 2023, primarily due to (i) an increase of RMB4.1 million in business development expenses, which was in line with our business growth, and (ii) an increase of RMB3.3 million in professional service fee in relation to our financing activities. The increase was partially offset by a decrease of RMB3.0 million in office expenses, primarily due to a decrease in our rental expenses as we entered into long-term lease agreements for certain office space and a portion of rental fees we paid were recognized as interest expense on lease liabilities.

### *Research and Development Expenses*

Our research and development expenses decreased by 15.1% from RMB277.4 million in 2022 to RMB235.4 million in 2023, primarily due to a decrease of RMB51.4 million in staff costs, resulting from our measures to improve our research and development efficiency. We streamlined the development of certain R&D projects and refined our R&D team structure by reassigning certain employees and reorganizing team structure to better align our workforce with current business needs. The adjustment to our R&D team neither involved core team members nor affected our key R&D projects or technology capabilities. We believe these measures did not, or would not, have a material negative impact on our R&D ability. The decrease in staff costs was partially offset by an increase of RMB6.8 million in depreciation and amortization expenses, primarily because we entered into a new lease for one R&D center.

### *Finance Costs*

Our finance costs increased by 2.5% from RMB27.1 million in 2022 to RMB27.8 million in 2023, impacted by interest expense on lease liabilities.

### *Income tax*

Our income tax was RMB3 thousand and RMB67 thousand in 2022 and 2023, respectively.

### *Loss for The Year*

As a result of the foregoing, our net loss decreased by 37.2% from RMB452.2 million in 2022 to RMB283.8 million in 2023.

## FINANCIAL INFORMATION

### DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this prospectus.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment . . . . .	187,949	312,414	433,229	526,365
Deposits for rental . . . . .	7,705	6,354	13,872	10,254
Prepayment for acquisition of property, plant and equipment . . . . .	—	—	—	8,000
Right-of-use assets . . . . .	89,405	145,619	167,170	126,580
Pledged bank deposits . . . . .	3,300	—	—	—
Interest in a joint venture . . . . .	—	—	9,993	9,989
Interests in associates . . . . .	—	—	102,267	96,585
<b>Total non-current assets . . . . .</b>	<b>288,359</b>	<b>464,387</b>	<b>726,531</b>	<b>777,773</b>
<b>Current assets</b>				
Inventories and contract costs . . . . .	467,276	488,097	503,915	591,599
Trade and other receivables . . . . .	497,341	690,721	1,435,432	916,748
Contract assets . . . . .	3,221	2,826	8,684	4,875
Financial assets at FVTPL . . . . .	165,281	457,139	487,785	591,659
Bills receivables at FVTOCI . . . . .	171,441	84,263	95,266	136,494
Restricted bank deposits . . . . .	734	51,250	1,424	9,091
Pledged bank deposits . . . . .	105,385	85,030	71,707	198,812
Cash and cash equivalents . . . . .	587,863	257,038	977,006	900,734
<b>Total current assets . . . . .</b>	<b>1,998,542</b>	<b>2,116,364</b>	<b>3,581,219</b>	<b>3,350,012</b>
<b>Total asset . . . . .</b>	<b>2,286,901</b>	<b>2,580,751</b>	<b>4,307,750</b>	<b>4,127,785</b>
<b>CAPITAL AND RESERVES</b>				
Share capital . . . . .	117,968	117,968	139,554	139,554
Reserves . . . . .	698,561	480,075	1,405,223	1,231,289
Equity attributable to owners of our Company . . . . .	816,529	598,043	1,544,777	1,370,843
Non-controlling interests . . . . .	733	861	1,279	1,083
<b>Total equity . . . . .</b>	<b>817,262</b>	<b>598,904</b>	<b>1,546,056</b>	<b>1,371,926</b>

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	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Bank borrowings . . . . .	30,000	169,319	247,292	328,615
Lease liabilities . . . . .	46,762	60,483	59,859	30,776
Provision . . . . .	31,426	33,681	39,181	40,907
Deferred income . . . . .	47,877	2,685	83,593	83,631
<b>Total non-current liabilities.</b>	<b>156,065</b>	<b>266,168</b>	<b>429,925</b>	<b>483,929</b>
<b>Current liabilities</b>				
Bill, trade and other payables . . . . .	673,535	830,898	891,887	772,060
Bank borrowings . . . . .	560,984	838,539	1,348,159	1,430,637
Lease liabilities . . . . .	30,291	34,164	57,076	33,089
Contract liabilities . . . . .	48,764	12,078	34,647	36,144
<b>Total current liabilities . . . .</b>	<b>1,313,574</b>	<b>1,715,679</b>	<b>2,331,769</b>	<b>2,271,930</b>
<b>Total liabilities . . . . .</b>	<b>1,469,639</b>	<b>1,981,847</b>	<b>2,761,694</b>	<b>2,755,859</b>
<b>Net assets . . . . .</b>	<b>817,262</b>	<b>598,904</b>	<b>1,546,056</b>	<b>1,371,926</b>

### Assets

#### *Property, Plant and Equipment*

Our property, plant and equipment primarily consisted of (i) buildings, (ii) furniture and equipment, (iii) machinery, (iv) leasehold improvements, and (v) construction in progress. The following tables set forth the breakdown of our property, plant and equipment during the Track Record Period.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Buildings . . . . .	—	11,633	11,048	138,038
Furniture and equipment . . . .	17,314	49,749	39,780	36,201
Machinery . . . . .	23,263	48,079	75,366	130,354
Leasehold improvements . . . .	9,794	11,274	19,911	19,360
Construction in progress . . . .	137,578	191,679	287,124	202,412
<b>Total . . . . .</b>	<b>187,949</b>	<b>312,414</b>	<b>433,229</b>	<b>526,365</b>

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The net book value of our plant and equipment increased from RMB187.9 million as of December 31, 2022 to RMB312.4 million as of December 31, 2023 and further to RMB433.2 million as of December 31, 2024, primarily due to an increase in construction in progress in relation to construction of our new production facilities in Liuzhou and Rui'an and expansion of our production facilities in Xiamen. Our property, plant and equipment increased to RMB526.4 million as of May 31, 2025 primarily due to the completion of construction of our new production facilities in Liuzhou and production facilities in Xiamen.

### *Right-of-use Assets*

Our right-of-use assets represent carrying amounts of leasehold lands and leased properties for our operations and production activities. We had right-of-use assets of RMB89.4 million, RMB145.6 million, RMB167.2 million and RMB126.6 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. Our right-of-use assets increased during the Track Record Period primarily due to the acquisition of the land use right for a land parcel in connection with building our production facilities in Xiamen, as well as our increased leased office spaces.

### *Inventories and Contract Costs*

Our inventories and contract costs consist of (i) materials and components, and (ii) contract fulfillment cost, representing labor costs and raw material costs related to contract fulfillment, work in progress, finished goods and products under delivery. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	May 31,
				2025
	<i>(RMB in thousands)</i>			
Materials and components:				
Finished goods . . . . .	146,034	159,213	166,916	224,123
Chips . . . . .	107,084	126,767	152,141	187,358
Others <sup>(1)</sup> . . . . .	115,159	134,881	96,517	49,272
Subtotal . . . . .	<u>368,277</u>	<u>420,861</u>	<u>415,574</u>	<u>460,753</u>
Contract fulfillment costs <sup>(2)</sup> . .	<u>98,999</u>	<u>67,236</u>	<u>88,341</u>	<u>130,846</u>
<b>Total . . . . .</b>	<b><u>467,276</u></b>	<b><u>488,097</u></b>	<b><u>503,915</u></b>	<b><u>591,599</u></b>

#### *Notes:*

- (1) Consist primarily of electronic components, structural parts, screens, packaging materials, and software.
- (2) The costs are directly associated with the contracts for smart cockpit solutions. These costs generate resources that will be used to fulfill the contracts and are expected to be recovered.

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Our inventories and contract costs increased by 4.5% from RMB467.3 million as of December 31, 2022 to RMB488.1 million as of December 31, 2023, primarily due to an increase of RMB52.6 million in materials and components as we purchased raw materials for the manufacturing in the next year. Our inventories and contract costs further increased by 3.2% to RMB503.9 million as of December 31, 2024, mainly attributable to an increase of RMB21.1 million in contract fulfillment cost in line with our business expansion. Our inventories and contract costs further increased by 17.4% to RMB591.6 million as of May 31, 2025, in line with our business growth.

The following table sets forth the number of turnover days for our inventories and contract costs for the periods indicated.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Turnover days of inventories and contract costs <sup>(1)</sup> . . . . .	135	138	80	127

*Note:*

- (1) The turnover days of our inventory and contract costs for a given period is the average of the opening and ending balances of inventories and contract costs divided by cost of sales for that period and multiplied by the number of days in that period.

The turnover days of our inventory and contract costs remained relatively stable at 135 days and 138 days in 2022 and 2023, respectively. The turnover days of our inventory and contract costs decreased from 138 days in 2023 to 80 days in 2024, primarily due to the significant increase in our sales, leading to improved turnover efficiency of inventories. The turnover days of inventories and contract assets were 127 days for the five months ended May 31, 2025, which were higher than the turnover days in the full year of 2024, primarily due to the seasonal fluctuation of our business. We maintain a strategic level of finished goods and key raw materials (such as chips) to support our timely customer delivery, driving the growth in the balance amount of our inventories and contract assets, whereas we usually recognize a significantly lower amount of cost of sales in the five months ended May 31 of the year in line with the seasonal pattern for our revenue in the same period.

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The following table sets forth an aging analysis of our inventories and contract costs as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Within six months . . . . .	367,562	326,772	354,205	415,636
Six to twelve months . . . . .	97,618	92,664	42,529	92,998
One to two years . . . . .	4,013	64,635	106,193	71,620
More than two years . . . . .	13	4,026	988	11,345
<b>Total . . . . .</b>	<b><u>467,276</u></b>	<b><u>488,097</u></b>	<b><u>503,915</u></b>	<b><u>591,599</u></b>

We recorded write-down of inventories of RMB34.9 million and RMB30.8 million in 2022 and 2023, and our write-down of inventories increased from RMB30.8 million in 2023 to RMB50.2 million in 2024. Our write-down of inventories increased from RMB11.5 million for the five months ended May 31, 2024 to RMB12.4 million for the five months ended May 31, 2025. The overall increased write-down of our inventory is mainly due to an increase in our inventory aged more than one year. Our inventory aged more than one year increased from RMB4.0 million as of December 31, 2022 to RMB68.7 million as of December 31, 2023, and further to RMB107.2 million as of December 31, 2024 and RMB83.0 million as of May 31, 2025, primarily due to the chips in our inventories that we purchased in 2022 in the chip supply shortage period. We have made impairment allowance for the inventories aged over one year based on their net realizable value, taking into account the recoverability risks associated with these inventories.

As of July 31, 2025, approximately RMB344.2 million, or 58.2% of our inventories and contract costs as of May 31, 2025 were subsequently consumed or utilized, respectively.

### ***Trade and Other Receivables***

#### ***Trade Receivables***

Our trade receivables mainly represent our receivables due from our customers. Our trade receivables increased from RMB418.7 million as of December 31, 2022 to RMB619.7 million as of December 31, 2023, mainly due to increases in shipment volume of our solutions and products alongside the market trends of automotive intelligence. Our trade receivables further increased to RMB1,125.0 million as of December 31, 2024 primarily due to an increase of RMB131.9 million in our trade receivables due within 91 to 180 days, because we agreed to a settlement arrangement longer than the credit term with one significant customer to promote our collaboration with this client. Our trade receivables increased to RMB681.6 million as of May 31, 2025, in line with our business growth.

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The table below sets forth an aging analysis of our trade receivables, net of allowance for credit losses, presented based on invoice dates.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Within 90 days . . . . .	378,432	544,987	910,424	487,596
91 to 180 days. . . . .	22,512	43,832	175,670	146,615
181 to 365 days. . . . .	17,069	22,695	21,669	37,645
One to two years . . . . .	666	8,180	17,239	9,781
<b>Total . . . . .</b>	<b><u>418,679</u></b>	<b><u>619,694</u></b>	<b><u>1,125,002</u></b>	<b><u>681,637</u></b>

We generally grant our customers a credit period ranging from 60 days to 120 days. We seek to maintain strict control over our outstanding trade receivables. We require accounts receivable must be collected within the agreed payment terms. If overdue by more than 30 days, our finance department will issue internal risk alerts and provide weekly updates tracking collection efforts and payment progress by the business team. The business department is responsible for collections within 60 days. If no payment is received and no repayment plan is in place beyond this period, the finance department will lead a review of the customer's current cooperation status—including, but not limited to, contract terms, inventory, and account balances—and escalate the matter to our senior management to decide whether to involve the legal department to take legal actions. For trade receivables to be collected through legal actions, the legal department will take the lead on follow-up actions such as legal notices and litigation, with the business and finance teams providing support. Progress must be reported to relevant departments and senior management. If all collection efforts have failed, our senior management with assistance of the finance department, legal department and business department decides the allowance for impairment loss on such trade receivables.

We apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and have been collectively assessed on likelihood of recovery, taking into account the industries in which the customers are operating, their aging category and past collection history. We use a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward-looking information that is available without undue cost or effort. We perform impairment assessment under ECL model on all trade receivables with different credit characteristics individually. Except for items that are assessed for impairment individually, all remaining trade receivables are grouped based on shared credit risk characteristics by reference to past due exposure for the customers. The credit risk is regularly reviewed by our management to ensure relevant information about specific debtors is updated. We believe that sufficient provision has been made for our trade receivables at the end of each period during the track record period. Our impairment losses



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under ECL model on trade receivables increased from RMB14.4 million in 2023 to RMB149.2 million in 2024, primarily due to the recognition of credit loss for trade receivables from one OEM customer which is experiencing difficulties in its operations. We reversed the impairment loss under expected credit loss model on trade receivables of RMB19.2 million for the five months ended May 31, 2025. Except for these trade receivables with this OEM, we were not aware of any significant difficulty in recovering any material trade receivables as of the Latest Practicable Date.

The following table sets forth the number of turnover days of our trade receivables for the periods indicated.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Trade receivables turnover days <sup>(1)</sup> . . . .	91	127	125	182

*Note:*

- (1) Trade receivables turnover days for a given period is the average of the opening and ending balances of trade receivables, divided by revenue for that period and multiplied by the number of days in that period.

Our trade receivables turnover days were 91 days, 127 days, 125 days and 182 days in 2022, 2023, 2024 and the five months ended May 31, 2025. During the Track Record Period, we had long turnover days because our overall trade receivables turnover days had been affected by our slower collection of trade receivables due from several major OEM customers whose payment practices caused the time of their actual payments to be longer than credit terms. We accommodated these OEM customers' payment practices because we believe this strengthens our relationships with key customers and helps us deepen collaborations with them. Specifically, the turnover days of the trade receivables due from two customers among our largest five customers were longer than our credit terms for them as they are large state-owned enterprises with established brand names in the automotive industry. See "Business—Our Customers."

Our trade receivables turnover days significantly increased in 2023 as compared to 2022, primarily because (i) the seasonality of our business which leads to a large year-end balance of trade receivables, and (ii) the slow collection of trade receivables due from several major OEM customers. Demand for our smart cockpit solutions is affected by the seasonal market trends of the automotive industry in China. The revenue we recognized in the fourth quarter of each year usually accounts for a higher percentage of the total revenue, leading to a large year-end balance of trade receivables. We recorded revenue of RMB466.4 million in the fourth quarter of 2022 and RMB755.4 million in the fourth quarter of 2023, representing 38.3% and 50.5% of the total revenue of 2022 and 2023, respectively. Such revenue recorded in the fourth quarter of 2022 and 2023 contributed to the trade receivables balance amount as of December

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31, 2022 and 2023 of RMB418.7 million and RMB619.7 million, respectively. Because the growth rate of our total revenue from 2022 to 2023 was lower than the growth rate of the trade receivables balance amount from December 31, 2022 to December 31, 2023, the trade receivable turnover days increased to 127 days in 2023 as compared to 91 days in 2022.

Our trade receivables turnover days for the five months ended May 31, 2025 increased to 182 days, primarily due to the seasonality of our business and the slow collection of trade receivables due from several major OEM customers. In 2024, we started mass production and delivery to a major OEM in the first half of 2024 and the revenue contributed by this customer rapidly increased in the second half of 2024. We recorded revenue of RMB1,063.7 million in the fourth quarter of 2024, substantially contributing to a large trade receivables balance amount as of December 31, 2024, which is equivalent to the beginning balance used for calculation of the turnover days for the five months ended May 31, 2025. As the revenue we recognized in the five months ended May 31, 2025 would be significantly less than the corresponding proportion in terms of the time length in a full fiscal year and we had a large trade receivables balance amount as of January 1, 2025, both of which are affected by the seasonality of our business and contributed to the increase in our trade receivable turnover days for the five months ended May 31, 2025.

As of July 31, 2025, RMB285.4 million, or 34.1% of our trade receivables as of May 31, 2025, had been subsequently settled. The unsettled portion of the trade receivables as of December 31, 2024 consisted primarily of the trade receivables due from one OEM customer which is experiencing difficulties in its operations. See “—Year to Year Comparison of Results of Operations—Year Ended December 31, 2024 Compared to Year Ended December 31, 2023—Impairment Losses under Expected Credit Loss Model (Net of Reversal).”

Our Directors believe that there is no material recoverability issue with respect to our trade receivables and that we have sufficient provision for impairment in light of the prevailing circumstances as of the Latest Practicable Date, based on (i) our periodic evaluation to closely monitor our credit risks and make proper provision for expected impairment, (ii) our stringent internal controls on the management of trade receivables, and (iii) the creditability and track record of settlement from most of our customers. See Note 22 to the Accountant’s Report included in Appendix I to this prospectus.

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### *Other Receivables*

Our other receivables primarily consist of (i) prepayment for service, consisting primarily of our prepayment for professional services in relation to our investing and financing activities, (ii) prepayments to suppliers for raw materials, and (iii) other tax recoverable consisting primarily of input value-added tax to be deducted. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	May 31,
				2025
	<i>(RMB in thousands)</i>			
Prepayments for service . . . . .	14,246	11,330	13,944	12,081
Prepayments for consumables . . .	4,189	1,429	1,911	651
Refundable deposits . . . . .	2,742	2,720	1,742	1,908
Advance to staff . . . . .	1,376	307	516	1,329
Prepayments to suppliers . . . . .	27,331	18,275	83,139	100,471
Prepayments for rental expense . .	1,045	1,485	890	239
Value-added tax recoverable . . . .	24,456	31,223	74,879	102,228
Deferred issue costs . . . . .	—	—	5,194	7,034
Prepayments for listing expenses . . . . .	—	—	3,527	7,128
Receivable for disposal of a financial asset at FVTPL . . . .	—	—	120,000	—
Others . . . . .	3,885	4,468	5,611	3,099
Less: allowance for credit losses.	(608)	(210)	(923)	(1,057)
<b>Total</b> . . . . .	<b>78,662</b>	<b>71,027</b>	<b>310,430</b>	<b>235,111</b>

Our other receivables decreased from RMB78.7 million as of December 31, 2022 to RMB71.0 million as of December 31, 2023, mainly due to a decrease of RMB9.1 million in prepayments to suppliers, primarily reflecting that chip prices returned to normal level in 2023. Our other receivables increased from RMB71.0 million as of December 31, 2023 to RMB310.4 million as of December 31, 2024, mainly attributable to (i) the recognition of receivable for disposal of financial assets at FVTPL of RMB120.0 million in 2024, in relation to our disposal of equity interests in a private company, (ii) an increase of RMB64.9 million in prepayments to suppliers in relation to our procurement of materials and components, and (iii) an increase of RMB43.7 million in value-added tax recoverable primarily due to an increase in deductible input tax. Our other receivables decreased to RMB235.1 million as of May 31, 2025, primarily due to the decrease in receivables for disposal of a financial asset at FVTPL, in relation to our disposal of equity interests in a private company, which was partially offset by an increase in prepayments to suppliers. The increases in prepayments to suppliers were primarily due to (i) the growth in our business scale, and (ii) the increased proportion of prepayments to certain suppliers of chips to strengthen our collaboration with them. Our prepayments for service

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mainly comprise our prepayment to general partners of a consolidated fund as management fees and advisory service fees in relation to the equity investment in an unlisted entity. The fluctuation of the balance amount of prepayments for service as of the end of each period during the Track Record Period was primarily because we prepaid these management fees in 2022 and amortized the prepayments over the agreed-upon term.

### *Financial Assets at FVTPL*

Our financial assets at FVTPL consist primarily of our investments in equity interests and convertible bonds in certain private companies with an aim to deepening our position in the value chain of the automotive industry. Our financial assets at FVTPL increased from RMB165.3 million as of December 31, 2022 to RMB457.1 million as of December 31, 2023, and further to RMB487.8 million as of December 31, 2024. The significant increase in 2023 is primarily due to the fair value change of RMB84.9 million of our investment in an unlisted company attributable to the increase in valuation of such entity as a result of robust operating results and financing activities. The increase in 2024 was mainly attributable to an increase of RMB53.7 million in the fair value of the unlisted equity investment in relation to the same entity mentioned above. Our financial assets at FVTPL further increased to RMB591.7 million as of May 31, 2025, primarily due to our increased unlisted equity investments in an unlisted company. Below is a breakdown of our financial assets at FVTPL by type of investment.

	As of December 31,			As of
	2022	2023	2024	May 31,
				2025
	<i>(RMB in thousands)</i>			
<b>Financial assets at FVTPL</b>				
Unlisted equity/fund				
investments . . . . .	165,281	364,376	487,785	591,659
Unlisted convertible bonds <sup>(1)</sup> .	—	92,763	—	—
<b>Total . . . . .</b>	<b>165,281</b>	<b>457,139</b>	<b>487,785</b>	<b>591,659</b>

*Note:*

- (1) Represents convertible bonds from a private entity in 2023. We are entitled to convert the convertible bond into paid-in capital of the entity after three months of the subscription date. The relevant convertible bonds are carried at a fixed annual coupon rate of 10% and are convertible into the shares of the convertible bonds issuer at a pre-determined conversion price in accordance with the relevant agreements, which are measured at fair value. In March 2024, all convertible bonds were converted as the paid-in capital of the private entity at the pre-determined conversion price. In June 2024, we entered into an investment agreement with the private entity to acquire its 0.79% equity interests at an aggregate consideration of RMB20 million. In December 2024, we entered into a share transfer agreement with a third party to dispose of our equity interests in the private entity at the consideration of RMB120.0 million. The consideration was fully settled in March 2025.

## FINANCIAL INFORMATION

The table below sets forth the movements of financial assets at FVTPL during the Track Record Period.

	<b>Financial assets at FVTPL</b>
	<i>(RMB in thousands)</i>
<b>As of January 1, 2022</b> .....	<b>6,864</b>
Addition .....	158,000
Disposals .....	–
Fair value change .....	417
<b>As of December 31, 2022</b> .....	<b>165,281</b>
Addition .....	182,100
Disposals .....	(2,000)
Fair value change .....	111,758
<b>As of December 31, 2023</b> .....	<b>457,139</b>
Addition .....	85,000
Disposals .....	(120,000)
Fair value change .....	65,646
<b>As of December 31, 2024</b> .....	<b>487,785</b>
Addition .....	140,000
Disposals .....	–
Fair value change .....	(36,126)
<b>As of May 31, 2025</b> .....	<b>591,659</b>

Below are the details of our investment in certain private companies as of May 31, 2025.

Entity	Principal Business	Starting Year of Investment	Type of Investment	Percentage of Equity Interests	Carry Value
					<i>(RMB in millions)</i>
Investee A . .	A company established in Shenzhen in 2016 with focus on voice interaction technology solutions	2019	Unlisted equity investments	2.43%	0.3
Investee B . .	A company established in 2017 in Huizhou focusing on the development and manufacture of multi-purpose vehicles	2022	Unlisted equity investments	1.99%	9.1

## FINANCIAL INFORMATION

Entity	Principal Business	Starting Year of Investment	Type of Investment	Percentage of Equity Interests	Carry Value
<i>(RMB in millions)</i>					
Investee C . .	A company established in 2018 in Chongqing focusing on the development and manufacture of new energy vehicles	2022	Unlisted equity investments	0.91%	259.7
Investee D . .	A company established in 2018 in Suzhou focusing on supply chain and warehouse management	2023	Unlisted equity investments	17.23%	41.4
Investee E . .	An investment fund acting as the platform for investments in the new energy, automotive intelligence, and advanced manufacturing industry	2024	Investment fund	N/A	80.2
Investee F . .	A investment fund acting as the platform for investment in the new energy and automotive intelligence industry	2024	Unlisted equity investments	19.99%	180.0
Investee G . .	A company established in Wuxi focusing on the development of hardware and software	2024	Unlisted equity investments	15.15%	21.0

Our equity interest investments are mainly in industrial enterprises. We have a comprehensive internal control system for investments, and the investment decision-making process is cautious and prudent. The general meeting of shareholders is the highest approval authority for our investment activities. Depending on the amount involved, it delegates approval authority at different levels, including the Board and the general manager. The Board serves as our internal body leading our investment activities, responsible for managing and overseeing the investment projects. The general manager is the primary person responsible for identifying investment opportunities and planning, organizing, and supervising the execution of investment projects, and is required to report investment projects to the Board on a regular basis. The finance department is responsible for financial due diligence and post-investment financial management. The legal department is responsible for legal due diligence and reviewing the terms of investment agreements. The business departments are responsible for business due diligence. Our investment and financing department engages professional parties such as auditors and legal counsel to conduct due diligence and analyzes aspects such as the objectives and plans of investment projects, required funding, risks, and expected returns.

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## FINANCIAL INFORMATION

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These reports must be reviewed by the heads of business, finance, and legal departments before being submitted. Depending on the investment scale and other factors, the proposed investment projects must be submitted for approval based on different authority levels to the general manager, the Board, or the general meeting of shareholders for approval. After the review and approval process, the investment and financing department handles the document execution and closing for the investment and performs post-investment management. Among the investments we made in the Track Record Period, the investment in Investee C was reviewed and approved by the general manager and the Board in accordance with its authority. Other investments did not fall within the Board's review scope and were approved by the general manager in accordance with our internal policies. Our Company undertakes to comply with the requirements and obligations under Chapter 14 of the Listing Rules for acquisitions, disposals and other transactions after the Listing.

Our core investment strategy focuses on strengthening our position in the automotive industry. We primarily consider investments in companies in the sectors that are closely related to our principal businesses. We evaluate the investment opportunities prior to making final decisions from several aspects, including the market prospects of the investment project, the growth potential of the industry of the project, existing or potential regulations or restrictions on the project, the resources available to us for the investment, the competitive landscape of the project, and whether the project aligns with our long-term strategy. By adopting a prudent investment approach, we aim to control risks and achieve stable growth in investment value, ensuring consistent returns while minimizing potential losses.

### ***Bills Receivables at Fair Value through Other Comprehensive Income***

Our bills receivables represent receivables evidenced by bills issued by licensed banks registered in the PRC. We allow our customers to use banks' acceptance bills to settle their purchases with us. These bills, once received by us, may be discounted to cash with banks prior to their maturity dates subject to the payment of discount interest, or endorsed by us to settle our payables.

Under IFRS 9, certain bills which were held by us for the practice of discounting or endorsing to financial institutions or suppliers before the bills due for payment were classified as bills receivables at fair value through other comprehensive income ("FVTOCI"). We recorded bill receivables at FVTOCI of RMB171.4 million, RMB84.3 million, RMB95.3 million and RMB136.5 million as of December 31, 2022, 2023, 2024 and May 31, 2025, respectively. The fluctuations mainly reflected changes in our customers' preferences for payment methods.

### ***Cash and Cash Equivalents***

Our cash and cash equivalents were RMB587.9 million, RMB257.0 million, RMB977.0 million and RMB900.7 million as of December 31, 2022, 2023, 2024 and May 31, 2025, respectively. Our cash and cash equivalents consist primarily of demand deposits and short-term deposits for the purpose of meeting our cash commitments.



## FINANCIAL INFORMATION

### Liabilities

#### *Bill, Trade and Other Payables*

##### *Trade and bills Payables*

Our trade and bills payables represent our obligation to pay for goods or services that have been purchased from suppliers in the ordinary course of business. The below table sets forth the breakdown of trade and bills payables as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade payables . . . . .	447,017	586,029	603,352	430,766
Bills payables . . . . .	—	—	—	100,000
<b>Total . . . . .</b>	<b>447,017</b>	<b>586,029</b>	<b>603,352</b>	<b>530,766</b>

Our trade payables increased from RMB447.0 million as of December 31, 2022 to RMB586.0 million as of December 31, 2023, which was in line with our business growth. This amount increased to RMB603.4 million as of December 31, 2024, mainly because one of our major SoC suppliers requires us to prepay the purchase price before its delivery of SoCs to us. Our trade payables decreased to RMB430.8 million, mainly due to our proactive settlement of trade payables to suppliers.

The following table sets forth an aging analysis of our trade payables presented based on the invoice dates.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 60 days . . . . .	365,513	531,078	471,894	319,892
61 to 120 days . . . . .	69,775	37,504	98,965	95,884
121 to 180 days . . . . .	8,545	8,147	17,243	2,770
181 to 365 days . . . . .	265	3,449	7,598	2,807
One to two years . . . . .	1,727	2,936	3,105	6,305
Two to three years . . . . .	184	1,723	2,903	1,053
Over three years . . . . .	1,008	1,192	1,644	2,055
<b>Total . . . . .</b>	<b>447,017</b>	<b>586,029</b>	<b>603,352</b>	<b>430,766</b>

## FINANCIAL INFORMATION

The following table sets forth our trade payables turnover days for the periods indicated.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Trade payables turnover days <sup>(1)</sup> . . . . .	125	149	96	132

*Note:*

- (1) Trade payables turnover days for a given period is the average of the opening and ending balances of trade payables, divided by cost of sales for that period and multiplied by the number of days in that period.

Our trade payable turnover days increased from 125 days in 2022 to 149 days in 2023, primarily due to the tight supply of automotive-grade chips in 2022. To ensure smooth procurement channels and the successful delivery of our products and solutions, we strategically expedited the settlement of trade payable with our suppliers for automotive-grade chips. As the chip supply normalized in 2023, our trade payable turnover days also returned to its previous levels. Our trade payable turnover days decreased to 96 days as of December 31, 2024, mainly attributable to our active settlement policy, which led to our trade payables not increasing proportionally with our cost of sales. For the five months ended May 31, 2025, our trade payable turnover days increased to 132 days, primarily due to the seasonal fluctuations in our business.

As of July 31, 2025, RMB150.1 million, or 28.3% of our trade and bills payables as of May 31, 2025, had been subsequently settled.

## FINANCIAL INFORMATION

### *Other payables*

Our other payables consist primarily of (i) refundable government grants, consisting of economic incentives that we received from certain local governments but may not meet the specific criteria for such incentives, (ii) payroll payables, (iii) value added tax and other, (iv) payables for property, plant and equipment, and (v) payables for acquisition of equity instrument at FVTOCI in connection with our payment obligations for our equity investments. The below table sets forth the breakdown of other payables as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	May 31,
	(RMB in thousands)			2025
Payroll payables . . . . .	67,555	61,613	72,876	58,290
Value added tax and other tax payables . . . . .	24,899	6,896	7,941	4,216
Listing expenses and issue costs payable . . . . .	—	—	5,297	5,329
Payables for property, plant and equipment . . . . .	7,344	12,041	11,207	16,844
Payables for acquisition of equity instrument at FVTOCI . . . . .	24,365	—	—	—
Refundable government grants . . . . .	75,000	117,592	117,592	92,592
Accruals . . . . .	22,866	34,369	49,391	28,486
Others . . . . .	4,489	12,358	24,231	35,537
<b>Total . . . . .</b>	<b><u>226,518</u></b>	<b><u>244,869</u></b>	<b><u>288,535</u></b>	<b><u>241,294</u></b>

Our other payables increased from RMB226.5 million as of December 31, 2022 to RMB244.9 million as of December 31, 2023, primarily due to (i) an increase of RMB42.6 million in refundable government grants, and (ii) an increase of RMB11.5 million in accruals in relation to our accrued selling expenses and administrative expenses. These increases were partly offset by (i) a decrease of RMB24.4 million in payables for acquisition of equity instrument at FVTOCI as we settled our payment obligations for our equity investments in 2023, and (ii) a decrease in value-added tax and other tax payables of RMB18.0 million.

Our other payables increased from RMB244.9 million as of December 31, 2023 to RMB288.5 million as of December 31, 2024, mainly attributable to (i) an increase of RMB15.0 million in accruals in line with our business expansion, and (ii) an increase of RMB5.3 million in listing expenses and issue costs payable in relation to service fees incurred for this proposed Listing and Global Offering.

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## FINANCIAL INFORMATION

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Our other payables decreased from RMB288.5 million as of December 31, 2024 to RMB241.3 million as of May 31, 2025, primarily due to (i) a decrease of RMB25.0 million in refundable government grants, (ii) a decrease of RMB20.9 million in accruals, and (iii) a decrease of RMB14.6 million in payroll payables.

The refundable government grants are related to the economic incentives that we received from three municipal governments in China. As we have established subsidiaries in the regions administered by these governments to conduct R&D for smart cockpit and intelligent vehicle connectivity technologies, and manufacturing of smart cockpit solutions, these governments have agreed to provide economic incentives and subsidies to support our operations and investments in these three cities. This support is conditioned upon meeting certain committed targets, including revenue and total value of our products and services generated, among others, in these regions during the designated periods. Under the respective agreements that we entered into with these three municipal governments, failure to meet the committed targets will entitle the governments to request the refund of the disbursed economic incentives and subsidies.

During the Track Record Period, we established subsidiaries which operate production facilities or research centers in the specified locations as provided in the agreements with the three municipal governments. However, due to unexpected delays in the commencement of production at certain production facilities and a longer-than-expected ramp-up period primarily driven by macroeconomic conditions, these subsidiaries have not yet met the committed targets set forth in the respective agreements with the local governments. As a result, we recognized the economic incentives and subsidies received as refundable government grants under other payables in our liabilities.

One municipal government entered into a new agreement with us in March 2025. Under this new agreement, the parties acknowledged (i) our subsidiary which received the government grants was released from its obligations under the original agreements, (ii) there has been no dispute or disagreement between the parties, (iii) there are no existing or potential debt claims and obligation between the parties, and (iv) our subsidiary will continue its operations in the industrial park of the specific city. As of the Latest Practicable Date, we had not received any notice or request from the other two municipal governments requiring us to repay the economic incentives and subsidies received. The agreements with the other two municipal governments expire at the end of 2025. We are currently discussing with the other two governments to set forth new cooperation terms. Given that we have successfully built and maintained our facilities and subsidiaries in these regions, we expect to reach mutually agreeable terms with these municipal governments regarding the incentives and subsidies previously provided. If any of the two municipal governments requests us to repay the refundable government grants, we will use the financial resources available, including cash and cash equivalent on hand, internally generated funds and proceeds from financing activities to repay these government grants.

## FINANCIAL INFORMATION

### *Contract Liabilities*

Our contract liabilities represent the advance payments from customers for our smart cockpit solutions and vehicle connectivity support services. We recorded contract liabilities of RMB48.8 million, RMB12.1 million, RMB34.6 million and RMB36.1 million as of December 31, 2022, 2023, 2024, and May 31, 2025, respectively. The changes were primarily due to the amortization of contract liabilities associated with research and development projects.

### **Current Assets and Liabilities**

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

	As of December 31,			As of	As of
	2022	2023	2024	May 31,	July 31,
				2025	2025
	<i>(RMB in thousands)</i>				<i>(unaudited)</i>
<b>Current assets</b>					
Inventories and					
contract costs . . . . .	467,276	488,097	503,915	591,599	748,397
Trade and other					
receivables . . . . .	497,341	690,721	1,435,432	916,748	1,028,231
Contract assets . . . . .	3,221	2,826	8,684	4,875	5,253
Financial assets at					
FVTPL . . . . .	165,281	457,139	487,785	591,659	611,666
Bills receivables at					
FVTOCI . . . . .	171,441	84,263	95,266	136,494	43,980
Restricted bank deposits . .	734	51,250	1,424	9,091	51,393
Pledged bank deposits . . .	105,385	85,030	71,707	198,812	261,830
Cash and cash					
equivalents . . . . .	587,863	257,038	977,006	900,734	911,682
<b>Total current assets . . . .</b>	<b>1,998,542</b>	<b>2,116,364</b>	<b>3,581,219</b>	<b>3,350,012</b>	<b>3,662,432</b>
<b>Current liabilities</b>					
Bill, trade and other					
payables . . . . .	673,535	830,898	891,887	772,060	942,086
Bank borrowings . . . . .	560,984	838,539	1,348,159	1,430,637	1,607,536
Lease liabilities . . . . .	30,291	34,164	57,076	33,089	36,710
Contract liabilities . . . . .	48,764	12,078	34,647	36,144	30,482
<b>Total current liabilities . .</b>	<b>1,313,574</b>	<b>1,715,679</b>	<b>2,331,769</b>	<b>2,271,930</b>	<b>2,616,814</b>
<b>Net current assets . . . . .</b>	<b>684,968</b>	<b>400,685</b>	<b>1,249,450</b>	<b>1,078,082</b>	<b>1,045,618</b>

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## FINANCIAL INFORMATION

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Our net current assets remained relatively stable at RMB1,045.6 million as of July 31, 2025, as compared to net current assets of RMB1,078.1 million as of May 31, 2025, primarily due to (i) an increase of RMB156.8 million in inventories and contract costs, and (ii) an increase of RMB111.5 million in trade and other receivables, which were partially offset by an increase of RMB176.9 million in short-term bank borrowings and an increase of RMB170.0 million in bill, trade and other payables.

We recorded net current assets of RMB1,078.1 million as of May 31, 2025, as compared to net current assets of RMB1,249.5 million as of December 31, 2024, primarily due to (i) a decrease of RMB518.7 million in trade and other receivables, and (ii) an increase of RMB82.5 million in short-term bank borrowings, partially offset by a decrease of RMB103.9 million in financial asset at FVTPL.

We recorded net current assets of RMB1,249.5 million as of December 31, 2024, as compared to net current assets of RMB400.7 million as of December 31, 2023, primarily due to (i) an increase of RMB744.7 million in trade and other receivables which was in line with our business growth, (ii) an increase of RMB720.0 million in cash and cash equivalents, and (iii) an increase of RMB15.8 million in inventories and contract costs. The increase in current assets was partially offset by an increase of RMB509.6 million in bank borrowings.

Our net current assets decreased by RMB284.3 million to RMB400.7 million as of December 31, 2023 from RMB685.0 million as of December 31, 2022, primarily due to (i) a decrease of RMB330.8 million in cash and cash equivalents as a result of our continual growth, (ii) an increase of RMB277.6 million in bank borrowings to support our business growth, and (iii) an increase of RMB157.4 million in bill, trade and other payables primarily due to increases in trade payables and bill payables as a result of our increased business scale. These were partially offset by an increase of RMB291.9 million in financial assets at FVTPL in connection with our investments in equity interests and convertible bonds of certain private companies in 2023.

## LIQUIDITY AND CAPITAL 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 Track Record 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. Our cash and cash equivalents were RMB587.9 million, RMB257.0 million, and RMB977.0 million and RMB900.7 million as of December 31, 2022, 2023, and 2024 and May 31, 2025, respectively.

## FINANCIAL INFORMATION

### Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for periods indicated.

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>	
Net cash (used in) from operating activities . . . .	(463,725)	(270,571)	(705,789)	(414,523)	90,404
Net cash used in investing activities . . . . .	(378,129)	(410,990)	(315,298)	19,495	(265,648)
Net cash from financing activities . . . . .	<u>1,341,641</u>	<u>350,760</u>	<u>1,741,065</u>	<u>894,827</u>	<u>99,265</u>
<b>Net increase (decrease) in cash and cash equivalents . . . . .</b>	<b>499,787</b>	<b>(330,801)</b>	<b>719,978</b>	<b>499,799</b>	<b>(75,979)</b>
Cash and cash equivalents at the beginning of the year/period . . . . .	88,018	587,863	257,038	257,038	977,006
Effects of change in foreign exchange rate . .	<u>58</u>	<u>(24)</u>	<u>(10)</u>	<u>(17)</u>	<u>(293)</u>
<b>Cash and cash equivalents at the end of the year/period . . . .</b>	<b><u>587,863</u></b>	<b><u>257,038</u></b>	<b><u>977,006</u></b>	<b><u>756,820</u></b>	<b><u>900,734</u></b>

### Operating Activities

We had net cash from operating activities of RMB90.4 million for the five months ended May 31, 2025, primarily due to a loss before tax of RMB219.9 million, as adjusted by (i) certain non-cash items, primarily comprising equity-settled share-based payment of RMB46.1 million, finance costs of RMB23.2 million, depreciation of right-of-use assets of RMB12.8 million, and (ii) changes in working capital, which consisted primarily of decrease in trade and other receivables of RMB416.3 million and decrease in contract assets of RMB3.8 million.

We had net cash used in operating activities of RMB705.8 million in 2024, primarily due to a loss before tax of RMB540.8 million, as adjusted by (i) certain non-cash items, primarily comprising equity-settled share-based payment of RMB157.2 million, gains from changes in fair value of financial assets at FVTPL of RMB65.6 million, write-down of inventories of RMB50.2 million, depreciation of right-of-use assets of RMB44.5 million and finance costs of RMB44.1 million, and (ii) changes in working capital, which consisted primarily of increase in trade and other receivables of RMB769.5 million and increase in inventories and contract costs of RMB51.0 million.



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## FINANCIAL INFORMATION

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We had net cash used in operating activities of RMB270.6 million in 2023, primarily due to a loss before tax of RMB283.7 million, as adjusted by (i) certain non-cash items, primarily comprising gains from changes in fair value of financial assets at FVTPL of RMB111.8 million, equity-settled share-based payment of RMB65.4 million, and depreciation of property, plant and equipment (“PP&E”) and right-of-use assets of RMB60.4 million, and (ii) changes in working capital, which consisted primarily of an increase in trade and other receivables of RMB207.6 million, partially offset by an increase in bill, trade and other payables of RMB105.0 million and a decrease in bills receivables at FVTOCI of RMB110.0 million.

We had net cash used in operating activities of RMB463.7 million in 2022, primarily due to a loss before tax of RMB452.2 million, as adjusted by (i) certain non-cash items, primarily comprising equity-settled share-based payment of RMB61.6 million, depreciation of PP&E and right-of-use assets of RMB45.4 million, and finance costs of RMB27.1 million, and (ii) changes in working capital, which consisted primarily of an increase in inventories and contract costs of RMB191.6 million, an increase in trade and other receivables of RMB248.5 million, partially offset by an increase in bill, trade and other payables of RMB224.3 million.

Our trade receivables turnover and inventory and contract assets turnover also impacted on our cash position and cash conversion cycle given the prolonged period for cash receipt after revenue recognition primarily due to long payment cycles of OEMs and our strategic level of finished goods as inventories to support timely customer delivery. We 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. During the Track Record Period, we funded our cash requirements primarily with capital contribution from shareholders and financing through the Pre-IPO Investments. Our total cash balance is sufficient to cover our net cash flows used in operating activities and provide adequate liquidity for our expansion of business operations. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, to meet our present needs and for the next 12 months from the date of the prospectus, taking into account the financial resources available to us. In addition, we have implemented a series of strategic measures to manage our prolonged cash conversion cycle and ensure adequate working capital and improved liquidity. We have strengthened our trade receivable management by regularly conducting aging analyses to monitor receivables. For customers with prolonged collection periods, we assign dedicated personnel to proactively engage with these customers through structured follow-ups, dynamically monitor their operational status, negotiate repayment plans with such customers and take legal action when necessary. Where material changes in a customer’s financial condition appear to occur, we escalate collection efforts accordingly. To further optimize and expedite collections, we have streamlined our invoicing process by actively adopting e-invoicing and reducing reliance on paper-based invoices, accelerating invoice delivery and processing times. We are also improving inventory turnover and supply chain management by negotiating more flexible payment terms with suppliers. We maintain strong relationships with banks and financial institutions to secure and fully utilize available credit facilities, ensuring access to necessary funding. Taking into account the independent due diligence conducted by the Joint Sponsors, and based on the written confirmation from the Company in respect of working capital

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## FINANCIAL INFORMATION

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sufficiency, review of the accountants' report and the Company's indebtedness status, the financial due diligence conducted on the historical financial information of the Group during the Track Record Period and the discussion with the Directors, nothing material has come to the attention of the Joint Sponsors that would cast doubt on the Company's conclusion that the Company has sufficient working capital to meet its present needs and at least for the next twelve months from the date of this prospectus.

### *Investing Activities*

We had net cash used in investing activities of RMB265.6 million for the five months ended May 31, 2025, primarily due to payments for pledged bank deposits of RMB262.4 million and purchase of financial assets at FVTPL of RMB140.0 million, which were partially offset by withdrawal of financial assets at FVTPL of RMB120.0 million.

We had net cash used in investing activities of RMB315.3 million in 2024, primarily due to purchase of PP&E of RMB161.9 million and payments for pledged bank deposits of RMB91.4 million, which were partially offset by withdrawal of pledged bank deposits of RMB104.7 million.

We had net cash used in investing activities of RMB411.0 million in 2023, primarily due to purchase of financial assets at FVTPL of RMB182.1 million and purchase of PP&E of RMB150.4 million.

We had net cash used in investing activities of RMB378.1 million in 2022, primarily due to purchase of financial assets at FVTPL of RMB158.0 million, and purchase of PP&E of RMB157.2 million.

### *Financing Activities*

We had net cash from financing activities of RMB99.3 million for the five months ended May 31, 2025, primarily due to bank borrowings raised of RMB913.2 million, partially offset by repayment of bank borrowings of RMB759.4 million.

We had net cash from financing activities of RMB1,741.1 million in 2024, primarily due to proceeds from issuance of ordinary shares of RMB1,330.8 million.

We had net cash from financing activities of RMB350.8 million in 2023, primarily due to proceeds of RMB1,072.8 million from bank borrowings raised, which was partially offset by repayment of bank borrowings of RMB652.8 million.

We had net cash from financing activities of RMB1,341.6 million in 2022, primarily due to proceeds from issuance of ordinary shares of RMB1,345.4 million and proceeds of RMB711.9 million from bank borrowings raised, which were partially offset by repayment of bank borrowings of RMB674.2 million.

## FINANCIAL INFORMATION

### Working Capital

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, (ii) purchases of property, plant and equipment, and (iii) repayment of lease liabilities. Our historical monthly average cash burn rate was RMB53.3 million, RMB38.9 million, RMB76.4 million and RMB10.7 million in 2022, 2023, 2024 and for the five months ended May 31, 2025, respectively.

Historically, our business requires a substantial amount of cash, which is mainly due to our significant upfront investments. Smart cockpits solutions and vehicle connectivity support services require substantial upfront investments in multiple areas such as technology development, talent recruitment, and customer engagement. Our strategy of ongoing technology innovation necessitates considerable resources to fund our extensive research and development efforts. We also offered competitive benefits and incentives to talents capable of driving innovation and evolution. When our technology capabilities have been well established, we continued to engage more customers and deepen our business relationship with them through customization of our solutions to adapt to various vehicle models. This also demands significant early-stage investments that increased our cash utilization.

Taking into consideration financial resources presently available to us, including cash and cash equivalents on hand, internally generated funds, available banking facilities, and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present needs and at least for the next 12 months from the date of this prospectus.

### INDEBTEDNESS

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

	As of December 31,			As of May 31,	As of July 31,
	2022	2023	2024	2025	2025
	<i>(RMB in thousands)</i>				<i>(unaudited)</i>
<b>Current</b>					
Bank borrowings . . . . .	560,984	838,539	1,348,159	1,430,637	1,607,536
Lease liabilities . . . . .	30,291	34,164	57,076	33,089	30,482
Payables for acquisition of equity instrument at FVTOCI . . . . .	24,365	—	—	—	—
Refundable government grants . . . . .	75,000	117,592	117,592	92,592	92,592
<b>Non-current</b>					
Bank borrowings . . . . .	30,000	169,319	247,292	328,615	325,372
Lease liabilities . . . . .	46,762	60,483	59,859	30,776	30,765
<b>Total</b> . . . . .	<b>767,402</b>	<b>1,220,097</b>	<b>1,829,978</b>	<b>1,915,709</b>	<b>2,086,747</b>

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## FINANCIAL INFORMATION

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### Lease Liabilities

Our lease liabilities primarily comprise leases of offices and production facilities. As of December 31, 2022, 2023 and 2024, May 31, 2025 and July 31, 2025, we had a total of current and non-current lease liabilities of RMB77.1 million, RMB94.6 million, RMB116.9 million, RMB63.9 million and RMB61.2 million, respectively. The fluctuations in our lease liabilities during the Track Record Period were attributable to our lease of offices and production facilities to support our business expansion and the expiration of such leases. All of our lease liabilities as of July 31, 2025 were unguaranteed, and a portion of these lease liabilities were secured by rental deposits or our property, plant and equipment.

### Bank Borrowings

As of December 31, 2022, 2023 and 2024, May 31, 2025 and July 31, 2025, we had a total of bank borrowings of RMB591.0 million, RMB1,007.9 million, RMB1,595.5 million, RMB1,759.3 million and RMB1,932.9 million, respectively. Our borrowings were primarily used to finance our increased working capital requirements driven by our business expansion, including the construction of our production facilities, during the Track Record Period.

As of July 31, 2025, we obtained financing from banks with effective fixed interest rate from 0.51% to 3.60% per annum and effective variable interest rates ranging from LPR-0.55% to LPR+0.50% per annum. Among our bank borrowings as of July 31, 2025, bank borrowings of RMB376.7 million were secured and unguaranteed and the remaining part of RMB1,556.2 million was unsecured and unguaranteed. As of July 31, 2025, we had unutilized committed banking facilities of RMB814.8 million. We can draw down specific loans under these banking facilities if we meet certain conditions typically including (i) no default under the banking facilities agreements with the relevant lending banks, (ii) no material and significant adverse changes in our operations and financial condition, and/or (iii) no laws or regulations prohibiting the lending banks to make the loans to us, which are based on the form agreements of these banks.

### Payables for Acquisition of Equity Instrument at FVTOCI

As of December 31, 2022, we had payables for acquisition of equity instrument at FVTOCI in connection with our payment obligations for our equity investments in an amount of RMB24.4 million. As of December 31, 2023 and 2024, May 31, 2025 and July 31, 2025, payables for acquisition of equity instrument at FVTOCI were nil, nil, nil and nil as we settled our payment obligations for our equity investments in 2023.

### Refundable Government Grants

As of December 31, 2022, 2023, and 2024, May 31, 2025 and July 31, 2025, we had refundable government grants of RMB75.0 million, RMB117.6 million, RMB117.6 million, RMB92.6 million and RMB92.6 million, respectively, consisting of economic incentives that we received from certain local governments but may not meet the criteria for such incentives. Refundable government grants are interest-free, unsecured, unguaranteed and have no fixed terms of repayment or covenant.

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### Indebtedness Statement

Except as disclosed above, as of July 31, 2025, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, loans, other issued debt securities, borrowings, bank overdrafts, liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors confirm that (i) as of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, and (ii) we did not have any default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that (i) we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date, and (ii) there has not been any material change in our indebtedness since July 31, 2025 and up to the date of this prospectus. As of July 31, 2025, we did not have plans for other material external debt financing.

### CONTINGENT LIABILITIES

During the Track Record Period, we failed to make full contributions of social insurance and housing provident fund for certain employees in accordance with the relevant PRC laws and regulations. Based on the actual salaries of our employees, the shortfall of social insurance and housing provident fund contributions amounted to approximately RMB1.6 million, RMB1.3 million, RMB1.0 million and RMB0.4 million for the year ended December 31, 2022, 2023, 2024, and the five months ended May 31, 2025, respectively, and we have made provision for such shortfall in the respective periods. Our management has, taking into account the relevant facts, circumstances and legal advice, considered that it is not probable for our Company to be fined by the competent governmental authorities for such shortfall in social insurance and housing provident fund contributions. As a result, no provision for penalties has been made as of each reporting date and during the Track Record Period.

Except as disclosed above, as of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group. Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Group since May 31, 2025.

### CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures, consisting of purchases of property, plant and equipment and purchase of right-of-use assets, amounted to RMB177.5 million, RMB182.9 million, RMB175.6 million and RMB107.0 million in 2022, 2023, 2024, and for the five months ended May 31, 2025, respectively. We intend to fund our future capital expenditures with net proceeds from equity and debt financings and our operating cash flows.

## FINANCIAL INFORMATION

### CAPITAL COMMITMENTS

Our capital commitments are mainly related to purchase of property, plant and equipment. As of December 31, 2022, 2023, 2024, and for the five months ended May 31, 2025, we had RMB5.3 million, RMB386.0 million, RMB411.2 million and RMB297.1 million of capital expenditures contracted for but not yet recognized, respectively, arising from construction and renovation of production facilities and purchase of equipment.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

### KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	(unaudited)				
Year-to-year/period-to-period					
revenue growth . . . . .	41.0%	22.8%	70.9%	N.A.	34.4%
Gross profit margin <sup>(1)</sup> . . . . .	14.1%	15.4%	11.8%	5.1%	13.1%
Net loss margin <sup>(2)</sup> . . . . .	(37.1)%	(19.0)%	(21.1)%	(43.6)%	(29.2)%
Adjusted net loss margin					
(non-IFRS measure) <sup>(3)</sup> . . . . .	(32.1)%	(14.6)%	(13.8)%	(29.9)%	(21.8)%
Adjusted EBITDA margin					
(non-IFRS measure) <sup>(4)</sup> . . . . .	(26.1)%	(8.5)%	(8.4)%	(20.5)%	(13.4)%
	As of December 31,			As of May 31,	
	2022	2023	2024	2025	
Current ratio <sup>(5)</sup> . . . . .	1.5	1.2	1.5	1.5	
Quick ratio <sup>(6)</sup> . . . . .	1.2	0.9	1.3	1.2	

*Notes:*

- (1) Calculated by dividing gross profit for the period by revenue for the period multiplied by 100%.
- (2) Calculated by dividing net loss for the period by revenue for the period multiplied by 100%.
- (3) Calculated by dividing adjusted net loss (non-IFRS measure) by revenue for the period multiplied by 100%. See “— Description of Major Comprehensive Income Line Items — Non-IFRS Measures.”

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- (4) Calculated by dividing adjusted EBITDA (non-IFRS measure) by revenue for the period multiplied by 100%. See “— Description of Major Comprehensive Income Line Items — Non-IFRS Measures.”
- (5) Calculated by dividing total current assets by total current liabilities as of the end of the period.
- (6) Calculated by dividing total current assets minus inventory by total current liabilities as of the end of the period.

### RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions, see Note 23 to the Accountants’ Report included in Appendix I to this prospectus.

Our Directors are of the view that each of the material related party transactions set out in Note 23 to the Accountants’ Report included in Appendix I to this prospectus was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our material related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become not reflective of our future performance.

### FINANCIAL RISKS

Our activities are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Our overall risk management strategy seeks to minimize the potential adverse effects on our financial performance. Our senior management is responsible for the risk management.

#### Market Risk

##### *Currency 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 and certain 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 May 31, 2025. For details about our currency risk, see Note 36 to the Accountants’ Report included in Appendix I to this prospectus.

##### *Interest Rate Risk*

We are primarily exposed to fair value interest rate risk in relation to pledged or restricted bank deposits, fixed-rate bank borrowings and lease liabilities and cash flow interest risk in relation to variable-rate bank borrowings and cash and cash equivalents. We currently do not have an interest rate hedging policy. Our management monitors interest rate risk exposure and



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will consider hedging significant interest rate exposure should the need arise. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. Our management will review the proportion of borrowings in fixed rates and ensure they are within reasonable range.

We consider that the exposure of cash flow interest rate risk arising from fair value interest risk, bank balances and pledged bank deposits is insignificant because the current market interest rates are relatively low and stable.

### ***Other Price Risk***

We are exposed to equity price risk through our investments in both unlisted equity investments and unlisted convertible bonds 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 our equity price risk arising from those investments, our management establishes relevant internal control systems for the flow of investment project research and project approval. Our management regularly reviews the portfolio structure, taking into account the risks that we can afford to take and the liquidity we require, with a view to achieving long-term investment return.

### **Credit Risk and Impairment Assessment**

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade and other receivables, contract assets, deposits for rental, bills receivables at FVTOCI, pledged or restricted bank deposits and cash and cash equivalents. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

### ***Trade Receivables and Contract Assets***

In order to minimize the credit risk, our management 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, our management considers that our credit risk is significantly reduced.

Our concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% of all trade receivables and contract assets as of December 31, 2022, 2023 and 2024 and May 31, 2025. We have concentration of credit risk at 37%, 33%, 46% and 45% of the total trade receivables and contract assets were due from our largest customer as of

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December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. We have concentration of credit risk as 82%, 66%, 71% and 69% of the total trade receivables and contract assets were due from our five largest customers as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively.

In addition, we perform impairment assessment under expected credit loss model on all trade receivables and contract assets with credit-impaired individually. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables and contract assets are grouped based on shared credit risk characteristics by reference to past due exposure for the customers. For the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, we recognised credit loss of approximately RMB5.0 million, RMB14.4 million and RMB31.6 million and reversed approximately RMB4.4 million and RMB19.2 million for trade receivables and contract assets, based on collective assessment, and no credit loss recognised for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2025, and recognised credit loss of approximately RMB117.6 million under individual assessment for the year ended December 31, 2024.

***Other Receivables (including Deposits for Rental, Amount due from a Related Party — Non-trade Nature and Amounts due from Subsidiaries — Non-trade Nature)***

For other receivables, our 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.

Our management believes that there was no significant increase in credit risk of these amounts since initial recognition and we provided impairment based on 12-month expected credit losses. For the years ended December 31, 2022 and 2024 and the five months ended May 31, 2025, we provided credit loss allowance of approximately RMB367 thousand, RMB713 thousand and RMB134 thousand and reversed approximately RMB224 thousand for the year ended December 31, 2023.

***Pledged or Restricted Bank Deposits and Cash and Cash Equivalents***

The credit risk on pledged or 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 12-month expected credit losses on pledged or restricted bank deposits and bank balances are considered to be insignificant and therefore no loss allowance was recognized.

For details about our credit risk and impairment assessment, see Note 36 to the Accountants' Report included in Appendix I to this prospectus.

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## FINANCIAL INFORMATION

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### **Liquidity Risk**

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows.

For details about our remaining contractual maturity for our financial liabilities and lease liabilities, see Note 36 to the Accountants' Report included in Appendix I to this prospectus.

### **DIVIDEND**

During the Track Record Period, we did not declare or distribute any dividends. Pursuant to our Articles of Association, subject to the approval of our Board and Shareholders, we may distribute dividends to our Shareholders when we have distributable profits and after ensuring sufficient working capital for the Company and making required statutory reserves until the aggregate amount of such reserves reaches 50% of its registered capital, which is not available for distribution as cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. We do not have a pre-determined dividend payout ratio. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As advised by our PRC Legal Advisor, our Company may not declare and pay dividends before making up for the accumulated losses and setting aside the required reserve fund in accordance with the PRC laws and regulations. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

### **DISTRIBUTABLE RESERVES**

As of May 31, 2025, we did not have any distributable reserves.

### **LISTING EXPENSES**

Our listing expenses mainly include underwriting commissions, professional fees, and other fees in relation to the Listing and the Global Offering. The estimated total listing expenses (assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB135.0 million (approximately HK\$147.8 million), accounting for 13.9% of the gross proceeds from the Global Offering. The estimated total listing expenses consist of (i) sponsor and underwriting-related expenses (including but not limited to commissions) of approximately RMB74.3 million (approximately HK\$81.4 million), and (ii) non-underwriting related expenses of approximately RMB60.7 million (approximately

## FINANCIAL INFORMATION

HK\$66.5 million), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB45.1 million (approximately HK\$49.4 million), and other fees and expenses of approximately RMB15.6 million (approximately HK\$17.1 million).

In 2022 and 2023, we incurred listing expenses for the Global Offering of nil. In 2024 and for the five months ended May 31, 2025, we incurred listing expenses of RMB31.2 million and RMB9.2 million, respectively, which were charged to the consolidated statements of profit or loss. We expect to incur additional listing expenses, (i) approximately RMB25.4 million (approximately HK\$27.9 million) of which is expected to be charged in profit or loss subsequent to the Track Record Period, and (ii) approximately RMB69.1 million (approximately HK\$75.7 million) of which is expected to be directly attributable to the issue of Offer Shares and will be recognized as a deduction in equity directly upon the Listing. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statement of our adjusted consolidated net tangible assets prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on our audited consolidated net tangible assets as of May 31, 2025, as if the Global Offering had taken place on that date.

The unaudited pro forma statement of our adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as of May 31, 2025, or any future dates.

	<div>Audited consolidated net tangible assets of our Group attributable to owners of our Company as of May 31, 2025<sup>(1)</sup></div>	<div>Estimated net proceeds from the Global Offering<sup>(2)</sup></div>	<div>Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of May 31, 2025</div>	<div>Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company as of May 31, 2025 per H Share</div>	
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*Notes:*

- (1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as of May 31, 2025 are based on our consolidated net assets of our Group attributable to owners of our Company amounted to RMB1,370.8 million as extracted from the Accountants' Report set out in Appendix I to this prospectus.

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- (2) The estimated net proceeds from the Global Offering are based on 10,436,900 Offer Shares at the indicative Offer Price of HK\$102.23 (equivalent to RMB93.37), after deduction of the estimated underwriting fees and commissions and other listing related expenses paid/payable by our Company (excluding the listing expenses which have been charged to profit or loss up to May 31, 2025), and without taking into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option; or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (iii) which may be issued under employee incentive schemes.

For the purpose of this unaudited pro forma statement, the estimated net proceeds from the Global Offering denominated in HK\$ have been converted into RMB at the rate of HK\$1 to RMB0.91331, which was the exchange rate prevailing on the Latest Practicable Date with reference to the rate published by the People's Bank of China. No representation is made that the HK\$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

- (3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per H Share is arrived at on the basis that 149,991,249 Shares were in issue assuming that the Global Offering had been completed on May 31, 2025 and without taking into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option; (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (iii) which may be issued under employee incentive schemes.
- (4) For the purpose of unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share, the amount stated in RMB is converted into HK\$ at the rate of RMB1 to HK\$1.0949, which was the exchange rate prevailing on the Latest Practicable Date with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK\$, or vice versa, at that rate or at all.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of May 31, 2025 to reflect any trading result or other transaction of our Group entered into subsequent to May 31, 2025.

See “Appendix II — Unaudited Pro Forma Financial Information.”

### NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since May 31, 2025, being the end date of our latest consolidated financial statements as set out in the Accountants' Report included in Appendix I to this prospectus, and up to the date of this prospectus.

### DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

See “Business — Our Growth Strategies” for a detailed description of our future business plans and strategies.

### USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$919.1 million, after deducting estimated underwriting commissions, fees and expenses payable by us in connection with the Global Offering, based on the Offer Price of HK\$102.23 per Share, assuming the Over-allotment Option is not exercised.

We currently intend to apply the net proceeds from the Global Offering for the following purposes:

- Approximately 30% of the net proceeds, or HK\$275.7 million, is expected to be used for 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. Specifically, we will (i) continue to invest in the ongoing development and upgrade of our core products and solutions, including our smart cockpit solutions and automotive-grade operating systems, and (ii) develop and commercialize new products and solutions based on market trends and customization requirements. The new products and solutions we plan to develop include:
  - (i) We plan to develop integrated solutions that combine our smart cockpit technologies and intelligent driving technologies that have been commonly adopted, such as ADAS, supplied by third parties. With advancements in SoC computing power and functional safety, alongside faster data transfer speeds and increased bandwidth, it is now feasible to virtualize multiple operating systems within a single SoC. This allows for domain control solutions integrating smart cockpit functions and ADAS applications. Additionally, we plan to support the use of external acceleration chips to fully utilize computing power. This approach not only reduces the cost of intelligent driving solutions but also enhances the user experience and the overall competitiveness of the vehicle.
  - (ii) We will continue to advance our smart cockpit solutions in line with SparkLink’s wireless communication standards. SparkLink is a short-range wireless communication technology, which enables connections and communications among devices within the cabin and outside of the cabin, featuring advantages such as low latency, high reliability, and precise synchronization as compared to other wireless communication technologies that are currently applied in smart cockpit functions, such as Bluetooth, according to CIC. We plan to apply SparkLink standards in connection with (a) functions in the smart cockpit domain, such as in-vehicle positioning, vehicle-wide audio systems, and local network gateways, and (b) development of the intelligence vehicle ecosystem, such as applications for in-car karaoke microphones and gaming controllers, and vehicle unlocking. Our strategy includes close collaboration with OEMs to develop vehicle-wide E/E architectures based on SparkLink standards.

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## FUTURE PLANS AND USE OF PROCEEDS

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- (iii) We plan to collaborate with leading providers of cloud-based large language models, or leverage open-source models, to explore integrating advanced language model technology into our smart cockpit solutions. This will enhance our product competitiveness and provide car owners with a more intelligent and personalized cabin experience. For example, we aim to combine the strong computational capabilities of cloud-based large language models with the real-time responsiveness and interactive capabilities of localized models within the smart cockpit. This will enhance the smart cockpit's ability to accurately recognize car owner's requests and enable smart conversational interactions, providing car owners with more intelligent, precise, and proactive services, which increase our product competitiveness.

To accomplish these goals, we will invest in maintaining and strengthening our R&D team dedicated to product development and innovation.

- Approximately 30% of the net proceeds, or HK\$275.7 million, is expected to be allocated to enhance our production, testing, and validation capabilities. We aim to invest in constructing new production facilities or upgrading existing ones to further support our business expansion. Specifically, we intend to spend approximately 12.9% of the net proceeds, or HK\$118.6 million, in construction of new production facilities, and approximately 17.1% of the net proceeds, or HK\$157.2 million, in acquisition of manufacturing equipment to expand production lines.

When assessing potential production sites, we will consider a variety of factors, including: (i) proximity to OEMs customers to streamline production and supply processes; (ii) proximity to key suppliers for efficient logistics and collaboration; (iii) favorable local government policies and industrial upgrade initiatives; (iv) access to a skilled workforce for enhanced productivity and innovation; (v) regional infrastructure and transportation networks; and (vi) complementing the coverage of our existing production sites. Capital expenditures related to new facility construction include equipment purchases for production lines, land expenses, and factory construction costs. Our current plan is to finalize the site selection for new production facilities and begin construction in 2025. We aim to complete construction in the second half of 2026. This schedule is subject to various uncertainties, including obtaining relevant regulatory approvals.

We believe that establishing production facilities across different regions of China serves the following business goals:

- (i) *Proximity to customers and consumers:* Major OEMs are spread throughout China, with concentrated industry clusters in the eastern, southern and northern regions. By setting up production facilities in different areas, we can be closer to key customers and consumers, effectively reducing logistics time and costs, enhancing supply chain responsiveness and flexibility, and meeting customers' needs promptly.



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## FUTURE PLANS AND USE OF PROCEEDS

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- (ii) *Enhancing supply chain efficiency:* Different regions in China have varying policies, regulations and labor costs. Building production facilities in various locations allows us to optimize supply chain efficiency based on local resources.
- (iii) *Reducing operational risks:* In the event of a natural disaster or supply chain disruption in one region, production facilities in other regions can continue production, ensuring business continuity.

We intend to purchase equipment for building six new production lines. Based on two-shift operations, each shift lasting 10 hours, 23 working days per month, 12 months per year, the newly added production lines are expected to deliver an annual production capacity of approximately 800 thousand units.

- Approximately 20% of the net proceeds, or HK\$183.8 million, is expected to expand our sales and services network and to raise our brand awareness. Specifically:
  - (i) We aim to spend approximately 15.2% of the net proceeds, or HK\$139.7 million, in strengthening our sales and marketing capabilities by enhancing our team and expanding our reach. This includes (i) recruiting additional high-quality sales personnel with approximately 6.0% of the net proceeds, or HK\$55.1 million; specifically, we will actively pursue opportunities to attract overseas customers and increase brand visibility, in line with our international expansion strategy and intend to recruit sales specialists with a strong understanding of international markets; (ii) investing in sales and marketing activities with approximately 5.8% of the net proceeds, or HK\$53.3 million, to enhance our brand awareness and promote our products by participating in industry conferences and trade shows both domestically and internationally; (iii) strengthening the training and support system for our sales team with approximately 1.8% of the net proceeds, or HK\$16.5 million; and (iv) purchasing office equipment and renting office space for sales personnel with approximately 1.6% of the net proceeds, or HK\$14.7 million.
  - (ii) We plan to spend approximately 4.8% of the net proceeds, or HK\$44.1 million, in further improving our sales and customer service to improve customer satisfaction and foster loyalty. This involves strengthening our after-sales services, including testing and analysis of our products for which customers have submitted warranty claims, technical assistance and product training, to improve the overall customer experience. Specifically, we will (i) invest in software and tools to increase efficiency; (ii) engage external consultants to optimize our standard customer service procedures; and (iii) enhance the training programs for our customer support team.

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## FUTURE PLANS AND USE OF PROCEEDS

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- Approximately 10% of the net proceeds, or HK\$91.9 million, is expected to be used for strategic investments aimed at further integrating industry resources. Our potential acquisition targets include (i) suppliers of software and/or hardware relating to smart cockpit for leading Chinese OEMs and major international OEMs with distinct competitive advantages, and (ii) companies with strong R&D capabilities in automotive-grade software, SoC solutions and other technologies related to our core offerings. According to CIC, there are adequate acquisition targets meeting our criteria in the market. As of the Latest Practicable Date, we have not negotiated with any specific acquisition targets nor identified any such targets.
- Approximately 10% of the net proceeds, or HK\$91.9 million, will be allocated to working capital and general corporate purposes.

If the net proceeds from the Global Offering exceed the above funding requirements and, to the extent permitted by applicable laws and regulations, we will use the surplus funds for working capital. If the net proceeds of the Global Offering are not immediately applied to the above purposes, we will only deposit those net proceeds into short-term interest-bearing bank accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

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## CORNERSTONE INVESTORS

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### THE CORNERSTONE INVESTMENTS

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 20 H Shares) which may be purchased at the Offer Price with an aggregate amount of approximately HK\$465.9 million, calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” in this prospectus (exclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) (the “**Cornerstone Investment**”).

Based on the Offer Price of HK\$102.23 per Offer Share, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 4,557,520. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
43.67%	3.04%	37.97%	3.01%

The Company is of the view that, (i) the Cornerstone Investment will ensure a reasonable size of solid commitment at the beginning of the marketing period of the Global Offering and will provide confidence to the market; and (ii) the Cornerstone Investment demonstrates our Cornerstone Investors’ confidence in the Company and its business prospect and it will help raise the profile of the Company. The Company became acquainted with each of the Cornerstone Investors through the business network of the Group, the Overall Coordinators or the other CMIs.

The Cornerstone Investment will form part of the International Offering, and save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the completion of the Global Offering and to be listed on the Stock Exchange. The Offer Shares to be subscribed for by the Cornerstone Investors will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules.

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## CORNERSTONE INVESTORS

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Immediately following the completion of the Global Offering, (i) none of the Cornerstone Investors will become a substantial shareholder of the Company; (ii) none of the Cornerstone Investors will have any Board representation in the Company solely by virtue of its cornerstone investment, and (iii) equity interests in the Company being beneficially owned by the three largest public Shareholders will be less than 50% for the purpose of Rule 8.08(3) of the Listing Rules.

To the best knowledge of the Company, (i) each of the Cornerstone Investors is an independent third party; (ii) none of the Cornerstone Investors is accustomed to taking instructions from the Company, the Directors, the Supervisors, chief executive of the Company, the Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of H Shares registered in its name or otherwise held by it; and (iii) none of the subscription for the relevant Offer Shares by the Cornerstone Investors is financed by the Company, the Directors, the Supervisors, chief executive of the Company, the Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates for the purpose of subscription of the Offer Shares.

To the best knowledge of the Company and as confirmed by each of the Cornerstone Investors, they made their own independent decisions to enter into the Cornerstone Investment Agreements, and their subscriptions under the Cornerstone Investment would be financed by their own internal resources or (in the case of the Cornerstone Investor which is funds or investment manager) the assets managed for its investors. Except the shareholder of Horizon Together Holding Ltd., none of the Cornerstone Investors or their shareholder(s) are listed on any stock exchanges. The Cornerstone Investors have also confirmed that all necessary approvals have been obtained with respect to the Cornerstone Investment and that no specific approval from any stock exchange (if relevant) or their shareholders is required for the Cornerstone Investment. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders. Other than the Cornerstone Investment Agreements, as confirmed by each of the Cornerstone Investors, there are no side agreements or arrangements between us and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

The total number of Offer Shares to be subscribed for by the Cornerstone Investors under the Cornerstone Investment may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, as described in the paragraphs headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this prospectus. The number of Offer Shares to be acquired by each Cornerstone Investor may be reduced on a pro rata basis in accordance with the terms of the Cornerstone Investment Agreements to satisfy the public demands under the Hong Kong Public Offering, after taking into account the requirements under Appendix F1 to the Listing Rules as well as the discretion of the Overall Coordinators (for themselves and on behalf of the International Underwriters) to exercise the Over-allotment Option. Details of the actual number of Offer Shares to be allocated to each of the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around September 29, 2025.

## CORNERSTONE INVESTORS

Pursuant to the Cornerstone Investment Agreements, the Overall Coordinator (for themselves and on behalf of the International Underwriters) has the discretion to effect a delayed delivery of the Offer Shares to be subscribed for by each of the Cornerstone Investors on a date later than the Listing Date, subject to the conditions contained therein. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. Where delayed delivery takes place, each of the Cornerstone Investor has agreed that it shall nevertheless pay for the relevant Offer Shares before the Listing. As such, there will be no deferred settlement of the investment amount for the Offer Shares to be subscribed for by the Cornerstone Investors pursuant to the Cornerstone Investment Agreement.

The table below sets out details of the Cornerstone Investment:

		Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised		
Cornerstone Investor	Subscription amount <sup>(1)</sup>	Number of Offer Shares to be acquired <sup>(2)</sup>	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
Horizon						
Together Holding Ltd.. . . . .	RMB200 million (or approximately HK\$219.0 million)	2,142,060	20.52%	1.43%	17.85%	1.41%
Huangshan SP .	RMB190 million (or approximately HK\$208.0 million)	2,034,960	19.50%	1.36%	16.95%	1.34%
Smart Ventures Limited . . .	US\$5 million (or approximately HK\$38.9 million)	380,500	3.65%	0.25%	3.17%	0.25%
<b>Total . . . . .</b>	<b>Approximately HK\$465.9 million</b>	<b>4,557,520</b>	<b>43.67%</b>	<b>3.04%</b>	<b>37.97%</b>	<b>3.01%</b>

(1) Calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” in this prospectus. The actual investment amount may vary due to the exchange rate prescribed in the relevant Cornerstone Investment Agreement.

(2) Rounded down to the nearest whole board lot of 20 H Shares.

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## CORNERSTONE INVESTORS

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### THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Investment.

#### **Horizon Together Holding Ltd.**

Horizon Together Holding Ltd. is an exempted company with limited liability incorporated under the laws of the Cayman Islands and is wholly-owned by Horizon Robotics. Horizon Robotics is a company listed on the Stock Exchange (stock code: 9660) and a leading intelligent driving technology company, empowered by its proprietary software and hardware technologies. Horizon Robotics's solutions combine cutting-edge algorithms, purpose-built software and advanced processing hardware, providing the core technologies for intelligent driving that enhance the safety and experience of drivers and passengers.

#### **Huangshan SP**

Huangshan SP, a segregated portfolio of JSC International Investment Fund SPC, is registered as a segregated portfolio company in the Cayman Islands and it is wholly owned by JSC Zhi Lian Gao Ke (Beijing) Equity Investment Fund (璟泉智聯高科(北京)股權投資基金合夥企業(有限合夥)) (“**Zhi Lian Gao Ke**”). Huangshan Development & Investment Group Co., Ltd. (黃山市開發投資集團有限公司) is the limited partner of Zhi Lian Gao Ke, which is 90.6% owned by Huangshan Municipal Finance Bureau (黃山市財政局). Jade Spring Shancheng Management Consulting (Beijing) Co., Ltd. (璟泉善誠管理諮詢(北京)有限公司) is the general partner of Zhi Lian Gao Ke, which is ultimately controlled by Beijing Financial Holdings Group Limited (北京金融控股集團有限公司) (“**Beijing Financial Holdings**”). Beijing Financial Holdings is indirectly wholly owned by State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government (北京市人民政府國有資產監督管理委員會). JSC International Investment Fund SPC is acting non-discretionarily for and on behalf of Huangshan SP. JSC International Investment Fund SPC is ultimately controlled by Beijing Financial Holdings.

#### **Smart Ventures Limited**

Smart Ventures Limited (“**SV**”) is a limited liability company incorporated in the British Virgin Islands. SV is primarily engaged in research-driven investments across three core sectors: technology, healthcare, and consumer, and also provides strategic business advisory services to corporate clients globally. Its investment scope includes listed companies, with selective participation in high-growth private equity opportunities. SV's representative portfolio companies include Ab&B Bio-Tech CO., LTD. JS (江蘇中慧元通生物科技股份有限公司, stock code: 2627) (healthcare-innovative vaccines) and SICC Co., Ltd. (山東天岳先進科技股份有限公司, stock code: 2631) (compound semiconductors). SV is wholly owned and managed by Mr. Gao Kewen (高可聞), its chairman and ultimate beneficial owner, who is an independent third party. Separately, Mr. Edwin Wing Shun Kwok (郭永淳), who has extensive experience in corporate management and investment management, serves as an advisor to SV.

### CLOSING CONDITIONS

The subscription obligation of each of the Cornerstone Investors under the Cornerstone Investment Agreements is subject to, among other things, the following closing conditions:

- (a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon between the Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);
- (c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by each of the Cornerstone Investors) as well as other applicable waivers and approvals (including waivers and approvals related to the subscription of the H Shares by each of the Cornerstone Investors), and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the respective representations, warranties, undertakings, acknowledgements and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are (as of the date of the respective Cornerstone Investment Agreement) and will be (as of the Closing (as defined in the respective Cornerstone Investment Agreement) and the delayed delivery date (as applicable)) true, accurate and complete in all respects and not misleading and that there is no breach of such Cornerstone Investment Agreement on the part of the Cornerstone Investor.

### RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and including the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have subscribed for pursuant to the relevant Cornerstone Investment Agreement, save for in certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.



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## UNDERWRITING

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### HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

Guotai Junan Securities (Hong Kong) Limited

CMB International Capital Limited

Huatai Financial Holdings (Hong Kong) Limited

CLSA Limited

BOCI Asia Limited

ABCI Securities Company Limited

Livermore Holdings Limited

Tiger Brokers (HK) Global Limited

### UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 1,043,700 Hong Kong Offer Shares and the International Offering of initially 9,393,200 International Offer Shares, subject, in each case, to reallocation on the basis as described in “*Structure of the Global Offering*” as well as to the Over-allotment Option (in the case of the International Offering).

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

#### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

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## UNDERWRITING

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Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering and such approval not having been subsequently withdrawn, revoked or withheld prior to the commencement of trading of the H Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

### *Grounds for termination*

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors shall be entitled by written notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

- (i) there shall develop, occur, exist or come into effect:
  - (a) any event or series of events or circumstances, in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks of diseases or its escalation, mutation or aggravation (including, without limitation, COVID-19, SARS, swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS) and such related/mutated forms), accidents or prolonged interruption or delay in transportation, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, riots, rebellion, civil commotion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)), economic sanctions, paralysis in government operations, interruptions or delay in transportation in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), any other jurisdiction relevant to any member of the Group (collectively, the “**Relevant Jurisdictions**”); or
  - (b) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency,

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## UNDERWRITING

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credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any Relevant Jurisdictions; or

- (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or
- (d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), the PRC, New York (imposed at the U.S. Federal or New York State level or by any other competent Authority), London, the European Union (or any member thereof) or any other Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or
- (e) any new laws, or any change or any development involving a prospective change in existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (f) the imposition of sanctions, in whatever form, or the withdrawal of trading privileges, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or
- (g) a change or development involving a prospective change in or affecting taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar, United States dollar or the Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares; or
- (h) any litigation or claim of any third party being threatened or instigated against any member of the Group; or
- (i) a contravention by any member of the Group or any Director of the Listing Rules or applicable Laws; or

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## UNDERWRITING

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- (j) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares), the CSRC filings, or any aspect of the Global Offering with the Listing Rules, the CSRC Rules or any other applicable laws; or
- (k) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus preliminary offering circular or offering circular (or to any other documents issued or used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules, the CSRC Rules or any requirement or request of the Stock Exchange the SFC and/or the CSRC; or
- (l) any change or prospective change or development, or a materialisation of, any of the risks set out in section headed “Risk Factors” in this prospectus; or
- (m) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (n) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director or Supervisor; or
- (o) any Director, Supervisor or member of senior management of the Company is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against any Director, Supervisor or member of senior management of the Company in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action;

which, individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators and the Joint Sponsors:

- (A) has or will have or may have a material adverse change; or

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## UNDERWRITING

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- (B) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or
  - (C) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer Related Documents (as defined below); or
  - (D) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (ii) there has come to the notice of the Overall Coordinators or the Joint Sponsors that:
- (a) any statement contained in any of the offering documents, the CSRC filings and/or in any notices, announcements, advertisements, communications issued by or on behalf of the Company in connection with the Hong Kong Public Offering (collectively, the “**Offer Related Documents**”) (including any supplement or amendment thereto but excluding information relating to the underwriters) was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respect, or misleading or deceptive, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto but excluding information relating only to the legal name, logo and address of each of the Joint Sponsors and the underwriters) is not fair and honest and based on reasonable assumptions; or
  - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from or misstatement in any of the Offer Related Documents (including any supplement or amendment thereto); or
  - (c) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
  - (d) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the indemnities given by any of them in the Hong Kong Underwriting Agreement; or
  - (e) there is any material adverse change; or

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## UNDERWRITING

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- (f) any breach of, or any event or circumstance rendering untrue or incorrect, incomplete or misleading in any respect, any of the warranties in the Hong Kong Underwriting Agreement; or
- (g) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (h) the Company withdraws any of the Offer Related Documents or the Global Offering; or
- (i) any expert specified in this prospectus, whose consent is required for the issue of this prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn its consent to being named in this prospectus or to the issue of any of Hong Kong public offering documents; or
- (j) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (k) the chairman, the chief executive officer or the chief financial officer of the Company or any of the Directors vacating his/her office; or
- (l) there is an order or petition for the winding-up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group, or
- (m) a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

### ***Undertakings to the Stock Exchange pursuant to the Listing Rules***

#### ***(A) Undertakings by our Company***

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury within

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## UNDERWRITING

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six months from the Listing Date (whether or not such issue of H shares or securities, or sale or transfer of treasury shares will be completed within six months from the Listing Date), except for the issue of shares or securities pursuant to the Global Offering (including the exercise of the Over-Allotment Option, if any) or for circumstances permitted under Rule 10.08 of the Listing Rules.

*(B) Undertakings by our group of Controlling Shareholders*

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and our Company that, he/she/it will not and will procure that the relevant registered holder(s) will not:

- (i) in the period commencing on the date by reference to which disclosure of his/her/its holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner; and
- (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder of our Company (as defined in the Listing Rules) provided that the above shall not prevent any of the Controlling Shareholders from using Shares or securities of the Company beneficially owned by he/she/it as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/her/its holding of Shares is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

- (i) when he/she/it pledges or charges any Shares or securities of the Company beneficially owned by him/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a *bona fide* commercial loan pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and



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## UNDERWRITING

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- (ii) when he/she/it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

### *Undertakings pursuant to the Hong Kong Underwriting Agreement*

#### *(A) Undertakings by our Company*

Our Company has undertaken to each of the Sponsor-Overall Coordinators, the Overall Coordinators, the Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Hong Kong Underwriters and the Joint Sponsors not to (save for the issue, offer or sale of the Offer Shares by our Company pursuant to the Global Offering, including pursuant to the Over-allotment Option), without the prior written consent of the Joint Sponsors and the Overall Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Options) and otherwise pursuant to the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”):

- (i) allot, issue, sell, accept subscription for, offer to allot, issue, repurchase or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant, or sell any option, warrant, contract or right to subscribe for or purchase, grant, or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in, any Shares or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, or deposit any Shares or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above,

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in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or shares, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company enters into any transactions specified in paragraphs (i), (ii) or (iii) above or offers or agrees to, or announces any intention to effect any such transaction, our Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

*(B) Undertakings by our Controlling Shareholders*

Each of the Controlling Shareholders agrees and undertakes to each of the Company, Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Hong Kong Underwriters and the Joint Sponsors that, without the prior written consent of the Joint Sponsors and Overall Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (i) during the First Six-Month Period, he/she/it will not:
  - (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any legal or beneficial interest therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares (the “**Locked-up Securities**”), or deposit any Locked-up Securities with a depositary in connection with the issue of depositary receipts; or
  - (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities; or
  - (c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or
  - (d) offer to or agree to, or announce any intention to effect any transaction described in paragraph (a), (b) or (c) above,

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## UNDERWRITING

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in each case, whether any such transaction described in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period or the Second Six Month Period);

- (ii) during the Second Six-Month Period, he/she/it will not enter into any of the foregoing transactions in paragraph (i)(a), (b) or (c) above or offer to or agree to or contract or publicly announce any intention to effect any such transactions if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, the Controlling Shareholders will cease to be a controlling shareholder of the Company for the purposes of the Listing Rules;
- (iii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the foregoing transactions in paragraph (i)(a), (b) or (c) above or offers to or agrees to, or announces any intention to effect such transactions, he/she/it will take all reasonable steps to ensure that he/she/it will not create a disorderly or false market in the securities of the Company; and
- (iv) at any time during the First Six-Month Period and the Second Six-Month Period, he/she/it or any relevant registered holder will (i) if and when he/it pledges or charges any Shares or other securities (or interest therein) of the Company beneficially owned by him/her/it, immediately inform the Company, the Joint Sponsors and the Overall Coordinators in writing of such pledge or charge together with the number of Locked-up Securities so pledged or charged; and (ii) if and when it or any relevant registered holder receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Locked-up Securities will be disposed of, immediately inform the Company, the Joint Sponsors and the Overall Coordinators in writing of such indications.

For the avoidance of doubt, the foregoing restrictions shall not prevent any of the Controlling Shareholders from (a) using the Shares or other securities of the Company (or any interest therein) beneficially owned by them respectively as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan; and (b) purchasing additional Shares or other securities of the Company or any interest therein or dispose of Shares or other securities of the Company (or any interest therein) which are purchased in the First Six-Month Period and the Second Six-Month Period, provided that such purchase does not contravene the compliance by the Company with the requirement of Rule 8.08 of the Listing Rules to maintain an open market in the securities and a sufficient public float in the Shares.

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## UNDERWRITING

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### **Joint Sponsors' and Hong Kong Underwriters' interests in our Company**

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Joint Sponsors or the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

### **International Offering**

#### ***International Underwriting Agreement***

In connection with the International Offering, our Company expect to enter into the International Underwriting Agreement with the International Underwriters on or around September 26, 2025. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See “Structure of the Global Offering — The International Offering.”

#### ***Over-allotment Option***

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue up to an aggregate of 1,565,520 H Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. See “Structure of the Global Offering — Over-allotment Option.”

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## UNDERWRITING

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### Commissions and Expenses

All Capital Market Intermediaries participating in the Global Offering will receive an aggregate underwriting commission of 4.0% of the aggregate proceeds from the Global Offering (including any proceeds arising from the exercise of the Over-allotment Option) (the “**Gross Proceeds**”) (the “**Underwriting Commission**”). In addition, the Company may, in its sole discretion, pay to all Capital Market Intermediaries an incentive fee in an aggregate of up to 2.0% of the Gross Proceeds (the “**Discretionary Fee**”). Assuming the Discretionary Fees are paid in full, the ratio of the fixed amount of the Underwriting Commission payable to all Capital Market Intermediaries (the “**Fixed Fees**”) and Discretionary Fees payable to all Capital Market Intermediaries is approximately 67:33. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay the underwriting commission for such H Shares to the International Underwriters (but not the Hong Kong Underwriters).

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately RMB135.0 million (approximately HK\$147.8 million) (assuming an Offer Price of HK\$102.23 per Offer Share, the full payment of the discretionary incentive fee and the Over-allotment Option is not exercised) and will be paid by the Company.

### Indemnity

Our Company has agreed to indemnify the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company.

### ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and

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## UNDERWRITING

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trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "*Structure of the Global Offering*". Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilization Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

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## UNDERWRITING

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Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.



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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited are the Overall Coordinators of the Global Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

10,436,900 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 1,043,700 H Shares (subject to reallocation) in Hong Kong as described in “— *The Hong Kong Public Offering*” in this section; and
- (b) the International Offering of initially 9,393,200 H Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “— *The International Offering*” in this section.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 7.0% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 7.9% of the total Shares in issue immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares initially offered

Our Company is initially offering 1,043,700 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.7% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “— Conditions of the Global Offering” in this section.

#### Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B (with any odd lot being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

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## STRUCTURE OF THE GLOBAL OFFERING

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Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor. Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 521,840 Hong Kong Offer Shares (being approximately 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

### **Reallocation**

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. Subject to the allocation cap described in the following paragraph, the Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, then up to 521,820 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 1,565,520 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option) in accordance with Chapter 4.14 of the Guide for New Listing Applicants.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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### Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application under the International Offering is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the Offer Price of HK\$102.23 per Offer Share in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$2,065.23 for one board lot of 20 H Shares. Further details are set out in "How to Apply for Hong Kong Offer Shares".

### THE INTERNATIONAL OFFERING

#### Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 9,393,200 H Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 6.3% of the total H Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

#### Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "*— Pricing and Allocation*" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Group and the Shareholders as a whole.

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## STRUCTURE OF THE GLOBAL OFFERING

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The Overall Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

### **Reallocation**

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

### **OVER-ALLOTMENT OPTION**

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering to require our Company to issue up to an aggregate of 1,565,520 additional H Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 1.0% of the total Shares in issue immediately following the completion of the Global Offering. If the Over-allotment Option is exercised, an announcement will be made.

### **STABILIZATION**

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

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## STRUCTURE OF THE GLOBAL OFFERING

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In connection with the Global Offering, the Stabilizing Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;
- (d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Saturday, October 25, 2025, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- (e) the price of the H Shares cannot be assured to stay at or above the Offer Price by any stabilizing action; and

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## STRUCTURE OF THE GLOBAL OFFERING

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- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

### Over-Allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or by a combination of these methods.

### PRICING AND ALLOCATION

The Offer Price will be HK\$102.23 per Offer Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

The International Underwriters will be soliciting from prospective investors their indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at [www.pateo.com.cn](http://www.pateo.com.cn) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and our Company, will be fixed at such revised Offer Price. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global



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## STRUCTURE OF THE GLOBAL OFFERING

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Offering and/or the Offer Price. Upon the issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction.

The level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in *“How to Apply for Hong Kong Offer Shares — B. Publication of Results”*.

### UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement on a conditional basis.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or about September 26, 2025.

These underwriting arrangements, including the Underwriting Agreements, are summarized in “Underwriting”.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option under the Global Offering), on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn, revoked or withheld prior to the Listing Date;
- (b) the execution and delivery of the International Underwriting Agreement; and

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## STRUCTURE OF THE GLOBAL OFFERING

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- (c) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at [www.pateo.com.cn](http://www.pateo.com.cn) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Tuesday, September 30, 2025, **provided that** the Global Offering has become unconditional in all respects at or before that time.

### DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, September 30, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, September 30, 2025.

The H Shares will be traded in board lots of 20 H Shares each and the stock code of the H Shares will be 2889.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

#### FULLY ELECTRONIC APPLICATION PROCESS

The Company has adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This document is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “*HKEXnews > New Listings > New Listing Information*” section, and the Company’s website at [www.pateo.com.cn](http://www.pateo.com.cn).

The contents of this document are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

#### A. APPLICATION FOR HONG KONG OFFER SHARES

##### 1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address (for the **White Form eIPO** Service only); and
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to the Company, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder of the Company;
- are a Director or chief executive of the Company and/or a director or chief executive of any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above persons;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon the completion of the Global Offering; or
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 am on Monday, September 22, 2025 and end at 12:00 noon on Thursday, September 25, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
<b>White Form eIPO service</b> . .	at <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, September 22, 2025 until 11:30 a.m. on Thursday, September 25, 2025 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, September 25, 2025.
<b>HKSCC EIPO channel</b> . . . . .	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the “**electronic application instructions**” are given, you shall be deemed to have declared that only one set of “**electronic application instructions**” has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of “**electronic application instructions**” for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this document, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this document and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this document.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 3. Information Required to Apply

You **must** provide the following information with your application:

For Individual/Joint Applicants	For Corporate Applicants
<ul style="list-style-type: none"> <li>• Full name(s)<sup>2</sup> as shown on your identity document</li> <li>• Identity document's issuing country or jurisdiction</li> <li>• Identity document type, with order of priority: <ul style="list-style-type: none"> <li>i. HKID card; or</li> <li>ii. National identification document; or</li> <li>iii. Passport; and</li> </ul> </li> <li>• Identity document number</li> </ul>	<ul style="list-style-type: none"> <li>• Full name(s)<sup>2</sup> as shown on your identity document</li> <li>• Identity document's issuing country or jurisdiction</li> <li>• Identity document type, with order of priority: <ul style="list-style-type: none"> <li>i. LEI registration document; or</li> <li>ii. Certificate of incorporation; or</li> <li>iii. Business registration certificate; or</li> <li>iv. Other equivalent document; and</li> </ul> </li> <li>• Identity document number</li> </ul>

- (1) If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.
- (2) The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
- (3) If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
- (4) The maximum number of joint applicants on FINI is capped at four in accordance with market practice.
- (5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (6) If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, the Company and the Overall Coordinators, as the Company’s agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney’s authority.

Failing to provide any required information may result in your application being rejected.

#### 4. Permitted Number of Hong Kong Offer Shares for Application

**Board lot size:** . . . . . 20 Shares

<b>Permitted number of Hong Kong Offer shares for application and amount payable on application/successful allotment</b> . . . . .	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.
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The Offer Price is HK\$102.23 per H Share.

If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.



## HOW TO APPLY FOR HONG KONG OFFER SHARES

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

**PATEO CONNECT Technology (Shanghai) Corporation**  
**(HK\$102.23 per Hong Kong Offer Share)**  
**NUMBER OF HONG KONG OFFER SHARES**  
**THAT MAY BE APPLIED FOR AND PAYMENTS**

No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application
	HK\$		HK\$		HK\$		HK\$
20	2,065.23	300	30,978.30	4,000	413,043.95	50,000	5,163,049.48
40	4,130.44	400	41,304.39	5,000	516,304.95	60,000	6,195,659.37
60	6,195.67	500	51,630.50	6,000	619,565.94	70,000	7,228,269.26
80	8,260.87	600	61,956.60	7,000	722,826.92	80,000	8,260,879.17
100	10,326.11	700	72,282.69	8,000	826,087.92	90,000	9,293,489.06
120	12,391.32	800	82,608.79	9,000	929,348.90	100,000	10,326,098.95
140	14,456.54	900	92,934.89	10,000	1,032,609.89	200,000	20,652,197.91
160	16,521.75	1,000	103,260.99	20,000	2,065,219.79	300,000	30,978,296.86
180	18,586.98	2,000	206,521.98	30,000	3,097,829.69	400,000	41,304,395.82
200	20,652.20	3,000	309,782.97	40,000	4,130,439.58	521,840 <sup>(1)</sup>	53,885,714.79

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (1) Maximum number of Hong Kong Offer Share you may apply for.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

### 5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— *A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply*” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

### 6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Overall Coordinators, as the Company’s agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this document and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of Hong Kong Offer Shares set out in this document and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this document and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the “**Relevant Persons**”), the H Share Registrar and HKSCC will not be liable for any information and representations not in this document and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to the Company, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “— *G. Personal Data* — 3. *Purposes* and 4. *Transfer of personal data*” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— *B. Publication of Results*” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “— *C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares*” in this section;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither the Company nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this document;
- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that the Company and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving “**electronic application instructions**” to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving “**electronic application instructions**” to HKSCC and (2) you have due authority to give “**electronic application instructions**” on behalf of that other person as its agent.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### B. PUBLICATION OF RESULTS

#### Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform	Date/Time
Applying through <b>White Form eIPO</b> service or <b>HKSCC EIPO</b> channel:	
Website. . . . . The designated results of allocation website at <a href="http://www.iporesults.com.hk">www.iporesults.com.hk</a> (alternatively: <a href="http://www.eipo.com.hk/eIPOAllotment">www.eipo.com.hk/eIPOAllotment</a> ) with a “search by ID” function.	24 hours, from 11:00 p.m. on Monday, September 29, 2025 to 12:00 midnight on Sunday, October 5, 2025 (Hong Kong time)
The full list of (i) wholly or partially successful applicants using the <b>White Form eIPO</b> service and <b>HKSCC EIPO</b> channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the “Allotment Results” page of the <b>White Form eIPO</b> service at <a href="http://www.iporesults.com.hk">www.iporesults.com.hk</a> (alternatively: <a href="http://www.eipo.com.hk/eIPOAllotment">www.eipo.com.hk/eIPOAllotment</a> ).	
The Stock Exchange’s website at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> and the Company’s website at <a href="http://www.pateo.com.cn">www.pateo.com.cn</a> which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, September 29, 2025 (Hong Kong time)
Telephone . . . +852 2862 8555 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m. on Tuesday, September 30, 2025, Thursday, October 2, 2025, Friday, October 3, 2025 and Monday, October 6, 2025

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, September 26, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, September 26, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

### **Allocation Announcement**

The Company expects to announce the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.pateo.com.cn](http://www.pateo.com.cn) by no later than 11:00 p.m. on Monday, September 29, 2025 (Hong Kong time).

### **C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES**

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

#### **1. If your application is revoked:**

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

#### **2. If the Company or its agents exercise their discretion to reject your application:**

The Company, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

#### **3. If the allocation of Hong Kong Offer Shares is void:**

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Overall Coordinators believe that by accepting your application, it or the Company would violate applicable securities or other laws, rules or regulations.

### 5. If there is money settlement failure for allotted Offer Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving bank(s) will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

**There is a risk of money settlement failure.** In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted Offer Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of the Company, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

### D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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No temporary document of title will be issued in respect of the Hong Kong Offer Shares.

No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Tuesday, September 30, 2025 (Hong Kong time), **provided that** the Global Offering has become unconditional and the right of termination described in the section headed “*Underwriting*” has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	<u>White Form eIPO service</u>	<u>HKSCC EIPO channel</u>
<b>Despatch/collection of H Share certificate<sup>1</sup></b>		
<b>For physical share certificates of equal or over 100,000 Hong Kong Offer Shares issued under your own name . . . . .</b>	Collection in person from the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant’s stock account
		No action by you is required
	Time: from 9:00 a.m. to 1:00 p.m. on Tuesday, September 30, 2025 (Hong Kong time), or any other place or date notified by the Company	
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation’s chop	

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### White Form eIPO service

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### HKSCC EIPO channel

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Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar

*Note:* If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk

**For physical share certificates of less than 100,000 Offer Shares issued under your own name . . . . .**

Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk

Time: Monday, September 29, 2025

### Refund mechanism for surplus application monies paid by you

Date . . . . . Tuesday, September 30, 2025      Subject to the arrangement between you and your broker or custodian

**Responsible party . . . . .** H Share Registrar      Your broker or custodian

**Application monies paid through single bank account . . . . .**      **White Form** e-Refund payment instructions to your designated bank account      Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it

**Application monies paid through multiple bank accounts . . . . .**      Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (1) Except in the event any Severe Weather Signals (as defined below) in force in Hong Kong in the morning on the business day before the Listing Date rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “— E. Severe Weather Arrangements” in this section.

### E. SEVERE WEATHER ARRANGEMENTS

#### The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, September 25, 2025 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an Extreme Conditions,

(collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 25, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this document, an announcement will be made and published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.pateo.com.cn](http://www.pateo.com.cn) of the revised timetable.

If a Severe Weather Signal is hoisted on Monday, September 29, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Tuesday, September 30, 2025.

If a Severe Weather Signal is hoisted on Tuesday, September 30, 2025:

- for physical H Share certificates of equal or over 100,000 Offer Shares issued under your own name, you may collect the physical share certificate from the H Share Registrar’s office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, September 30, 2025 or on Thursday, October 2, 2025).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If a Severe Weather Signal is hoisted on Monday, September 29, 2025:

- for physical H Share certificates of less than 100,000 Offer Shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, September 29, 2025 or on Tuesday, September 30, 2025).

**Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.**

### **F. ADMISSION OF THE H SHARES INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and the Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

### **G. PERSONAL DATA**

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank(s) and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### 2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

### 3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and White Form e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this document and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

#### **4. Transfer of personal data**

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisors, receiving bank(s) and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### **5. Retention of personal data**

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### **6. Access to and correction of personal data**

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed “*Corporate information*” in this document or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.



*The following is the text of a report set out on pages I-1 to I-77, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*



**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PATEO CONNECT TECHNOLOGY (SHANGHAI) CORPORATION, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, GUOTAI JUNAN CAPITAL LIMITED, CMB INTERNATIONAL CAPITAL LIMITED, HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED**

**Introduction**

We report on the historical financial information of PATEO CONNECT Technology (Shanghai) Corporation\* (“博泰車聯網科技(上海)股份有限公司”) (previously 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) prior to December 2, 2021) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages I-4 to I-77, which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and May 31, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and May 31, 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 and the five months ended May 31, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-77 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated September 22, 2025 (the “Document”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

\* English name for identification purpose only.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2022, 2023 and 2024 and May 31, 2025, of the Company's financial position as at December 31, 2022, 2023 and 2024 and May 31, 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

**Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the five months ended May 31, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our

review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

***Dividends***

We refer to Note 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

September 22, 2025

**HISTORICAL FINANCIAL INFORMATION OF THE GROUP****Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,			Five months ended May 31,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue . . . . .	6	1,217,757	1,495,817	2,557,003	560,855	753,576
Cost of sales . . . . .		(1,046,635)	(1,264,729)	(2,256,001)	(532,486)	(654,921)
Gross profit . . . . .		171,122	231,088	301,002	28,369	98,655
Other income . . . . .	7	46,949	30,820	59,884	20,950	35,843
Impairment losses under expected credit loss model, net of reversal . . . . .	10	(5,400)	(14,170)	(149,945)	4,341	19,025
Other gains and losses . . . . .	8	(178)	108,431	50,853	9,718	(43,697)
Selling expenses . . . . .		(109,709)	(116,838)	(148,891)	(49,477)	(48,569)
Administrative expenses . . . . .		(250,397)	(259,797)	(370,379)	(137,404)	(145,067)
Research and development expenses . . . . .		(277,424)	(235,440)	(207,279)	(90,985)	(98,011)
Share of result of associates . . . . .		—	—	(733)	(86)	(5,682)
Share of result of a joint venture . . . . .		—	—	(10)	—	(4)
Listing expenses . . . . .		—	—	(31,221)	(13,033)	(9,244)
Finance costs . . . . .	9	(27,113)	(27,788)	(44,074)	(17,165)	(23,170)
Loss before tax . . . . .	12	(452,150)	(283,694)	(540,793)	(244,772)	(219,921)
Income tax . . . . .	11	(3)	(67)	(27)	—	—
<b>Loss for the year/period . . . . .</b>		<b>(452,153)</b>	<b>(283,761)</b>	<b>(540,820)</b>	<b>(244,772)</b>	<b>(219,921)</b>
<b>Other comprehensive income (expense)</b>						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translation of foreign operations . . . . .		56	42	(7)	(19)	(337)
		56	42	(7)	(19)	(337)
<i>Item that will not be reclassified to profit or loss:</i>						
Fair value gains or losses on equity instrument at fair value through other comprehensive income ("FVTOCI") . . . . .		(32,689)	—	—	—	—
		(32,689)	—	—	—	—
<b>Other comprehensive (expense) income for the year/period . . . . .</b>		<b>(32,633)</b>	<b>42</b>	<b>(7)</b>	<b>(19)</b>	<b>(337)</b>
<b>Total comprehensive expense for the year/period . . . . .</b>		<b>(484,786)</b>	<b>(283,719)</b>	<b>(540,827)</b>	<b>(244,791)</b>	<b>(220,258)</b>
(Loss) profit attributable to:						
– Owners of the Company . . . . .		(452,095)	(283,891)	(541,238)	(244,826)	(219,725)
– Non-controlling interests . . . . .		(58)	130	418	54	(196)
		(452,153)	(283,761)	(540,820)	(244,772)	(219,921)
Total comprehensive (expense) income attributable to:						
– Owners of the Company . . . . .		(484,728)	(283,849)	(541,245)	(244,845)	(220,062)
– Non-controlling interests . . . . .		(58)	130	418	54	(196)
		(484,786)	(283,719)	(540,827)	(244,791)	(220,258)
Loss per share						
– Basic (RMB yuan) . . . . .	15	(4.28)	(2.41)	(4.11)	(1.97)	(1.57)

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31,			As at May 31,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>					
Property, plant and equipment . .	16	187,949	312,414	433,229	526,365
Deposits for rental . . . . .		7,705	6,354	13,872	10,254
Prepayment for acquisition of property, plant and equipment.		—	—	—	8,000
Right-of-use assets . . . . .	17	89,405	145,619	167,170	126,580
Pledged bank deposits . . . . .	27	3,300	—	—	—
Interest in a joint venture . . . . .		—	—	9,993	9,989
Interests in associates . . . . .	20	—	—	102,267	96,585
		<u>288,359</u>	<u>464,387</u>	<u>726,531</u>	<u>777,773</u>
<b>Current assets</b>					
Inventories and contract costs . .	21	467,276	488,097	503,915	591,599
Trade and other receivables . . . .	22	497,341	690,721	1,435,432	916,748
Contract assets . . . . .	24	3,221	2,826	8,684	4,875
Financial assets at fair value through profit or loss ("FVTPL") . . . . .	25	165,281	457,139	487,785	591,659
Bills receivables at FVTOCI . . .	26	171,441	84,263	95,266	136,494
Restricted bank deposits . . . . .	27	734	51,250	1,424	9,091
Pledged bank deposits . . . . .	27	105,385	85,030	71,707	198,812
Cash and cash equivalents . . . . .	27	587,863	257,038	977,006	900,734
		<u>1,998,542</u>	<u>2,116,364</u>	<u>3,581,219</u>	<u>3,350,012</u>
<b>Current liabilities</b>					
Bill, trade and other payables . . .	28	673,535	830,898	891,887	772,060
Bank borrowings . . . . .	29	560,984	838,539	1,348,159	1,430,637
Lease liabilities . . . . .	32	30,291	34,164	57,076	33,089
Contract liabilities . . . . .	30	48,764	12,078	34,647	36,144
		<u>1,313,574</u>	<u>1,715,679</u>	<u>2,331,769</u>	<u>2,271,930</u>
<b>Net current assets</b> . . . . .		<u>684,968</u>	<u>400,685</u>	<u>1,249,450</u>	<u>1,078,082</u>
<b>Total assets less current liabilities</b> . . . . .		<u>973,327</u>	<u>865,072</u>	<u>1,975,981</u>	<u>1,855,855</u>
<b>Non-current liabilities</b>					
Bank borrowings . . . . .	29	30,000	169,319	247,292	328,615
Lease liabilities . . . . .	32	46,762	60,483	59,859	30,776
Provision . . . . .		31,426	33,681	39,181	40,907
Deferred income . . . . .	31	47,877	2,685	83,593	83,631
		<u>156,065</u>	<u>266,168</u>	<u>429,925</u>	<u>483,929</u>
<b>Net assets</b> . . . . .		<u>817,262</u>	<u>598,904</u>	<u>1,546,056</u>	<u>1,371,926</u>
<b>Capital and reserves</b>					
Share capital . . . . .	33	117,968	117,968	139,554	139,554
Reserves . . . . .		698,561	480,075	1,405,223	1,231,289
Equity attributable to owners of the Company . . . . .		816,529	598,043	1,544,777	1,370,843
Non-controlling interests . . . . .		733	861	1,279	1,083
<b>Total equity</b> . . . . .		<u>817,262</u>	<u>598,904</u>	<u>1,546,056</u>	<u>1,371,926</u>

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at May 31,
	NOTES	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>					
Property, plant and equipment . .	16	45,065	45,588	40,653	35,713
Deposits for rental . . . . .		1,663	4,597	6,694	3,825
Right-of-use assets . . . . .	17	9,157	36,661	62,616	28,306
Interests in subsidiaries . . . . .	19	1,387,981	1,595,955	2,038,575	2,297,587
Pledged bank deposits . . . . .	27	3,300	—	—	—
Interest in a joint venture . . . . .		—	—	9,993	9,989
Interest in an associate . . . . .	20	—	—	2,267	1,301
		<u>1,447,166</u>	<u>1,682,801</u>	<u>2,160,798</u>	<u>2,376,721</u>
<b>Current assets</b>					
Inventories and contract costs . .	21	258,643	238,428	257,601	345,783
Trade and other receivables . . . .	22	446,527	639,785	1,325,416	808,048
Contract assets . . . . .	24	3,221	2,609	7,934	4,875
Financial assets at FVTPL . . . . .	25	13,281	222,233	174,196	310,946
Bills receivables at FVTOCI . . .	26	165,746	83,147	95,198	132,995
Restricted bank deposits . . . . .	27	—	50,000	1,424	8,718
Pledged bank deposits . . . . .	27	105,350	85,029	67,040	94,652
Cash and cash equivalents . . . . .	27	373,389	119,207	685,800	651,496
		<u>1,366,157</u>	<u>1,440,438</u>	<u>2,614,609</u>	<u>2,357,513</u>
<b>Current liabilities</b>					
Bill, trade and other payables . . .	28	504,147	566,513	598,980	457,689
Amounts due to subsidiaries . . . .	23	77,865	238,899	575,219	691,677
Bank borrowings . . . . .	29	560,984	734,530	882,900	972,223
Lease liabilities . . . . .	32	7,350	4,033	12,818	8,851
Contract liabilities . . . . .	30	43,332	5,716	25,049	27,842
		<u>1,193,678</u>	<u>1,549,691</u>	<u>2,094,966</u>	<u>2,158,282</u>
<b>Net current assets (liabilities) . . .</b>		<u>172,479</u>	<u>(109,253)</u>	<u>519,643</u>	<u>199,231</u>
<b>Total assets less current liabilities . . . . .</b>					
		<u>1,619,645</u>	<u>1,573,548</u>	<u>2,680,441</u>	<u>2,575,952</u>
<b>Non-current liabilities</b>					
Bank borrowings . . . . .	29	30,000	18,000	—	11,778
Lease liabilities . . . . .	32	2,047	32,193	53,748	24,484
Provision . . . . .		31,426	33,681	39,181	40,907
Deferred income . . . . .	31	1,479	921	11,721	12,521
		<u>64,952</u>	<u>84,795</u>	<u>104,650</u>	<u>89,690</u>
<b>Net assets . . . . .</b>		<u>1,554,693</u>	<u>1,488,753</u>	<u>2,575,791</u>	<u>2,486,262</u>
<b>Capital and reserves</b>					
Share capital . . . . .	33	117,968	117,968	139,554	139,554
Reserves . . . . .	43	1,436,725	1,370,785	2,436,237	2,346,708
<b>Total equity . . . . .</b>		<u>1,554,693</u>	<u>1,488,753</u>	<u>2,575,791</u>	<u>2,486,262</u>



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Share-based payments reserve	FVTOCI reserve	Other reserves	Accumulated losses	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 . . . . .	94,868	97,534	20,945	(41,676)	6	(277,488)	(105,811)	(219)	(106,030)
Loss for the year . . . . .	-	-	-	-	-	(452,095)	(452,095)	(58)	(452,153)
Other comprehensive (expense) income . . . . .	-	-	-	(32,689)	56	-	(32,633)	-	(32,633)
Total comprehensive (expense) income for the year . . . . .	-	-	-	(32,689)	56	(452,095)	(484,728)	(58)	(484,786)
Issuance of ordinary shares ( <i>Note 33</i> ) . . . . .	23,100	1,322,330	-	-	-	-	1,345,430	-	1,345,430
Equity-settled share-based payments . . . . .	-	-	61,638	-	-	-	61,638	-	61,638
Capital contribution from a non-controlling shareholder . . . . .	-	-	-	-	-	-	-	1,010	1,010
At December 31, 2022 . . . . .	117,968	1,419,864	82,583	(74,365)	62	(729,583)	816,529	733	817,262
(Loss) profit for the year . . . . .	-	-	-	-	-	(283,891)	(283,891)	130	(283,761)
Other comprehensive income . . . . .	-	-	-	-	42	-	42	-	42
Total comprehensive income (expense) for the year . . . . .	-	-	-	-	42	(283,891)	(283,849)	130	(283,719)
Equity-settled share-based payments . . . . .	-	-	65,363	-	-	-	65,363	-	65,363
Capital contribution from a non-controlling shareholder . . . . .	-	-	-	-	-	-	-	1,000	1,000
Deregistration of a subsidiary . . . . .	-	-	-	-	-	-	-	(1,002)	(1,002)
At December 31, 2023 . . . . .	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 ( <i>Note 33</i> ) . . . . .	21,586	1,309,207	-	-	-	-	1,330,793	-	1,330,793

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## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>OPERATING ACTIVITIES</b>					
Loss before tax . . . . .	(452,150)	(283,694)	(540,793)	(244,772)	(219,921)
Adjustments for:					
Finance costs . . . . .	27,113	27,788	44,074	17,165	23,170
Interest income . . . . .	(4,596)	(1,756)	(1,956)	(331)	(538)
(Gains) losses from changes in fair value of financial assets at FVTPL . . . . .	(417)	(111,758)	(65,646)	(16,723)	36,126
Share of result of associates . . . . .	–	–	733	86	5,682
Share of result of a joint venture . . . . .	–	–	10	–	4
Depreciation of property, plant and equipment . . . . .	20,524	25,025	35,407	7,445	11,677
Depreciation of right-of-use assets . . . . .	24,855	35,415	44,536	17,186	12,827
Impairment losses under expected credit loss model, net of reversal . . . . .	5,400	14,170	149,945	(4,341)	(19,025)
Losses (gains) on disposals of property, plant and equipment . . . . .	–	147	16	(34)	–
Loss on early termination of lease . . . . .	–	–	3,307	–	4,167
Equity-settled share-based payment . . . . .	61,638	65,363	157,186	64,092	46,128
Provision for warranty . . . . .	12,520	14,010	20,195	4,941	7,106
Net foreign exchange losses . . . . .	636	3,566	12,005	5,943	3,923
Write-down of inventories . . . . .	34,894	30,825	50,227	11,489	12,419
Operating cash flow before movements in working capital . . . . .	(269,583)	(180,899)	(90,754)	(137,854)	(76,255)
Increase in inventories and contract costs . .	(191,575)	(46,395)	(51,019)	(244,773)	(83,458)
(Increase) decrease in trade and other receivables . . . . .	(248,468)	(207,550)	(769,462)	(1,480)	416,332
Decrease (increase) in bills receivables at FVTOCI . . . . .	14,683	109,968	(59,801)	(46,896)	(38,040)
Increase (decrease) in bill, trade and other payables . . . . .	224,260	105,018	182,350	(21,230)	(128,139)
(Increase) decrease in contract assets . . . . .	(90)	395	(5,858)	(161)	3,809
Increase (decrease) in contract liabilities . .	25,902	(36,686)	22,569	40,342	1,497
Decrease in provision . . . . .	(10,381)	(11,755)	(14,695)	(2,671)	(5,380)
(Decrease) increase in deferred income . . . .	(8,470)	(2,600)	80,908	200	38
Cash (used in) from operations . . . . .	(463,722)	(270,504)	(705,762)	(414,523)	90,404
Income tax paid . . . . .	(3)	(67)	(27)	–	–
Net cash (used in) from operating activities .	(463,725)	(270,571)	(705,789)	(414,523)	90,404

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>INVESTING ACTIVITIES</b>					
Interest received. . . . .	4,596	1,756	1,956	331	538
Proceeds from disposal of property, plant and equipment . . . . .	12	174	730	262	–
Purchase of property, plant and equipment. .	(157,161)	(150,365)	(161,934)	(62,565)	(107,032)
Purchase of right-of-use assets . . . . .	(20,294)	(32,580)	(13,678)	–	–
Placement of restricted bank deposits . . . .	(734)	(106,411)	(2,833)	–	(7,682)
Withdrawal of restricted bank deposits . . . .	–	55,895	52,659	51,250	15
Payments for pledged bank deposits . . . . .	(108,685)	(85,030)	(91,396)	(28,756)	(262,365)
Withdrawal of pledged bank deposits . . . . .	60,317	108,685	104,719	66,272	135,260
Purchase of financial assets at FVTPL . . . .	(158,000)	(182,100)	(85,000)	–	(140,000)
Purchase of equity instrument at FVTOCI . .	–	(24,365)	–	–	–
Payments for rental deposits . . . . .	(1,239)	(3,314)	(10,213)	(4,313)	(982)
Refund of rental deposits . . . . .	2,059	4,665	2,695	14	4,600
Prepayment for acquisition of property, plant and equipment . . . . .	–	–	–	–	(8,000)
Repayments from related parties. . . . .	1,000	–	–	–	–
Withdrawal of financial assets at FVTPL. . .	–	2,000	–	–	120,000
Investment in a joint venture . . . . .	–	–	(10,003)	–	–
Investment in associates . . . . .	–	–	(103,000)	(3,000)	–
Net cash (used in) from investing activities .	(378,129)	(410,990)	(315,298)	19,495	(265,648)
<b>FINANCING ACTIVITIES</b>					
Interest paid . . . . .	(24,137)	(23,756)	(38,118)	(15,648)	(15,882)
Repayment of lease liabilities . . . . .	(18,297)	(45,487)	(48,507)	(21,997)	(36,801)
Bank borrowings raised. . . . .	711,862	1,072,828	1,642,345	420,507	913,156
Repayment of bank borrowings . . . . .	(674,227)	(652,823)	(1,141,039)	(233,483)	(759,355)
Capital contribution from a non-controlling shareholder. . . . .	1,010	1,000	–	–	–
Distribution to a non-controlling shareholder. . . . .	–	(1,002)	–	–	–
Proceeds from issuance of ordinary shares. .	1,345,430	–	1,330,793	746,132	–
Issue costs paid . . . . .	–	–	(4,409)	(684)	(1,853)
Net cash from financing activities . . . . .	1,341,641	350,760	1,741,065	894,827	99,265
Net increase (decrease) in cash and cash equivalents. . . . .	499,787	(330,801)	719,978	499,799	(75,979)
Cash and cash equivalents at the beginning of the year/period . . . . .	88,018	587,863	257,038	257,038	977,006
Effects of change in foreign exchange rate .	58	(24)	(10)	(17)	(293)
Cash and cash equivalents at the end of the year/period . . . . .	587,863	257,038	977,006	756,820	900,734

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

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, 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 address of the registered office and the principal place of business of the Company is disclosed in the section headed “Corporate Information” in the Document. 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 and vehicle connectivity support services in the PRC throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 41.

The Historical Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards issued by the IASB.

No statutory financial statements of the Company have been prepared for the years ended December 31, 2022, 2023 and 2024 as there is no statutory audit requirement.

## 3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting periods beginning on January 1, 2025, throughout the Track Record Period.

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

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7 . . .	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7 . . .	Contracts Referencing Nature – dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28 . . .	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards . . . . .	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>2</sup>
IFRS 18 . . . . .	Presentation and Disclosure in Financial Statements <sup>3</sup>

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 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 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. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

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

#### 4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information 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.

##### **Basis of consolidation**

The Historical Financial Information incorporates 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 statements 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 item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of 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.

**Interests in subsidiaries**

Interests in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

**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 Historical Financial Information 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 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.

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 Historical Financial Information 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 6, 24 and 30.



**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.

***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 or another systematic basis over the lease term.

***Right-of-use assets***

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; 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 statements 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.

***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 lease payments are fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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 statements of financial position.

#### *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 Historical Financial Information, 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.

#### **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.

**Share-based payments*****Equity-settled share-based payment transactions******Restricted share units 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 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 Historical Financial Information 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**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 statements 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).

***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 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.

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 statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; 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 statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### **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.

### **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.

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 by regulation or convention in the market place.

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***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.

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 that is not 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.

(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. 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.

*Impairment of financial assets and other items subject to impairment assessment under IFRS 9*

The Group performs impairment assessment under expected credit loss ("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 both the current conditions at the reporting date as well as the forecast of future 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.

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 foregoing, 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.

## (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.

## (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 and forward looking information 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 costs 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.

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.

##### *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 Company are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

*Financial liabilities at amortized cost*

Financial liabilities including bill, trade and other payables, bank borrowings and amounts due to subsidiaries 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.

**5. KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 4, 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.

**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 each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

**ECL for trade receivables**

Trade receivables and contract assets with different credit risk characteristics are assessed for ECL individually.

In addition, 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 36.

**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 16 and 17 respectively, and no impairment loss was recognised by the management of the Group during the Track Record Period.

#### 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 36.

## 6. REVENUE AND SEGMENT INFORMATION

### (i) Disaggregation of revenue from contracts with customers

	Year ended December 31			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<b>Types of solutions/products lines</b>					
Smart cockpit solutions . . . . .	1,078,549	1,352,398	2,441,408	531,564	723,718
Vehicle connectivity support services . . . . .	89,326	122,370	110,228	27,036	27,535
Others . . . . .	49,882	21,049	5,367	2,255	2,323
	<u>1,217,757</u>	<u>1,495,817</u>	<u>2,557,003</u>	<u>560,855</u>	<u>753,576</u>
<b>Timing of revenue recognition</b>					
A point in time . . . . .	1,128,431	1,373,447	2,446,775	533,819	726,041
Overtime . . . . .	89,326	122,370	110,228	27,036	27,535
	<u>1,217,757</u>	<u>1,495,817</u>	<u>2,557,003</u>	<u>560,855</u>	<u>753,576</u>

### (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, which designs, develops, and manufactures vehicles ("OEMs") and Tier-1 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.

#### *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.

#### (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*

All revenue was generated in the PRC during the Track Record Period. The Group's non-current assets are all located in the PRC.

#### *Information about major customers*

During the Track Record Period, revenue from customers of the corresponding year/period contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A . . . . .	404,432	428,223	365,502	120,739	N/A <sup>1</sup>
Customer B . . . . .	310,143	167,366	265,786	N/A <sup>1</sup>	N/A <sup>1</sup>
Customer C . . . . .	N/A <sup>1</sup>	N/A <sup>1</sup>	998,548	205,600	375,402

1 The corresponding revenue did not contribute over 10% of total revenue of the Group for the relevant year/period.



## 7. OTHER INCOME

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Government grants and value-added tax additional deduction (Note) . . . . .	40,351	26,973	56,623	19,642	34,969
Interest income from bank deposits . . . . .	4,596	1,756	1,956	331	538
Rental income . . . . .	1,742	2,091	69	29	94
Others . . . . .	260	–	1,236	948	242
	<u>46,949</u>	<u>30,820</u>	<u>59,884</u>	<u>20,950</u>	<u>35,843</u>

*Note:* The amount mainly represents various subsidies received from the PRC local government authorities as incentives for the Group's research and development activities and value-added tax additional deduction.

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 31.

## 8. OTHER GAINS AND LOSSES

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Gains (losses) from changes in fair value of financial assets at FVTPL . . . . .	417	111,758	65,646	16,723	(36,126)
Net foreign exchange losses . . . . .	(638)	(3,500)	(12,002)	(5,945)	(3,967)
Donations . . . . .	(17)	–	(500)	(500)	–
(Losses) gains on disposal of property, plant and equipment and early termination of lease . . . . .	–	(147)	(3,323)	34	(4,167)
Others . . . . .	60	320	1,032	(594)	563
	<u>(178)</u>	<u>108,431</u>	<u>50,853</u>	<u>9,718</u>	<u>(43,697)</u>

## 9. FINANCE COSTS

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest expense on bank borrowings . . . . .	24,137	23,756	39,889	15,648	21,415
Interest expense on lease liabilities . . . . .	2,976	4,032	4,185	1,517	1,755
	<u>27,113</u>	<u>27,788</u>	<u>44,074</u>	<u>17,165</u>	<u>23,170</u>

## 10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Impairment losses (recognised) reversed, net:					
– trade receivables . . . . .	(5,033)	(14,394)	(149,232)	4,410	19,159
– other receivables . . . . .	(367)	224	(713)	(69)	(134)
	<u>(5,400)</u>	<u>(14,170)</u>	<u>(149,945)</u>	<u>4,341</u>	<u>19,025</u>

Details of impairment assessment are set out in Note 36.

## 11. INCOME TAX

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax . . . . .	3	67	27	–	–
	<u>3</u>	<u>67</u>	<u>27</u>	<u>–</u>	<u>–</u>

Under the Law of the PRC on enterprise income tax (“EIT”) and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in the PRC was 25%, except for certain subsidiaries entitled to different preferential tax rates.

Under the relevant tax laws and implementation regulations in German and Hong Kong, the applicable tax rate of the Group’s subsidiaries were 30.7% and 16.5% for the Track Record Period. Neither provision for Germany Profits Tax nor Hong Kong income tax has been made in the consolidated statements of profit or loss and other comprehensive income as the Group had no assessable profit arising in these jurisdictions for the Track Record Period.

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 Track Record Period.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2022 to September 30, 2022 and for the period from October 1, 2022 to May 31, 2025, respectively.

Certain subsidiaries of the Group that are subject to “small and thin-profit enterprises” were entitled a preferential tax rate of 20% under the EIT Law. For the year ended December 31, 2022, the qualifying group entities enjoyed 87.5% reduction on annual taxable income. For the years ended December 31, 2023 and 2024 and the five months ended May 31, 2024 and 2025, the qualifying group entities enjoyed 75% reduction on annual taxable income.

The income tax credit for the Track Record Period can be reconciled to the loss before tax as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before tax . . . . .	(452,150)	(283,694)	(540,793)	(244,772)	(219,921)
Tax at PRC EIT of 25% . . . . .	(113,037)	(70,924)	(135,198)	(61,193)	(54,980)
Tax effect of share of result of an associate . . . . .	—	—	183	22	1,421
Tax effect of share of result of a joint venture . . . . .	—	—	3	—	1
Tax effect of expenses not deductible for tax purpose . . . .	2,012	3,049	2,303	895	662
Tax effect of temporary differences not recognised . . . . .	25,176	24,322	85,793	16,171	7,086
Tax effect of tax losses not recognised . . . . .	136,721	87,552	92,439	60,198	67,819
Utilisation of tax losses previously not recognised . . . . .	(4,878)	(2,372)	(10,856)	(45)	(86)
Additional deduction of research and development expenses . . . .	(45,991)	(41,560)	(34,640)	(16,048)	(21,923)
Income tax for the year/period . . .	<u>3</u>	<u>67</u>	<u>27</u>	<u>—</u>	<u>—</u>

## 12. LOSS BEFORE TAX

Loss before tax for the year/period has been arrived at after charging:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors' and supervisors' remuneration ( <i>Note 13</i> ) . . . . .	23,475	23,776	45,858	25,348	15,485
Other staff costs:					
Salaries and other benefits . . . .	418,032	417,889	448,169	150,621	199,446
Discretionary bonus . . . . .	48,533	47,626	49,267	16,936	19,896
Retirement benefit scheme contributions . . . . .	44,487	45,862	47,354	18,961	21,318
Equity-settled share-based payments . . . . .	<u>56,286</u>	<u>58,840</u>	<u>130,707</u>	<u>47,541</u>	<u>38,773</u>
Total staff costs . . . . .	590,813	593,993	721,355	259,407	294,918
Capitalised in inventories and contract costs . . . . .	<u>122,160</u>	<u>180,827</u>	<u>121,367</u>	<u>70,320</u>	<u>80,978</u>
	<u>468,653</u>	<u>413,166</u>	<u>599,988</u>	<u>189,087</u>	<u>213,940</u>
Listing expenses . . . . .	—	—	31,221	13,033	9,244
Depreciation of property, plant and equipment . . . . .	25,517	30,276	39,539	11,629	17,203
Depreciation of right-of-use assets .	<u>24,855</u>	<u>35,415</u>	<u>55,430</u>	<u>24,245</u>	<u>23,946</u>
Total depreciation and amortisation . . . . .	50,372	65,691	94,969	35,874	41,149
Capitalised in inventories and contract costs . . . . .	<u>4,993</u>	<u>5,251</u>	<u>15,026</u>	<u>11,243</u>	<u>16,645</u>
	<u>45,379</u>	<u>60,440</u>	<u>79,943</u>	<u>24,631</u>	<u>24,504</u>

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Auditor's remunerations . . . . .	875	1,285	439	266	455
Cost of inventories and contract costs recognised as expenses (including write-down of inventories and contract costs amounting to RMB34,894,000, RMB30,825,000, RMB50,227,000, RMB11,489,000 (unaudited) and RMB12,419,000 in 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively) . . . . .	<u>1,042,429</u>	<u>1,260,762</u>	<u>2,248,105</u>	<u>530,517</u>	<u>652,863</u>

### 13. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

#### Executive and non-executive directors and supervisors

Names	Positions	Dates of appointment
Mr. Ying Zhenkai . . . . .	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
Mr. Ye Tian . . . . .	Non-executive director	February 26, 2024 <sup>3</sup>
Mr. Wang Yue . . . . .	Non-executive director	June 7, 2022
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 <sup>1</sup>
Mr. Li Yuanpeng . . . . .	Independent non-executive director	October 27, 2021
Mr. Wang Yanfeng . . . . .	Independent non-executive director	October 27, 2021
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. Liang Chen . . . . .	Supervisor	October 27, 2021
Ms. Xu Tingting . . . . .	Supervisor	October 27, 2021
Ms. Wu Yunyun . . . . .	Supervisor	October 27, 2021
Mr. Shi Wan . . . . .	Supervisor	September 21, 2022
Mr. Huang Baogang . . . . .	Supervisor	August 23, 2023 <sup>2</sup>
Ms. Li Zijie . . . . .	Supervisor	June 24, 2024

1 The appointment will become effective upon the Listing Date.

2 In June 2024, the supervisor resigned from the Group.

3 In August 2024, the non-executive director resigned from the Group.

# APPENDIX I

# ACCOUNTANTS' REPORT

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 Track Record Period are as follows:

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2022						
Executive directors:						
Mr. Ying Zhenkai . . . . .	–	5,398	429	63	–	5,890
Mr. Zhang Fukai . . . . .	–	2,754	111	63	1,878	4,806
Ms. Xu Zhenhui . . . . .	–	1,489	121	63	955	2,628
Mr. Lai Weilin . . . . .	–	2,004	156	63	861	3,084
Mr. Gao Yinghui . . . . .	–	1,572	131	63	652	2,418
Non-executive directors:						
Mr. Ye Tian . . . . .	–	–	–	–	–	–
Mr. Wang Yue . . . . .	–	–	–	–	–	–
Mr. Ma Xiaoyong . . . . .	–	–	–	–	–	–
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 . . . . .	83	–	–	–	–	83
Supervisors:						
Mr. Liang Chen . . . . .	–	1,568	121	63	652	2,404
Ms. Xu Tingting . . . . .	–	891	61	63	271	1,286
Ms. Wu Yunyun . . . . .	–	153	12	28	83	276
Mr. Shi Wan . . . . .	–	–	–	–	–	–
	<u>683</u>	<u>15,829</u>	<u>1,142</u>	<u>469</u>	<u>5,352</u>	<u>23,475</u>

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2023						
Executive directors:						
Mr. Ying Zhenkai . . . . .	–	5,233	429	68	–	5,730
Mr. Zhang Fukai . . . . .	–	1,404	89	66	1,878	3,437
Ms. Xu Zhenhui . . . . .	–	1,736	196	68	2,126	4,126
Mr. Lai Weilin . . . . .	–	1,991	156	68	861	3,076
Mr. Gao Yinghui . . . . .	–	1,765	94	68	652	2,579
Non-executive directors:						
Mr. Ye Tian . . . . .	–	–	–	–	–	–
Mr. Wang Yue . . . . .	–	–	–	–	–	–
Mr. Ma Xiaoyong . . . . .	–	–	–	–	–	–
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

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors:						
Mr. Liang Chen . . . . .	–	1,730	108	50	652	2,540
Ms. Xu Tingting . . . . .	–	829	55	68	271	1,223
Ms. Wu Yunyun . . . . .	–	189	14	29	83	315
Mr. Shi Wan . . . . .	–	–	–	–	–	–
Mr. Huang Baogang . . . . .	–	–	–	–	–	–
	<u>750</u>	<u>14,877</u>	<u>1,141</u>	<u>485</u>	<u>6,523</u>	<u>23,776</u>

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

For the year ended  
December 31, 2024

Executive directors:						
Mr. Ying Zhenkai . . . . .	–	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 . . . . .	–	–	–	–	–	–
Ms. Li Zijie . . . . .	–	–	–	–	–	–
	<u>750</u>	<u>15,511</u>	<u>2,596</u>	<u>522</u>	<u>26,479</u>	<u>45,858</u>

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
For five months ended May 31, 2024						
Executive directors:						
Mr. Ying Zhenkai . . . . .	—	2,175	178	29	—	2,382
Mr. Zhang Fukai . . . . .	—	708	142	29	6,189	7,068
Ms. Xu Zhenhui . . . . .	—	816	100	29	7,684	8,629
Mr. Lai Weilin . . . . .	—	820	563	29	496	1,908
Mr. Gao Yinghui . . . . .	—	689	49	29	1,577	2,344
Non-executive directors:						
Mr. Ye Tian . . . . .	—	—	—	—	—	—
Mr. Wang Yue . . . . .	—	—	—	—	—	—
Mr. Ma Xiaoyong . . . . .	—	—	—	—	—	—
Independent Non-executive Directors:						
Mr. Li Yuanpeng . . . . .	63	—	—	—	—	63
Mr. Wang Yanfeng . . . . .	63	—	—	—	—	63
Mr. Pang Chunlin . . . . .	63	—	—	—	—	63
Mr. Zhang Xiaoliang . . . . .	63	—	—	—	—	63
Mr. Liu Gongshen . . . . .	63	—	—	—	—	63
Ms. Xu Lili . . . . .	—	—	—	—	—	—
Supervisors:						
Mr. Liang Chen . . . . .	—	818	159	30	384	1,391
Ms. Xu Tingting . . . . .	—	341	23	30	162	556
Ms. Wu Yunyun . . . . .	—	80	606	10	59	755
Mr. Shi Wan . . . . .	—	—	—	—	—	—
Mr. Huang Baogang . . . . .	—	—	—	—	—	—
	<u>315</u>	<u>6,447</u>	<u>1,820</u>	<u>215</u>	<u>16,551</u>	<u>25,348</u>

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

For five months ended  
May 31, 2025

Executive directors:						
Mr. Ying Zhenkai . . . . .	—	2,175	179	30	—	2,384
Mr. Zhang Fukai . . . . .	—	616	81	30	2,751	3,478
Ms. Xu Zhenhui . . . . .	—	816	59	30	3,415	4,320
Mr. Lai Weilin . . . . .	—	988	288	30	220	1,526
Mr. Gao Yinghui . . . . .	—	688	49	30	701	1,468
Non-executive directors:						
Mr. Wang Yue . . . . .	—	—	—	—	—	—
Mr. Ma Xiaoyong . . . . .	—	—	—	—	—	—
Mr. Wang Bihui . . . . .	—	—	—	—	—	—



	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Independent Non-executive Directors:						
Mr. Li Yuanpeng . . . . .	63	—	—	—	—	63
Mr. Wang Yanfeng . . . . .	63	—	—	—	—	63
Mr. Pang Chunlin . . . . .	63	—	—	—	—	63
Mr. Zhang Xiaoliang . . . . .	63	—	—	—	—	63
Mr. Liu Gongshen . . . . .	63	—	—	—	—	63
Ms. Xu Lili . . . . .	—	—	—	—	—	—
Supervisors:						
Mr. Liang Chen . . . . .	—	816	270	30	170	1,286
Ms. Xu Tingting . . . . .	—	367	28	30	72	497
Ms. Wu Yunyun . . . . .	—	113	61	11	26	211
Mr. Shi Wan . . . . .	—	—	—	—	—	—
Ms. Li Zijie . . . . .	—	—	—	—	—	—
	<u>315</u>	<u>6,579</u>	<u>1,015</u>	<u>221</u>	<u>7,355</u>	<u>15,485</u>

The executive directors' emoluments shown above were paid for their services in connection with the management of affairs of the Group and the Company during the Track Record Period. The non-executive directors' 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 Track Record Period, certain directors were granted restricted shares, in respect of their services to the Group under the share incentive plan of the Company. Details of the share incentive plan are set out in note 34 to the Historical Financial Information.

#### Five highest paid employees

The five highest paid individuals of the Group included three, three, three, two (unaudited) and three directors of the Company during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining two, two, two, three (unaudited) and two highest paid individuals during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively, are as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other benefits . . . . .	6,099	6,063	5,252	2,769	1,928
Discretionary bonus . . . . .	413	685	1,040	503	293
Retirement benefit scheme contributions . . . . .	126	136	142	87	50
Equity-settled share-based payments . . . . .	<u>2,792</u>	<u>3,052</u>	<u>13,581</u>	<u>10,403</u>	<u>6,018</u>
	<u>9,430</u>	<u>9,936</u>	<u>20,015</u>	<u>13,762</u>	<u>8,289</u>

The number of the highest paid employees fell within the following bands is as follows:

	Year ended 31 December			Five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees</i>
Hong Kong Dollar ("HKD")					
HKD2,500,001 to HKD3,000,000 . . . .	–	–	–	1	1
HKD3,000,001 to HKD3,500,000 . . . .	1	–	–	–	–
HKD3,500,001 to HKD4,000,000 . . . .	–	2	–	1	1
HKD4,000,001 to HKD4,500,000 . . . .	–	–	–	–	1
HKD4,500,001 to HKD5,000,000 . . . .	1	1	–	–	2
HKD5,000,001 to HKD5,500,000 . . . .	1	–	–	–	–
HKD5,500,001 to HKD6,000,000 . . . .	1	–	–	–	–
HKD6,000,001 to HKD6,500,000 . . . .	–	1	1	–	–
HKD6,500,001 to HKD7,000,000 . . . .	1	–	1	–	–
HKD7,500,001 to HKD8,000,000 . . . .	–	1	–	1	–
HKD8,000,001 to HKD8,500,000 . . . .	–	–	–	1	–
HKD9,000,001 to HKD9,500,000 . . . .	–	–	–	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	–	–
	5	5	5	5	5
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

During the Track Record Period, no emoluments were paid by the Group to any of the executive director, non-executive directors, independent non-executive directors, 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 Track Record Period.

#### 14. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period.

#### 15. 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,			Five months ended May 31,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Loss:					
Loss for the purposes of					
calculating basic loss per share					
attributable to owners of the					
Company (RMB'000) . . . . .	<u>(452,095)</u>	<u>(283,891)</u>	<u>(541,238)</u>	<u>(244,826)</u>	<u>(219,725)</u>
Number of shares ('000):					
Weighted average number of					
ordinary shares for the purpose					
of basic loss per share					
calculation . . . . .	<u>105,563</u>	<u>117,968</u>	<u>131,818</u>	<u>124,313</u>	<u>139,554</u>

No diluted earnings per share for the Track Record Period as there were no potential ordinary shares in issue for each of the three years ended December 31, 2024 or the five months ended May 31, 2024 and 2025.

## 16. PROPERTY, PLANT AND EQUIPMENT

## The Group

	Buildings	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>COST</b>						
At January 1, 2022 . . . . .	–	61,060	31,066	13,994	2,348	108,468
Additions . . . . .	–	7,675	2,110	–	147,169	156,954
Transfers . . . . .	–	1,820	1,381	8,738	(11,939)	–
Disposals . . . . .	–	(144)	–	–	–	(144)
At December 31, 2022 . . . . .	–	70,411	34,557	22,732	137,578	265,278
Additions . . . . .	–	12,093	20,713	–	122,256	155,062
Transfers . . . . .	12,315	36,112	10,364	9,364	(68,155)	–
Disposals . . . . .	–	(6,236)	(479)	–	–	(6,715)
At December 31, 2023 . . . . .	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 . . . . .	–	2,274	57,678	–	52,717	112,669
Transfers . . . . .	127,656	1,718	3,431	2,294	(135,099)	–
Disposals . . . . .	–	(206)	–	–	(2,330)	(2,536)
At May 31, 2025 . . . . .	139,971	119,006	163,143	52,672	202,412	677,204
<b>DEPRECIATION</b>						
At January 1, 2022 . . . . .	–	39,705	5,975	6,264	–	51,944
Provided for the year . . . . .	–	13,524	5,319	6,674	–	25,517
Eliminated on disposals . . . . .	–	(132)	–	–	–	(132)
At December 31, 2022 . . . . .	–	53,097	11,294	12,938	–	77,329
Provided for the year . . . . .	682	15,471	6,239	7,884	–	30,276
Eliminated on disposals . . . . .	–	(5,937)	(457)	–	–	(6,394)
At December 31, 2023 . . . . .	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 period . . . . .	666	7,571	6,121	2,845	–	17,203
Eliminated on disposals . . . . .	–	(206)	–	–	–	(206)
At May 31, 2025 . . . . .	1,933	82,805	32,789	33,312	–	150,839

	Buildings	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CARRYING VALUES						
At January 1, 2022 . . . . .	—	21,355	25,091	7,730	2,348	56,524
At December 31, 2022 . . . . .	—	17,314	23,263	9,794	137,578	187,949
At December 31, 2023 . . . . .	11,633	49,749	48,079	11,274	191,679	312,414
At December 31, 2024 . . . . .	11,048	39,780	75,366	19,911	287,124	433,229
At May 31, 2025 . . . . .	138,038	36,201	130,354	19,360	202,412	526,365

## The Company

	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At January 1, 2022 . . . . .	44,562	13,303	4,938	—	62,803
Additions . . . . .	3,794	18	—	27,150	30,962
Transfers . . . . .	—	—	27	(27)	—
Disposals . . . . .	(116)	—	—	—	(116)
At December 31, 2022 . . . . .	48,240	13,321	4,965	27,123	93,649
Additions . . . . .	1,845	—	—	9,106	10,951
Transfers . . . . .	34,380	—	1,849	(36,229)	—
Disposals . . . . .	(3,442)	(465)	—	—	(3,907)
At December 31, 2023 . . . . .	81,023	12,856	6,814	—	100,693
Additions . . . . .	3,852	—	—	6,129	9,981
Transfers . . . . .	—	—	6,129	(6,129)	—
Disposals . . . . .	(5,315)	(438)	—	—	(5,753)
At December 31, 2024 . . . . .	79,560	12,418	12,943	—	104,921
Additions . . . . .	1,399	—	—	2,330	3,729
Disposals . . . . .	(199)	—	—	(2,330)	(2,529)
At May 31, 2025 . . . . .	80,760	12,418	12,943	—	106,121
DEPRECIATION					
At January 1, 2022 . . . . .	30,828	2,157	4,662	—	37,647
Provided for the year . . . . .	9,400	1,452	192	—	11,044
Eliminated on disposals . . . . .	(107)	—	—	—	(107)
At December 31, 2022 . . . . .	40,121	3,609	4,854	—	48,584
Provided for the year . . . . .	8,889	1,432	71	—	10,392
Eliminated on disposals . . . . .	(3,419)	(452)	—	—	(3,871)
At December 31, 2023 . . . . .	45,591	4,589	4,925	—	55,105
Provided for the year . . . . .	11,477	1,756	1,331	—	14,564
Eliminated on disposals . . . . .	(5,060)	(341)	—	—	(5,401)
At December 31, 2024 . . . . .	52,008	6,004	6,256	—	64,268
Provided for the period . . . . .	4,531	1,019	789	—	6,339
Eliminated on disposals . . . . .	(199)	—	—	—	(199)
At May 31, 2025 . . . . .	56,340	7,023	7,045	—	70,408

	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CARRYING VALUES					
At January 1, 2022 . . . . .	13,734	11,146	276	–	25,156
At December 31, 2022 . . . . .	8,119	9,712	111	27,123	45,065
At December 31, 2023 . . . . .	35,432	8,267	1,889	–	45,588
At December 31, 2024 . . . . .	27,552	6,414	6,687	–	40,653
At May 31, 2025 . . . . .	24,420	5,395	5,898	–	35,713

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, 2022, 2023 and 2024 and May 31, 2025, the Group has pledged buildings with carrying amounts of nil, RMB11,633,000, RMB11,048,000 and RMB138,038,000 respectively, machinery with carrying amounts of nil, nil, RMB64,556,000 and RMB24,808,000 respectively and construction in progress with carrying amounts of nil, RMB93,263,000, RMB184,222,000 and RMB188,704,000 respectively to secure bank borrowing to the Group.

#### Impairment tests for property, plant and equipment and right-of-use assets

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment . . . . .	187,949	312,414	433,229	526,365
Right-of-use assets . . . . .	89,405	145,619	167,170	126,580
	277,354	458,033	600,399	652,945

The Group focuses on providing smart cockpit and vehicle connectivity support services, which the Group operates as a whole. As at December 31, 2022, 2023 and 2024 and May 31, 2025, the Group was identified as a single cash-generating unit (“CGU”), which property, plant and equipment and right-of-use assets belong to, for the purpose of impairment testing.

Due to the loss of the CGU throughout the year ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, 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 RMB277,354,000, RMB458,033,000, RMB600,399,000 and RMB652,945,000 as at December 31, 2022, 2023, 2024 and May 31, 2025 respectively.

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% 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 13.65%, 14.57%, 14.45% and 14.06% 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, 2022, 2023 and 2024 and May 31, 2025 respectively.

As at December 31, 2022, 2023 and 2024 and May 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, 2022, 2023 and 2024 and May 31, 2025 respectively. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

## 17. RIGHT-OF-USE ASSETS

### The Group

	Leasehold lands	Leased properties	Leased machineries	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	
As at December 31, 2022					
Carrying amounts . . . . .	28,051	61,354	—	89,405	
As at December 31, 2023					
Carrying amounts . . . . .	59,331	86,288	—	145,619	
As at December 31, 2024					
Carrying amounts . . . . .	71,395	82,743	13,032	167,170	
As at May 31, 2025					
Carrying amounts . . . . .	70,694	44,533	11,353	126,580	
For the year ended December 31, 2022					
Depreciation charge . . . . .	(312)	(24,543)	—	(24,855)	
For the year ended December 31, 2023					
Depreciation charge . . . . .	(1,300)	(34,115)	—	(35,415)	
For the year ended December 31, 2024					
Depreciation charge . . . . .	(1,614)	(33,298)	(20,518)	(55,430)	
For the five months ended May 31, 2025					
Depreciation charge . . . . .	(701)	(16,538)	(6,707)	(23,946)	
	As at December 31,			As at May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Expense relating to short-term leases . . . . .	9,624	4,949	4,513	1,952	2,613
Total cash outflow for leases . . . .	48,215	83,016	66,698	23,949	39,414
Additions to leasehold lands . . . .	20,294	32,580	13,678	—	—
Additions to leasehold properties .	21,291	59,257	50,775	8,838	6,996
Additions to leasehold machineries . . . . .	—	—	33,550	26,469	5,216

For the Track Record Period, 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, 2022, 2023 and 2024 and May 31, 2025, the Group has pledged leasehold lands with carrying amounts of nil, RMB27,294,000, RMB57,922,000 and RMB57,335,000 respectively to secure bank borrowing to the Group.

The Group regularly entered into short-term leases for staff apartments. As at 31 December 2022, 2023 and 2024 and May 31, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

#### Restrictions or covenants on leases

In addition, lease liabilities of RMB77,053,000, RMB94,647,000, RMB116,935,000 and RMB63,865,000 are recognised with related right-of-use assets of RMB61,354,000, RMB86,288,000, RMB95,775,000 and RMB55,886,000 as at December 31, 2022, 2023 and 2024 and May 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 32.

#### The Company

	Leased properties
	<i>RMB'000</i>
As at December 31, 2022	
Carrying amounts . . . . .	9,157
As at December 31, 2023	
Carrying amounts . . . . .	36,661
As at December 31, 2024	
Carrying amounts . . . . .	62,616
As at May 31, 2025	
Carrying amounts . . . . .	28,306
For the year ended December 31, 2022	
Depreciation charge . . . . .	(6,962)
For the year ended December 31, 2023	
Depreciation charge . . . . .	(7,505)
For the year ended December 31, 2024	
Depreciation charge . . . . .	(12,901)
For the five months ended May 31, 2025	
Depreciation charge . . . . .	(7,576)

#### 18. DEFERRED TAX

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets . . . . .	—	—	—	—	—	—	—	—
Deferred tax liabilities . . . . .	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—



## The Group

	Fair value change of FVTPL	Right-of-use assets	Lease liabilities	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 . . . . .	—	(14,843)	14,748	95	—
(Charge) Credit to profit or loss . . . . .	(63)	421	(326)	(32)	—
At December 31, 2022 . . . . .	(63)	(14,422)	14,422	63	—
(Charge) Credit to profit or loss . . . . .	(16,763)	(3,483)	3,418	16,828	—
At December 31, 2023 . . . . .	(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 . . . . .	11,566	6,540	(6,540)	(11,566)	—
At May 31, 2025 . . . . .	(14,620)	(11,142)	11,142	14,620	—
At January 1, 2024 . . . . .	(16,826)	(17,905)	17,840	16,891	—
(Charge) Credit to profit or loss (unaudited) . . . . .	(2,509)	680	(615)	2,444	—
At May 31, 2024 (unaudited) . . . . .	(19,335)	(17,225)	17,225	19,335	—

As at 31 December 2022, 2023 and 2024 and May 31, 2025, the Group has unused tax losses of RMB2,203,999,000, RMB2,657,332,000, RMB2,979,474,000 and RMB3,174,393,000 available for offset against future profits. A deferred tax asset has been recognised in respect of RMB417,000, RMB112,609,000, RMB174,572,000 and RMB98,559,000 of such losses as at December 31, 2022, 2023 and 2024 and May 31, 2025. No deferred tax asset has been recognised in respect of the remaining RMB2,203,582,000, RMB2,544,723,000, RMB2,804,902,000 and RMB3,075,834,000 due to the unpredictability of future profit streams.

The unrecognised tax losses will be expired as follows:

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
2023 . . . . .	53,969	—	—	—
2024 . . . . .	66,153	66,153	—	—
2025 . . . . .	107,342	103,812	87,101	87,097
2026 . . . . .	213,263	207,307	180,594	180,262
2027 . . . . .	268,640	268,640	268,640	268,632
2028 . . . . .	99,653	163,213	163,213	163,213
2029 . . . . .	253,101	253,101	484,613	484,613
2030 . . . . .	459,207	459,207	459,207	517,709
2031 . . . . .	308,876	308,876	308,876	308,876
2032 . . . . .	373,378	373,378	373,378	373,378
2033 . . . . .	—	341,036	341,036	341,036
2034 . . . . .	—	—	138,244	138,244
2035 . . . . .	—	—	—	212,774
	<u>2,203,582</u>	<u>2,544,723</u>	<u>2,804,902</u>	<u>3,075,834</u>

As at December 31, 2022, 2023 and 2024 and May 31, 2025, the Group has deductible temporary differences of RMB244,734,000, RMB342,024,000, RMB685,194,000 and RMB713,537,000. 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.

### The Company

	Fair value change of FVTPL	Right-of-use assets	Lease liabilities	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 . . . . .	—	(2,027)	1,932	95	—
(Charge) Credit to profit or loss . . . . .	(63)	653	(558)	(32)	—
At December 31, 2022 . . . . .	(63)	(1,374)	1,374	63	—
(Charge) Credit to profit or loss . . . . .	(16,763)	(4,125)	4,060	16,828	—
At December 31, 2023 . . . . .	(16,826)	(5,499)	5,434	16,891	—
(Charge) Credit to profit or loss . . . . .	(9,360)	(3,893)	3,958	9,295	—
At December 31, 2024 . . . . .	(26,186)	(9,392)	9,392	26,186	—
Credit (Charge) to profit or loss . . . . .	11,156	5,147	(5,147)	(11,156)	—
At May 31, 2025. . . . .	(15,030)	(4,245)	4,245	15,030	—
At January 1, 2024 . . . . .	(16,826)	(5,499)	5,434	16,891	—
(Charge) Credit to profit or loss (unaudited) . . . . .	(2,509)	1,252	(1,187)	2,444	—
At May 31, 2024 (unaudited) . . . . .	(19,335)	(4,247)	4,247	19,335	—

## 19. INTERESTS IN SUBSIDIARIES

### The Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investments . . . . .	634,705	634,705	1,008,306	1,038,306
Amounts due from subsidiaries (Note) . . . . .	753,276	961,250	1,030,269	1,259,281
	<u>1,387,981</u>	<u>1,595,955</u>	<u>2,038,575</u>	<u>2,297,587</u>

*Amounts due from subsidiaries*

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Non trade-related</i>				
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd. . . .	101,809	—	—	—
PATEO CONNECT (Xiamen) Co., Ltd. . . . .	407,322	701,263	678,904	917,998
PATEO CONNECT (Nanjing) Co., Ltd. . . . .	—	4,831	—	7,149
Shanghai Qingganwik Smart Intelligent Technology Co., Ltd. . .	111,357	111,267	69,665	70,485
PATEO CONNECT (Dalian) Co., Ltd. . . . .	39,580	45,980	28,198	15,398
Shenyang One DriveJingyi Zhijia Technology Co., Ltd. . . . .	29,763	34,534	—	—
Shanghai PATEO Fangda Network Technology Co., Ltd. . . . .	25,792	25,792	25,702	25,702
PATEO (Beijing) Technology Co., Ltd. . . . .	17,516	18,714	20,524	21,674
Botai Intelligent Manufacturing (Lu'an) Co., Ltd. . . . .	—	—	142,051	142,151
PATEO CONNECT Technology (Xinchang) Co., Ltd. . . . .	—	—	17,152	—
Others . . . . .	20,137	18,869	48,073	58,724
	<u>753,276</u>	<u>961,250</u>	<u>1,030,269</u>	<u>1,259,281</u>

*Note:* The amounts due from subsidiaries are unsecured, interest-free and expected to recover over 1 year from the respective reporting period end.

## 20. INTERESTS IN ASSOCIATES/AN ASSOCIATE

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interests in associates								
under equity method . .	—	—	102,267	96,585	—	—	2,267	1,301
	—	—	102,267	96,585	—	—	2,267	1,301
	—	—	<u>102,267</u>	<u>96,585</u>	—	—	<u>2,267</u>	<u>1,301</u>

Details of each of the Group's associates during the Track Record Period are as follows:

Name of associates	Country of incorporation	Principal place of business	Cost of interest in associates	Proportion of ownership interest and voting rights held by the Group/Company				Principal activities
				As at December 31,			As at May 31,	
				2022	2023	2024	2025	
Guojing Computational (Beijing) Data Technology Co., Ltd. ("Guojing") (Note i) . . . . .	China	Beijing	100,000	–	–	40.00%	40.00%	Sales of R&D services in relation to AI.
Shanghai Anzhixin Automotive Integrated Circuit Co., Ltd ("Anzhixin") (Note ii) . . . . .	China	Shanghai	2,267	–	–	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.
- ii. The Group/the Company 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.

## 21. INVENTORIES AND CONTRACT COSTS

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Materials and components (Note a) . . . . .	368,277	420,861	415,574	460,753	177,462	195,794	205,847	253,284
Contract fulfillment costs (Note b) . . . . .	98,999	67,236	88,341	130,846	81,181	42,634	51,754	92,499
	467,276	488,097	503,915	591,599	258,643	238,428	257,601	345,783

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.

## 22. TRADE AND OTHER RECEIVABLES

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables . . . . .	436,237	650,690	1,298,471	835,947	414,451	637,100	1,260,602	793,075
Less: allowance for credit losses . . . . .	(17,558)	(30,996)	(173,469)	(154,310)	(16,367)	(29,394)	(172,319)	(152,507)
	418,679	619,694	1,125,002	681,637	398,084	607,706	1,088,283	640,568
Prepayments for service . . . . .	14,246	11,330	13,944	12,081	498	811	6,157	5,460
Prepayments for consumables . . . . .	4,189	1,429	1,911	651	4,189	1,429	416	476
Refundable deposits . . . . .	2,742	2,720	1,742	1,908	1,619	1,527	1,491	1,483
Advance to staff . . . . .	1,376	307	516	1,329	290	130	417	1,110
Prepayments to suppliers . . . . .	27,331	18,275	83,139	100,471	18,232	8,885	75,600	90,859
Prepayments for rental expense . . . . .	1,045	1,485	890	239	78	121	76	96
Value-added tax recoverable . . . . .	24,456	31,223	74,879	102,228	20,161	16,835	23,173	53,618
Deferred issue costs . . . . .	—	—	5,194	7,034	—	—	5,194	7,034
Prepayments for listing expenses . . . . .	—	—	3,527	7,128	—	—	3,527	7,128
Receivable for disposal of a financial asset at FVTPL . . . . .	—	—	120,000	—	—	—	120,000	—
Others . . . . .	3,885	4,468	5,611	3,099	3,487	2,472	1,844	920
Less: allowance for credit losses . . . . .	(608)	(210)	(923)	(1,057)	(111)	(131)	(762)	(704)
	497,341	690,721	1,435,432	916,748	446,527	639,785	1,325,416	808,048

As at January 1, 2022, the Group's and the Company's trade receivables amounted to RMB191,124,000 and RMB178,116,000.

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

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
0-90 days . . . . .	378,432	544,987	910,424	487,596	362,244	533,935	875,640	463,022
91-180 days . . . . .	22,512	43,832	175,670	146,615	18,296	43,609	175,241	144,711
181-365 days . . . . .	17,069	22,695	21,669	37,645	16,913	22,406	20,212	23,054
1-2 years . . . . .	666	8,180	17,239	9,781	631	7,756	17,190	9,781
	418,679	619,694	1,125,002	681,637	398,084	607,706	1,088,283	640,568

As at December 31, 2022, 2023 and 2024 and May 31, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB40,247,000, RMB74,707,000, RMB106,977,000 and RMB154,900,000 respectively, which are past due as at the reporting date. Out of the past due balances, RMB17,069,000, RMB22,695,000, RMB21,669,000 and RMB37,645,000, 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 36.

### 23. AMOUNTS DUE FROM (TO) A RELATED PARTY/SUBSIDIARIES

#### The Group and the Company

*Amounts due from a related party*

	As at January 1,	As at December 31,			As at May 31,
	2022	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Non trade-related</i>					
Shanghai Bojia Enterprise Management Limited ("Shanghai Bojia") . . . . .	1,000	—	—	—	—

Shanghai Bojia is controlled by Mr. Ying and the balances are non-trade nature, which are unsecured, non-interest bearing and repayable on demand.

Maximum amount outstanding during the Track Record Period of amount due from related parties of non-trade nature disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

	Year ended December 31,			Five months ended May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Bojia . . . . .	1,000	—	—	—

#### The Company

*Amounts due to subsidiaries*

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd. . . .	—	143,522	438,572	428,338
PATEO CONNECT (Wuhan) Co., Ltd. . . . .	55,911	90,143	116,376	116,148
PATEO CONNECT (Nanjing) Co., Ltd. . . . .	21,954	—	—	—
PATEO CONNECT (Rui'an) Co., Ltd. . . . .	—	—	8,140	55,630
Shenyang One Drive Jingyi Zhijia Technology Co., Ltd. . . . .	—	—	4,307	54,627
PATEO CONNECT Technology (Xinchang) Co., Ltd. . . . .	—	—	—	23,633
Others . . . . .	—	5,234	7,824	13,301
	<u>77,865</u>	<u>238,899</u>	<u>575,219</u>	<u>691,677</u>

As at December 31, 2022, 2023 and 2024 and May 31, 2025, the balances of trade nature with amount of RMB21,954,000, nil, nil and nil, are unsecured, non-interest bearing, repayable on demand and with ageing within 365 days. As at December 31, 2022, 2023 and 2024 and May 31, 2025, the balances with amount of RMB55,911,000, RMB238,899,000, RMB575,219,000 and RMB691,677,000 are non-trade nature, which are unsecured, non-interest bearing and repayable on demand.

## 24. CONTRACT ASSETS

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets . .	3,221	2,826	8,684	4,875	3,221	2,609	7,934	4,875
	<u>3,221</u>	<u>2,826</u>	<u>8,684</u>	<u>4,875</u>	<u>3,221</u>	<u>2,609</u>	<u>7,934</u>	<u>4,875</u>

As at January 1, 2022, both of the Group's and the Company's contract assets amounted to RMB3,131,000.

Contract assets of the Group and the Company 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.

## 25. FINANCIAL ASSETS AT FVTPL

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL								
Unlisted equity/fund investments (Notes i and ii)	165,281	364,376	487,785	591,659	13,281	129,470	174,196	310,946
Unlisted convertible bonds (Notes i and iii) . . . . .	—	92,763	—	—	—	92,763	—	—
	<u>165,281</u>	<u>457,139</u>	<u>487,785</u>	<u>591,659</u>	<u>13,281</u>	<u>222,233</u>	<u>174,196</u>	<u>310,946</u>

(Note i) 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) (Room 511, SOHO Jiasheng Center, No. 19, North East Third Ring Road, Chaoyang District, Beijing, the PRC), to assess the fair values of the financial assets at FVTPL as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. 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 36.

(Note ii) These investments represent equity/fund investments in unlisted entities and subsequent fair value change of these investments are recognised as "investment gains or losses" in Note 8.



(Note iii) The Group subscribed for convertible bonds from a private entity in 2023. The Group was entitled to convert the convertible bond into paid-in capital of the entity after three months of the subscription date. The relevant convertible bonds carried at a fixed annual coupon rate at 10% and are convertible into the shares of the convertible bonds issuer at a pre-determined conversion price in accordance with the relevant agreements, which are measured at fair value. In March 2024, all convertible bonds were converted as the paid-in capital of the private entity at the pre-determined conversion price. In June 2024, the Group entered into an investment agreement with the entity to further acquire its 0.79% equity interests at an aggregate consideration of RMB20 million.

In December 2024, the Group entered into a share transfer agreement with a third party to dispose of its equity interests in the entity at the consideration of RMB120 million (the "Consideration"). The Consideration was fully settled in March 2025.

## 26. BILLS RECEIVABLES AT FVTOCI

As at December 31, 2022, 2023 and 2024 and May 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 bill receivables at FVTOCI at the end of the reporting period:

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2022	2023	2024	May 31,	2022	2023	2024	May 31,
	RMB'000	RMB'000	RMB'000	2025	RMB'000	RMB'000	RMB'000	2025
0 to 180 days . . .	171,441	84,263	95,266	136,494	165,746	83,147	95,198	132,995
	<u>171,441</u>	<u>84,263</u>	<u>95,266</u>	<u>136,494</u>	<u>165,746</u>	<u>83,147</u>	<u>95,198</u>	<u>132,995</u>

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, 2022, 2023 and 2024 and May 31, 2025, the Group's bills receivables at FVTOCI are amounting to RMB50,493,000, RMB139,153,000, RMB177,180,000 and RMB200,303,000, respectively, which are endorsed to certain suppliers for settlement of trade payables but not mature that are derecognised in their entirety. As at December 31, 2022, 2023 and 2024 and May 31, 2025, the Group's bills receivables at FVTOCI are amounting to RMB49,720,000, RMB63,170,000, RMB55,000,000 and RMB158,611,000, respectively, 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, 2022, 2023 and 2024 and May 31, 2025, included in the Group's bills receivables at FVTOCI are amounting to RMB4,783,000, RMB14,851,000, RMB13,775,000 and RMB16,963,000, respectively, 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, 2022, 2023 and 2024 and May 31, 2025, included in the Group's bills receivables at FVTOCI are amounting to RMB35,000,000, RMB47,722,000, nil and nil, respectively, 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 29.

**27. 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 at 0.25%, 0.20%, 0.10% and 0.05% per annum as at December 31, 2022, 2023 and 2024 and May 31, 2025 respectively.

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 next one to two years from December 31, 2022. The pledged bank deposits carry interest at market rates which ranged from 0.25% to 1.50%, 0.20% to 2.45%, 0.10% to 2.45% and 0.05% to 1.80% per annum as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively.

Restricted bank deposits represent deposits being frozen. The restricted bank deposits carry interest at market rates with 0.25%, 0.20%, 0.10% and 0.05% per annum as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively.

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,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
European Dollar ("EUR") . . . . .	2,868	558	78	10,609
HKD . . . . .	60	388	63	174
United State Dollar ("USD") . . . . .	8	1	10	2,282
	<u>2,936</u>	<u>947</u>	<u>151</u>	<u>13,065</u>

**28. BILL, TRADE AND OTHER PAYABLES**

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables . .	447,017	586,029	603,352	430,766	432,588	522,945	536,597	409,524
Bills payables . .	—	—	—	100,000	—	—	—	—
	<u>447,017</u>	<u>586,029</u>	<u>603,352</u>	<u>530,766</u>	<u>432,588</u>	<u>522,945</u>	<u>536,597</u>	<u>409,524</u>
Payroll payables .	67,555	61,613	72,876	58,290	20,770	20,018	20,300	22,909
Value added tax and other tax payables . . . . .	24,899	6,896	7,941	4,216	1,810	3,135	3,596	2,036
Listing expenses and issue costs payable . . . . .	—	—	5,297	5,329	—	—	5,297	5,329
Payables for property, plant and equipment .	7,344	12,041	11,207	16,844	4,949	43	26	—
Payables for acquisition of equity instrument at FVTOCI . . . . .	24,365	—	—	—	24,365	—	—	—
Accruals . . . . .	22,866	34,369	49,391	28,486	18,077	18,751	32,171	15,264
Refundable government grants (note i) .	75,000	117,592	117,592	92,592	—	—	—	—
Others . . . . .	4,489	12,358	24,231	35,537	1,588	1,621	993	2,627
	<u>673,535</u>	<u>830,898</u>	<u>891,887</u>	<u>772,060</u>	<u>504,147</u>	<u>566,513</u>	<u>598,980</u>	<u>457,689</u>

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:

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
0-60 days . . . . .	365,513	531,078	471,894	319,892	353,550	478,703	411,701	303,943
61-120 days . . . . .	69,775	37,504	98,965	95,884	67,361	29,810	96,234	92,539
121-180 days . . . . .	8,545	8,147	17,243	2,770	8,541	5,629	15,873	2,046
181-365 days . . . . .	265	3,449	7,598	2,807	264	3,011	6,980	2,712
1-2 years . . . . .	1,727	2,936	3,105	6,305	1,718	2,920	1,294	6,202
2-3 years . . . . .	184	1,723	2,903	1,053	181	1,718	2,900	144
Over 3 years . . . . .	1,008	1,192	1,644	2,055	973	1,154	1,615	1,938
	<u>447,017</u>	<u>586,029</u>	<u>603,352</u>	<u>430,766</u>	<u>432,588</u>	<u>522,945</u>	<u>536,597</u>	<u>409,524</u>

As at May 31, 2025, the credit period of the bills payables is generally 180 days from the respective bill issuance dates.

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,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
USD . . . . .		58,852	61,929	110,191
				<u>124,727</u>

(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, 2022, 2023 and 2024 and May 31, 2025. Therefore, the amounts were refundable to the respective PRC government authority on demand. In March 2025, the Group entered into an agreement with the authority to release and override all obligations under one of the original agreements, and the related amount of RMB25 million was credited into profit or loss in March 2025.

## 29. BANK BORROWINGS

### The Group

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Secured and guaranteed (Note iii) . .	101,661	98,530	—	—
Secured and unguaranteed (Note ii) .	—	185,328	296,560	371,251
Unsecured and guaranteed (Note i) .	469,323	704,000	—	—
Unsecured and unguaranteed . . . . .	20,000	20,000	1,298,891	1,388,001
	<u>590,984</u>	<u>1,007,858</u>	<u>1,595,451</u>	<u>1,759,252</u>
The carrying amounts of the above borrowings are repayable (Note iv):				
Within one year . . . . .	560,984	838,539	1,348,159	1,430,637
Within a period of more than one year but not exceeding two years	30,000	18,000	21,583	39,325
Within a period of more than two years but not exceeding five years . . . . .	—	119,092	94,269	123,256
Over five years . . . . .	—	32,227	131,440	166,034
	<u>590,984</u>	<u>1,007,858</u>	<u>1,595,451</u>	<u>1,759,252</u>
Less: Amounts due within one year shown under current liabilities . . .	(560,984)	(838,539)	(1,348,159)	(1,430,637)
Amounts shown under non-current liabilities . . . . .	<u>30,000</u>	<u>169,319</u>	<u>247,292</u>	<u>328,615</u>

# APPENDIX I

# ACCOUNTANTS' REPORT

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings . . . . .	102,923	373,700	1,043,930	1,259,276
Variable-rate borrowings . . . . .	488,061	634,158	551,521	499,976
	<u>590,984</u>	<u>1,007,858</u>	<u>1,595,451</u>	<u>1,759,252</u>
Effective interest rate:				
Fixed rates . . . . .	3.85%-3.90%	3.20%-4.00% Loan Prime Rate ("LPR")- 0.45% to	3.00%-3.85% LPR-0.45% to LPR+0.5%	1.36%-3.60% LPR-0.55% to LPR+0.5%
Variable rates . . . . .	LPR+0.25%	LPR+0.35%		

## The Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Secured and guaranteed . . . . .	101,661	98,530	—	—
Secured and unguaranteed . . . . .	—	—	9,009	5,000
Unsecured and guaranteed . . . . .	469,323	654,000	493,891	521,001
Unsecured and unguaranteed . . . . .	20,000	—	380,000	458,000
	<u>590,984</u>	<u>752,530</u>	<u>882,900</u>	<u>984,001</u>
The carrying amounts of the above borrowings are repayable (Note iv):				
Within one year . . . . .	560,984	734,530	882,900	972,223
Within a period of more than one year but not exceeding two years . . . . .	30,000	18,000	—	11,778
	<u>590,984</u>	<u>752,530</u>	<u>882,900</u>	<u>984,001</u>
Less: Amounts due within one year shown under current liabilities . . . . .	(560,984)	(734,530)	(882,900)	(972,223)
Amounts shown under non-current liabilities . . . . .	<u>30,000</u>	<u>18,000</u>	<u>—</u>	<u>11,778</u>
Fixed-rate borrowings . . . . .	102,923	202,000	672,900	746,001
Variable-rate borrowings . . . . .	488,061	550,530	210,000	238,000
	<u>590,984</u>	<u>752,530</u>	<u>882,900</u>	<u>984,001</u>
Effective interest rate:				
Fixed rates . . . . .	3.85%-3.90%	3.20%-3.80% LPR-0.45% to	3.00%-3.80% LPR to	2.95%-3.40% LPR-0.15% to
Variable rates . . . . .	LPR+0.25%	LPR+0.35%	LPR+0.35%	LPR

## Notes:

- As at December 31, 2022 and 2023 respectively, the Group's borrowings of RMB469,323,000 and RMB704,000,000 were guaranteed by Mr. Ying.

- ii. As at December 31, 2023, 2024 and May 31, 2025 respectively, the Group's borrowings of RMB185,328,000, RMB287,551,000 and RMB366,251,000 were pledged by buildings, machineries, construction in progress and leasehold lands as disclosed in Note 16 and Note 17. As at December 31, 2024 and May 31, 2025, the Group's borrowing of RMB9,009,000 and RMB5,000,000 were secured by pledged bank deposits.
- iii. As at December 31, 2022 and 2023 respectively, the Group's borrowings of RMB35,000,000 and RMB47,722,000 were secured by bills receivables and guaranteed by Mr. Ying, and borrowings of RMB66,661,000 and RMB50,808,000 were secured by pledged bank deposits and guaranteed by Mr. Ying.
- iv. The amounts due are based on scheduled repayment dates set out in the loan agreements.
- v. 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 statements of financial position. In the consolidated statements 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, 2022, 2023 and 2024 and May 31, 2025, the balances of bank borrowings under supplier finance arrangements were RMB74,970,000, RMB50,808,000, RMB9,009,000 and RMB10,000,000 respectively. 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.

### 30. CONTRACT LIABILITIES

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Smart cockpit solutions . . . . .	44,025	7,329	28,791	28,833	43,143	5,716	25,049	27,842
Vehicle connectivity support services . . . . .	4,739	4,749	5,856	7,311	189	—	—	—
	<u>48,764</u>	<u>12,078</u>	<u>34,647</u>	<u>36,144</u>	<u>43,332</u>	<u>5,716</u>	<u>25,049</u>	<u>27,842</u>

At January 1, 2022, the Group's and the Company's contract liabilities amounted to RMB22,862,000 and RMB20,162,000.

Included in contract liabilities balance of the Group as at January 1, 2022, 2023, 2024 and 2025, RMB19,371,000, RMB46,342,000, RMB9,216,000 and RMB8,374,000 were recognised as revenue during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, respectively.

Included in contract liabilities balance of the Company as at January 1, 2022, 2023, 2024 and 2025, RMB18,362,000, RMB41,793,000, RMB4,765,000 and RMB3,342,000 were recognised as revenue during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, respectively.

## 31. DEFERRED INCOME

	The Group				The Company			
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, . . .	56,347	47,877	2,685	83,593	3,862	1,479	921	11,721
Additions . . . . .	2,870	140	83,297	1,000	920	140	11,300	800
Reclassified to other payables (note 28) . . . . .	—	(42,592)	—	—	—	—	—	—
Released to other income (note 7) . . . . .	(11,340)	(2,740)	(2,389)	(962)	(3,303)	(698)	(500)	—
At December 31./ May 31, . . . . .	<u>47,877</u>	<u>2,685</u>	<u>83,593</u>	<u>83,631</u>	<u>1,479</u>	<u>921</u>	<u>11,721</u>	<u>12,521</u>

## 32. LEASE LIABILITIES

## The Group

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Lease liabilities payable:</b>				
Within one year . . . . .	30,291	34,164	57,076	33,089
Within a period of more than one year but not exceeding two years .	22,025	22,261	16,357	11,031
Within a period of more than two years but not exceeding five years. . . . .	24,737	31,185	41,646	19,745
More than five years . . . . .	—	7,037	1,856	—
	<u>77,053</u>	<u>94,647</u>	<u>116,935</u>	<u>63,865</u>
Less: Amount due for settlement within one year shown under current liabilities . . . . .	<u>(30,291)</u>	<u>(34,164)</u>	<u>(57,076)</u>	<u>(33,089)</u>
Amount shown under non-current liabilities . . . . .	<u>46,762</u>	<u>60,483</u>	<u>59,859</u>	<u>30,776</u>

## The Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Lease liabilities payable:</b>				
Within one year . . . . .	7,350	4,033	12,818	8,851
Within a period of more than one year but not exceeding two years . . . . .	2,047	3,289	13,563	8,120
Within a period of more than two years but not exceeding five years. . . . .	—	21,867	38,329	16,364
More than five years . . . . .	—	7,037	1,856	—
	<u>9,397</u>	<u>36,226</u>	<u>66,566</u>	<u>33,335</u>
Less: Amount due for settlement within one year shown under current liabilities. . . . .	<u>(7,350)</u>	<u>(4,033)</u>	<u>(12,818)</u>	<u>(8,851)</u>
Amount shown under non-current liabilities. . . . .	<u>2,047</u>	<u>32,193</u>	<u>53,748</u>	<u>24,484</u>

During the Track Record Period, the weighted average incremental borrowing rates applied to lease liabilities range from 4.28% to 4.64%.

## 33. SHARE CAPITAL

## The Group and the Company

## Share Capital

	Number of ordinary shares	Share capital
	'000	RMB'000
Ordinary shares of RMB1 each		
<b>Authorized and issued</b>		
At January 1, 2022 ( <i>Note ii</i> ) . . . . .	94,868	94,868
Issue of ordinary shares ( <i>Note i</i> ) . . . . .	23,100	23,100
At December 31, 2022 and 2023 . . . . .	117,968	117,968
Issue of ordinary shares ( <i>Note iii</i> ) . . . . .	21,586	21,586
At December 31, 2024 and May 31, 2025 . . . . .	139,554	139,554

## Notes:

- i. In February 2022, the Company issued 5,246,553 ordinary shares at the consideration of RMB291,423,000 to an investor. RMB5,246,553 was credited to the Company's share capital and the remaining balance was credited as share premium. In June 2022, the Company issued 11,680,034 ordinary shares at the consideration of RMB688,017,000 to investors. RMB11,680,034 was credited to the Company's share capital and the remaining balance was credited as share premium. In December 2022, the Company issued 6,173,733 ordinary shares at the consideration of RMB365,990,000 to investors. RMB6,173,733 was credited to the Company's share capital and the remaining balance was credited as share premium.
- ii. In December 2021, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of July 31, 2021, including paid-in capital, capital reserve, share-based payments reserve and accumulated losses, amounting to approximately RMB192,402,000 were converted into 94,868,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium.
- iii. 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.
- iv. As set out in the session headed “— Pre-IPO Investments — Rights of the Pre-IPO Investors” in “History, Development and Corporate Structure” to the prospectus. In connection with the Pre-IPO investments, the Controlling Shareholders, the Company and the Pre-IPO investors are the contract parties. Certain of our Pre-IPO Investors (as defined in the prospectus) were granted certain special rights, including but not limited to co-sale right, redemption right, and right of first refusal by the Controlling Shareholders (as defined in the prospectus), and the Company is not the obligor to such special rights. Therefore, the investments from the Pre-IPO Investors were recognised as equity but not financial liability. Each of the Pre-IPO investors, the Company and the Controlling Shareholder Mr. Ying Zhenkai entered into a confirmation letter to confirm the termination of the special rights granted (including the redemption right). Each of the confirmation letters was duly signed prior to the Company's submission of the initial listing application to the Stock Exchange on June 28, 2024. As represented by the management of the Group, all of the special rights were terminated on or before the date of our first submission of the listing application form to the Stock Exchange in relation to the Listing.



## 34. 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	Grant date	Fair value of each restricted share at grant date	Grant Price of each restricted share
	('000)		RMB	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 profit or loss and other comprehensive expenses for the restricted ordinary shares granted are approximately RMB61,638,000, RMB65,363,000, RMB157,186,000, RMB64,092,000 (unaudited) and RMB46,128,000 during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025.

The following table summarized the Group's restricted ordinary shares movement during the Track Record Period.

	Number of unvested restricted ordinary shares
<b>Restricted ordinary shares</b>	
At January 1, 2022 . . . . .	14,932,900
Granted . . . . .	360,000
Forfeited . . . . .	(1,361,700)
At December 31, 2022 . . . . .	13,931,200
Granted . . . . .	3,025,000
Forfeited . . . . .	(2,921,200)
At December 31, 2023 . . . . .	14,035,000
Granted . . . . .	1,660,000
Forfeited . . . . .	(560,000)
At December 31, 2024 and May 31, 2025 . . . . .	15,135,000

#### 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, whose address is disclosed in Note 25.

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%

#### 35. 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 Track Record Period.

The capital structure of the Group consists of net debt balance, which includes bank borrowings disclosed in note 29 and lease liabilities in note 32, net of cash and cash equivalents in note 27, and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and other reserves.

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.

## 36. FINANCIAL INSTRUMENTS

## (a) Categories of financial instruments

## The Group

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets:</b>				
Amortized cost . . . . .	1,129,685	1,026,344	2,315,441	1,804,478
Bill receivables at FVTOCI . . . . .	171,441	84,263	95,266	136,494
Financial assets at FVTPL . . . . .	165,281	457,139	487,785	591,659
	<u>1,466,407</u>	<u>1,567,746</u>	<u>2,898,492</u>	<u>2,532,631</u>
<b>Financial liabilities:</b>				
Amortized cost . . . . .	<u>1,149,199</u>	<u>1,735,878</u>	<u>2,351,833</u>	<u>2,434,991</u>

## The Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets:</b>				
Amortized cost . . . . .	1,640,057	1,831,657	3,002,083	2,660,239
Bill receivables at FVTOCI . . . . .	165,746	83,147	95,198	132,995
Financial assets at FVTPL . . . . .	13,281	222,233	174,196	310,946
	<u>1,819,084</u>	<u>2,137,037</u>	<u>3,271,477</u>	<u>3,104,180</u>
<b>Financial liabilities:</b>				
Amortized cost . . . . .	<u>1,132,339</u>	<u>1,516,038</u>	<u>1,995,735</u>	<u>2,087,829</u>

## (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. The Company'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, amounts due from subsidiaries, deposits for rental, bill, trade and other payables, amounts due to subsidiaries and bank borrowings. Details of the financial instruments are disclosed in respective notes.

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 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 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 reporting period.

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of reporting date are as follows:

	Assets				Liabilities			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
EUR . . . . .	2,868	558	78	21,110	—	—	—	—
HKD . . . . .	60	388	63	174	—	—	—	—
USD . . . . .	8	1	10	2,282	58,852	61,929	110,191	124,727
	<u>2,936</u>	<u>947</u>	<u>151</u>	<u>23,566</u>	<u>58,852</u>	<u>61,929</u>	<u>110,191</u>	<u>124,727</u>

#### 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 reporting period 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/period.

	Impact of EUR				Impact of HKD				Impact of USD			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Impact on profit or loss . . . . .	(143)	(28)	(4)	(1,056)	(3)	(19)	(3)	(9)	2,942	3,096	5,509	6,122

#### Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to pledged/restricted bank deposits (Note 27), fixed-rate bank borrowings (Note 29) and lease liabilities (Note 32) and cash flow interest risk in relation to variable-rate bank borrowings (Note 29) and cash and cash equivalents (Note 27). 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/period would increase RMB2,440,000, RMB3,171,000, RMB2,758,000 and RMB1,042,000 for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

*Other price risk*

The Group is exposed to equity price risk through its investments in both unlisted equity investments and unlisted convertible bond 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, project approval. The management regularly reviews the portfolio structure, taking into account the risks that the Group and the Company 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 and the Company'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 Company's credit risk exposures are primarily attributable to trade and other receivables, contract assets, amounts due from subsidiaries, deposits for rental, bills receivables at FVTOCI, pledged/restricted bank deposits and cash and cash equivalents. Both the Group and the Company do 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, 2022, 2023 and 2024 and May 31, 2025. The Group has concentration of credit risk as 37%, 33%, 46% and 45% of the total trade receivables and contract assets was due from the Group's largest customer as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. The Group has concentration of credit risk as 82%, 66%, 71% and 69% of the total trade receivables and contract assets was due from the Group's five largest customers as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively.

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 years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, the Group recognised credit loss of approximately RMB5,033,000, RMB14,394,000, RMB31,644,000 and reversed approximately RMB4,410,000 (unaudited) and RMB19,159,000 for trade receivables and contract assets based on collective assessment, no credit loss recognised for the years ended December 31, 2022, 2023 and the five months ended May 31, 2025, and recognised credit loss of approximately RMB117,588,000 under individual assessment for the year ended December 31, 2024. Details of the quantitative disclosures are set out below in this note.

*Other receivables (including deposits for rental and amounts due from subsidiaries — non-trade nature)*

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 years ended December 31, 2022 and 2024 and the five months ended May 31, 2024 and 2025, the Group provided credit loss of approximately RMB367,000, RMB713,000, RMB69,000 (unaudited) and RMB134,000 respectively, and for the year ended December 31, 2023, the Group reversed approximately RMB224,000.

*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/period.

*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.

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

The tables below detail the credit risk exposures of the Group's and the Company's financial assets, which are subject to ECL assessment:

**The Group**

As at May 31, 2025	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount <i>RMB'000</i>
<b>Financial assets at FVTOCI</b>				
Bills receivables at FVTOCI . . . . .	26	Low risk	12m ECL	136,494
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents . . . . .	27	<i>Note 1</i>	12m ECL	900,734
Restricted bank deposits . . . . .	27	<i>Note 1</i>	12m ECL	9,091
Pledged bank deposits . . . . .	27	<i>Note 1</i>	12m ECL	198,812
Other receivables . . . . .	22	Low risk	12m ECL	5,007
Deposits for rental . . . . .		Low risk	12m ECL	10,254
Trade receivables . . . . .	22	<i>Note 2</i>	Lifetime ECL – not credit-impaired (provision matrix)	690,978
		Loss	Lifetime ECL – credit-impaired (provision matrix)	27,381
		Loss ( <i>Note 3</i> )	Lifetime ECL – credit-impaired (individually assessed)	117,588
<b>Other item</b>				
Contract assets . . . . .	24	<i>Note 2</i>	Lifetime ECL (provision matrix)	4,875
<b>As at December 31, 2024</b>				
	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount <i>RMB'000</i>
<b>Financial assets at FVTOCI</b>				
Bills receivables at FVTOCI . . . . .	26	Low risk	12m ECL	95,266
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents . . . . .	27	<i>Note 1</i>	12m ECL	977,006
Restricted bank deposits . . . . .	27	<i>Note 1</i>	12m ECL	1,424
Pledged bank deposits . . . . .	27	<i>Note 1</i>	12m ECL	71,707
Other receivables . . . . .	22	Low risk	12m ECL	127,353
Deposits for rental . . . . .		Low risk	12m ECL	13,872
Trade receivables . . . . .	22	<i>Note 2</i>	Lifetime ECL – not credit-impaired (provision matrix)	1,140,571
		Loss	Lifetime ECL – credit-impaired (provision matrix)	40,312
		Loss ( <i>Note 3</i> )	Lifetime ECL – credit-impaired (individually assessed)	117,588
<b>Other item</b>				
Contract assets . . . . .	24	<i>Note 2</i>	Lifetime ECL (provision matrix)	8,684



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# ACCOUNTANTS' REPORT

As at December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
<b>Financial assets at FVTOCI</b>				
Bills receivables at FVTOCI . . . . .	26	Low risk	12m ECL	84,263
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents . . . . .	27	Note 1	12m ECL	257,038
Restricted bank deposits . . . . .	27	Note 1	12m ECL	51,250
Pledged bank deposits . . . . .	27	Note 1	12m ECL	85,030
Other receivables . . . . .	22	Low risk	12m ECL	7,188
Deposits for rental . . . . .		Low risk	12m ECL	6,354
Trade receivables . . . . .	22	Note 2	Lifetime ECL – not credit-impaired (provision matrix)	625,322
		Loss	Lifetime ECL – credit-impaired (provision matrix)	17,974
		Loss	Lifetime ECL – credit-impaired (individually assessed)	7,394
<b>Other item</b>				
Contract assets . . . . .	24	Note 2	Lifetime ECL (provision matrix)	2,826
<b>As at December 31, 2022</b>				
RMB'000				
<b>Financial assets at FVTOCI</b>				
Bills receivables at FVTOCI . . . . .	26	Low risk	12m ECL	171,441
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents . . . . .	27	Note 1	12m ECL	587,863
Restricted bank deposits . . . . .	27	Note 1	12m ECL	734
Pledged bank deposits . . . . .	27	Note 1	12m ECL	108,685
Other receivables . . . . .	22	Low risk	12m ECL	6,627
Deposits for rental . . . . .		Low risk	12m ECL	7,705
Trade receivables . . . . .	22	Note 2	Lifetime ECL – not credit-impaired (provision matrix)	427,395
		Loss	Lifetime ECL – credit-impaired (provision matrix)	1,448
		Loss	Lifetime ECL – credit-impaired (individually assessed)	7,394
<b>Other item</b>				
Contract assets . . . . .	24	Note 2	Lifetime ECL (provision matrix)	3,221

**The Company**

As at May 31, 2025	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
<i>RMB'000</i>				
<b>Financial assets at FVTOCI</b>				
Bills receivables at FVTOCI . . . . .	26	Low risk	12m ECL	132,995
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents . . . . .	27	<i>Note 1</i>	12m ECL	651,496
Pledged bank deposits . . . . .	27	<i>Note 1</i>	12m ECL	94,652
Restricted bank deposits . . . . .	27	<i>Note 1</i>	12m ECL	8,718
Other receivables . . . . .	22	Low risk	12m ECL	2,403
Deposits for rental . . . . .		Low risk	12m ECL	3,825
Amounts due from subsidiaries – non-trade nature . . . . .	19	Low risk	12m ECL	1,259,281
Trade receivables . . . . .	22	<i>Note 2</i>	Lifetime ECL – not credit-impaired (provision matrix)	648,393
		Loss	Lifetime ECL – credit-impaired (provision matrix)	27,094
		Loss	Lifetime ECL – credit-impaired (individually assessed)	117,588
<b>Other item</b>				
Contract assets . . . . .	24	<i>Note 2</i>	Lifetime ECL (provision matrix)	4,875
<b>As at December 31, 2024</b>				
<i>RMB'000</i>				
<b>Financial assets at FVTOCI</b>				
Bills receivables at FVTOCI . . . . .	26	Low risk	12m ECL	95,198
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents . . . . .	27	<i>Note 1</i>	12m ECL	685,800
Restricted bank deposits . . . . .	27	<i>Note 1</i>	12m ECL	1,424
Pledged bank deposits . . . . .	27	<i>Note 1</i>	12m ECL	67,040
Other receivables . . . . .	22	Low risk	12m ECL	123,335
Deposits for rental . . . . .		Low risk	12m ECL	6,694
Amounts due from subsidiaries – non-trade nature . . . . .	19	Low risk	12m ECL	1,030,269
Trade receivables . . . . .	22	<i>Note 2</i>	Lifetime ECL – not credit-impaired (provision matrix)	1,102,818
		Loss	Lifetime ECL – credit-impaired (provision matrix)	40,196
		Loss	Lifetime ECL – credit-impaired (individually assessed)	117,588
<b>Other item</b>				
Contract assets . . . . .	24	<i>Note 2</i>	Lifetime ECL (provision matrix)	7,934

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# ACCOUNTANTS' REPORT

As at December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
<b>Financial assets at FVTOCI</b>				
Bills receivables at FVTOCI . . . . .	26	Low risk	12m ECL	83,147
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents . . . . .	27	Note 1	12m ECL	119,207
Restricted bank deposits . . . . .	27	Note 1	12m ECL	50,000
Pledged bank deposits . . . . .	27	Note 1	12m ECL	85,029
Other receivables . . . . .	22	Low risk	12m ECL	3,999
Deposits for rental . . . . .		Low risk	12m ECL	4,597
Amounts due from subsidiaries – non-trade nature . . . . .	19	Low risk	12m ECL	961,250
Trade receivables . . . . .	22	Note 2	Lifetime ECL – not credit-impaired (provision matrix)	613,213
		Loss	Lifetime ECL – credit-impaired (provision matrix)	16,976
		Loss	Lifetime ECL – credit-impaired (individually assessed)	6,911
<b>Other item</b>				
Contract assets . . . . .	24	Note 2	Lifetime ECL (provision matrix)	2,609
<b>As at December 31, 2022</b>	<b>Notes</b>	<b>Internal credit rating</b>	<b>12m or lifetime ECL</b>	<b>Gross carrying amount</b>
RMB'000				
<b>Financial assets at FVTOCI</b>				
Bills receivables at FVTOCI . . . . .	26	Low risk	12m ECL	165,746
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents . . . . .	27	Note 1	12m ECL	373,389
Pledged bank deposits . . . . .	27	Note 1	12m ECL	108,650
Other receivables . . . . .	22	Low risk	12m ECL	5,106
Deposits for rental . . . . .		Low risk	12m ECL	1,663
Amounts due from subsidiaries – non-trade nature . . . . .	19	Low risk	12m ECL	753,276
Trade receivables . . . . .	22	Note 2	Lifetime ECL – not credit-impaired (provision matrix)	406,201
		Loss	Lifetime ECL – credit-impaired (provision matrix)	1,339
		Loss	Lifetime ECL – credit-impaired (individually assessed)	6,911
<b>Other item</b>				
Contract assets . . . . .	24	Note 2	Lifetime ECL (provision matrix)	3,221

*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, 2022, 2023 and 2024 and May 31, 2025 within lifetime ECL. Debtors with gross carrying amounts of approximately RMB7,394,000, RMB7,394,000, RMB117,588,000 and RMB117,588,000 as at December 31, 2022, 2023 and 2024 and May 31, 2025 were assessed individually.

**Gross carrying amount**

Gross carrying amount as at							
December 31, 2022		December 31, 2023		December 31, 2024		May 31, 2025	
Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
	RMB'000		RMB'000		RMB'000		RMB'000
Within one year . . .	2% 427,395	2% 625,322	3% 1,140,571	3% 690,978			
One to two years . .	53% 1,415	54% 17,734	54% 38,567	57% 22,505			
Over two years . . .	100% 33	100% 240	100% 1,745	100% 4,876			

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.

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)	Lifetime ECL (credit impaired)	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2022 . . . . .	4,798	7,727	12,525
Transfer to credit-impaired . . . . .	(32)	32	–
Impairment loss recognised . . . . .	8,907	865	9,772
Impairment loss reversed . . . . .	(4,440)	(299)	(4,739)
As at December 31, 2022 . . . . .	9,233	8,325	17,558
Transfer to credit-impaired . . . . .	(398)	398	–
Impairment loss recognised . . . . .	15,408	9,958	25,366
Impairment loss reversed . . . . .	(10,755)	(217)	(10,972)
Write-off . . . . .	–	(956)	(956)
As at December 31, 2023 . . . . .	13,488	17,508	30,996

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	RMB'000	RMB'000
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 . . . . .	<u>32,808</u>	<u>140,661</u>	<u>173,469</u>
Transfer to credit-impaired . . . . .	(1,417)	1,417	–
Impairment loss recognised . . . . .	3,395	7,038	10,433
Impairment loss reversed . . . . .	(15,665)	(13,927)	(29,592)
As at May 31, 2025 . . . . .	<u>19,121</u>	<u>135,189</u>	<u>154,310</u>

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, 2022 . . . . .	<u>244</u>
Impairment loss recognised . . . . .	406
Impairment loss reversed . . . . .	(39)
Write-off . . . . .	<u>(3)</u>
As at December 31, 2022 . . . . .	<u>608</u>
Impairment loss recognised . . . . .	201
Impairment loss reversed . . . . .	(425)
Write-off . . . . .	<u>(174)</u>
As at December 31, 2023 . . . . .	<u>210</u>
Impairment loss recognised . . . . .	713
Impairment loss reversed . . . . .	–
As at December 31, 2024 . . . . .	<u>923</u>
Impairment loss recognised . . . . .	151
Impairment loss reversed . . . . .	<u>(17)</u>
As at May 31, 2025 . . . . .	<u>1,057</u>

### Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company'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 29.

The following table details the Group's and the Company'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.

### The Group

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At December 31, 2022</b>							
Bill, trade and other payables . . . . .	N/A	558,215	–	–	–	558,215	558,215
Bank borrowings . . . . .	3.90%	573,767	30,048	–	–	603,815	590,984
Lease liabilities . . . . .	4.64%	31,709	22,539	25,491	–	79,739	77,053
		<u>1,163,691</u>	<u>52,587</u>	<u>25,491</u>	<u>–</u>	<u>1,241,769</u>	<u>1,226,252</u>
<b>At December 31, 2023</b>							
Bill, trade and other payables . . . . .	N/A	728,020	–	–	–	728,020	728,020
Bank borrowings . . . . .	3.74%	849,161	34,447	135,852	34,282	1,053,742	1,007,858
Lease liabilities . . . . .	4.48%	35,708	24,304	32,419	9,059	101,490	94,647
		<u>1,612,889</u>	<u>58,751</u>	<u>168,271</u>	<u>43,341</u>	<u>1,883,252</u>	<u>1,830,525</u>
<b>At December 31, 2024</b>							
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
		<u>2,188,911</u>	<u>47,277</u>	<u>162,195</u>	<u>142,740</u>	<u>2,541,123</u>	<u>2,468,768</u>
<b>At May 31, 2025</b>							
Bill, trade and other payables . . . . .	N/A	675,739	–	–	–	675,739	675,739
Bank borrowings . . . . .	3.10%	1,458,157	49,710	146,766	174,938	1,829,571	1,759,252
Lease liabilities . . . . .	4.28%	33,573	11,771	22,577	–	67,921	63,865
		<u>2,167,469</u>	<u>61,481</u>	<u>169,343</u>	<u>174,938</u>	<u>2,573,231</u>	<u>2,498,856</u>

### The Company

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At December 31, 2022</b>							
Bill, trade and other payables . . . . .	N/A	463,490	–	–	–	463,490	463,490
Bank borrowings . . . . .	3.90%	573,767	30,048	–	–	603,815	590,984
Amounts due to subsidiaries . . . . .	N/A	77,865	–	–	–	77,865	77,865
Lease liabilities . . . . .	4.64%	7,703	2,559	–	–	10,262	9,397
		<u>1,122,825</u>	<u>32,607</u>	<u>–</u>	<u>–</u>	<u>1,155,432</u>	<u>1,141,736</u>
<b>At December 31, 2023</b>							
Bill, trade and other payables . . . . .	N/A	524,609	–	–	–	524,609	524,609
Bank borrowings . . . . .	3.67%	740,717	28,485	–	–	769,202	752,530
Amounts due to subsidiaries . . . . .	N/A	238,899	–	–	–	238,899	238,899
Lease liabilities . . . . .	4.36%	4,209	3,578	25,225	9,059	42,071	36,226
		<u>1,508,434</u>	<u>32,063</u>	<u>25,225</u>	<u>9,059</u>	<u>1,574,781</u>	<u>1,552,264</u>

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At December 31, 2024</b>							
Bill, trade and other payables . . . . .	N/A	537,616	–	–	–	537,616	537,616
Bank borrowings . . . . .	3.33%	897,296	–	–	–	897,296	882,900
Amounts due to subsidiaries . . . . .	N/A	575,219	–	–	–	575,219	575,219
Lease liabilities . . . . .	4.49%	13,109	14,516	44,833	2,359	74,817	66,566
		<u>2,023,240</u>	<u>14,516</u>	<u>44,833</u>	<u>2,359</u>	<u>2,084,948</u>	<u>2,062,301</u>
<b>At May 31, 2025</b>							
Bill, trade and other payables . . . . .	N/A	412,151	–	–	–	412,151	412,151
Bank borrowings . . . . .	3.14%	985,342	11,849	–	–	997,191	984,001
Amounts due to subsidiaries . . . . .	N/A	691,677	–	–	–	691,677	691,677
Lease liabilities . . . . .	4.29%	9,074	8,672	18,672	–	36,418	33,335
		<u>2,098,244</u>	<u>20,521</u>	<u>18,672</u>	<u>–</u>	<u>2,137,437</u>	<u>2,121,164</u>

## (c) Fair value measurement of financial instruments

## (i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain of the Group's and the Company'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.

## The Group

Financial assets	31/12/2022	31/12/2023	31/12/2024	31/05/2025	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	RMB'000	RMB'000	RMB'000	RMB'000			
Bills receivables at FVTOCI . . . . .	171,441	84,263	95,266	136,494	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 . . . . .	150,000	275,506	313,589	280,713	Level 2	Recent transaction price	N/A
	13,281	9,387	53,064	50,742	Level 3	Comparable companies analysis valuation. (note a)	Liquidity discount.
	2,000	79,483	81,132	260,204	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.
– Convertible bonds . . . . .	–	92,763	–	–	Level 2	Recent transaction price	N/A



**The Company**

Financial assets	31/12/2022	31/12/2023	31/12/2024	31/05/2025	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	RMB'000	RMB'000	RMB'000	RMB'000			
Bills receivables at FVTOCI . .	165,746	83,147	95,198	132,995	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 .	–	40,600	–	–	Level 2	Recent transaction price	N/A
	13,281	9,387	53,064	50,742	Level 3	Comparable companies analysis valuation.	Liquidity discount.
	–	79,483	81,132	260,204	Level 3	The net asset value based on the fair value of the underlying investments.	The fair value of underlying assets.
	–	–	40,000	–	Level 3	Asset-based approach	The fair value of underlying assets.
– Convertible bonds . . . .	–	92,763	–	–	Level 2	Recent transaction price	N/A

**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 RMB530,000, RMB407,000, RMB2,903,000 and RMB2,698,000 for December 31, 2022, 2023 and 2024 and May 31, 2025 respectively. A 5% increase in the liquidity discount holding all other variables constant would decrease the carrying amount of the unlisted equity investments by RMB545,000, RMB414,000, RMB2,901,000 and RMB2,701,000 for December 31, 2022, 2023 and 2024 and May 31, 2025.
- (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 RMB100,000, RMB3,974,000, RMB4,057,000 and RMB13,010,000 for December 31, 2022, 2023 and 2024 and May 31, 2025 respectively.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values.

**(ii) Reconciliation of Level 3 fair value measurements****The Group**

	Financial assets at FVTPL
	RMB'000
As at January 1, 2022 . . . . .	6,864
Total gains . . . . .	417
– in profit or loss . . . . .	417
Addition . . . . .	8,000
As at December 31, 2022 . . . . .	15,281

	Financial assets at FVTPL
	RMB'000
Total losses . . . . .	(7,911)
– in profit or loss . . . . .	(7,911)
Addition . . . . .	83,500
Disposals . . . . .	(2,000)
As at December 31, 2023 . . . . .	88,870
Total gains . . . . .	4,726
– in profit or loss . . . . .	4,726
Addition . . . . .	40,000
Transfer from level 2 ( <i>note</i> ). . . . .	40,600
As at December 31, 2024 . . . . .	174,196
Total losses . . . . .	(3,250)
– in profit or loss . . . . .	(3,250)
Addition . . . . .	140,000
As at May 31, 2025. . . . .	310,946

**The Company**

	Financial assets at FVTPL
	RMB'000
As at January 1, 2022 . . . . .	4,864
Total gains . . . . .	417
– in profit or loss . . . . .	417
Addition . . . . .	8,000
As at December 31, 2022 . . . . .	13,281
Total losses . . . . .	(7,911)
– in profit or loss . . . . .	(7,911)
Addition . . . . .	83,500
As at December 31, 2023 . . . . .	88,870
Total gains . . . . .	4,726
– in profit or loss . . . . .	4,726
Addition . . . . .	40,000
Transfer from level 2 ( <i>note</i> ). . . . .	40,600
As at December 31, 2024 . . . . .	174,196
Total losses . . . . .	(3,250)
– in profit or loss . . . . .	(3,250)
Addition . . . . .	140,000
As at May 31, 2025. . . . .	310,946

*Note:* 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, 2024 due to lack of recent transaction price used in valuation as at December 31, 2023.

## 37. 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 statements of cash flows as cash flows from financing activities.

	Bank borrowings	Accrued issue costs	Lease liabilities	Interest payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 . . . . .	491,329	—	71,257	—	562,586
Interest expenses (note 9) . . . . .	—	—	2,976	24,137	27,113
Financing cash flow . . . . .	37,635	—	(18,297)	(24,137)	(4,799)
New bank borrowings under sellers finance agreements entered . . . . .	62,020	—	—	—	62,020
New lease entered . . . . .	—	—	21,291	—	21,291
Alteration of lease contract . . . . .	—	—	(174)	—	(174)
At December 31, 2022 . . . . .	590,984	—	77,053	—	668,037
Interest expenses (note 9) . . . . .	—	—	4,032	23,756	27,788
Financing cash flow . . . . .	420,005	—	(45,487)	(23,756)	350,762
Expire of bills discounted to banks that are not derecognised in their entirety . . . . .	(35,000)	—	—	—	(35,000)
New bank borrowings under sellers finance agreements entered . . . . .	31,869	—	—	—	31,869
New lease entered . . . . .	—	—	59,257	—	59,257
Alteration of lease contract . . . . .	—	—	(208)	—	(208)
At December 31, 2023 . . . . .	1,007,858	—	94,647	—	1,102,505
Interest expense (note 9) . . . . .	—	—	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 9) . . . . .	—	—	1,755	21,415	23,170
Financing cash flows . . . . .	153,801	(1,853)	(36,801)	(15,882)	99,265
New bank borrowings under sellers finance agreements entered . . . . .	10,000	—	—	—	10,000
New lease entered . . . . .	—	—	12,212	—	12,212
Alteration of lease contract . . . . .	—	—	(30,236)	—	(30,236)
Deferred issue cost . . . . .	—	1,840	—	—	1,840
At May 31, 2025. . . . .	1,759,252	772	63,865	7,304	1,831,193

	Bank borrowings	Accrued issue costs	Lease liabilities	Interest payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024 . . . . .	1,007,858	–	94,647	–	1,102,505
Interest expense (note 9) (unaudited) . . . . .	–	–	1,517	15,648	17,165
Financing cash flows (unaudited).	187,024	(684)	(21,997)	(15,648)	148,695
Expire of bills discounted to banks that are not derecognised in their entirety (unaudited). . .	(47,722)	–	–	–	(47,722)
New bank borrowings under sellers finance agreements entered (unaudited) . . . . .	44,805	–	–	–	44,805
New lease entered (unaudited) . .	–	–	35,307	–	35,307
Alteration of lease contract (unaudited) . . . . .	–	–	(17,715)	–	(17,715)
Deferred issue cost (unaudited) . .	–	2,035	–	–	2,035
At May 31, 2024 (unaudited) . . .	<u>1,191,965</u>	<u>1,351</u>	<u>91,759</u>	<u>–</u>	<u>1,285,075</u>

### 38. RELATED PARTY TRANSACTIONS

#### (i) Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period were as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits.	20,114	20,379	19,125	7,874	8,286
Discretionary bonus . . . . .	1,370	1,826	3,435	2,169	1,181
Retirement benefit scheme contributions . . . . .	529	552	589	243	247
Equity-settled share-based payments . . . . .	<u>6,562</u>	<u>8,139</u>	<u>36,229</u>	<u>22,643</u>	<u>10,064</u>
	<u>28,575</u>	<u>30,896</u>	<u>59,378</u>	<u>32,929</u>	<u>19,778</u>

### 39. CAPITAL COMMITMENTS

	As at December 31,			As at May 31,	
	2022	2023	2024	2025	
	RMB'000	RMB'000	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 . . .		5,340	386,034	411,163	297,059

## 40. CONTINGENT LIABILITIES

During the Track Record Period, 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 underprovision of the state-managed defined contribution retirement scheme and the housing provident fund contributions are approximately RMB1,601,000, RMB1,259,000, RMB992,000, RMB408,000 (unaudited) and RMB376,000 for each of the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025 respectively and the full provision are made by the Group in the respective years/periods.

The management of the Group has, taking into account the relevant facts, circumstances and legal advice, considered that 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 each reporting date and during the Track Record Period.

## 41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries during the Track Record Period and at the date of this report are set out below:

Name of subsidiaries	Place and date of establishment and operation	Issued and fully paid-in capital/registered capital	Equity interest attributable to the Group				At the date of this report	Principal activities
			As at December 31			As at May 31,		
			2022	2023	2024	2025		
			%	%	%	%	%	
<b>Directly held</b>								
PATEO CONNECT (Dalian) Co., Ltd. (博泰車聯網(大連)有限公司) . . . . .	November 12, 2020 PRC	RMB500,000	100.0	100.0	100.0	100.0	100.0	R&D of vehicle connectivity support and specializing in smart cockpit software systems and cloud-based development
PATEO CONNECT (Nanjing) Co., Ltd. (博泰車聯網(南京)有限公司) . . . . .	November 5, 2019 PRC	RMB200,000,000	100.0	100.0	100.0	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	RMB100,000,000	100.0	100.0	100.0	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	RMB200,000,000	100.0	100.0	100.0	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	RMB50,000,000	100.0	100.0	100.0	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	RMB100,000,000	100.0	100.0	100.0	100.0	100.0	Manufacture of parts and accessories of vehicles
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd. (上海博泰悅臻網絡技術服務有限公司) . . . . .	October 26, 2006 PRC	RMB34,000,000	100.0	100.0	100.0	100.0	100.0	R&D of vehicle connectivity support

			Equity interest attributable to the Group					
Name of subsidiaries	Place and date of establishment and operation	Issued and fully paid-in capital/registered capital	As at December 31			As at May 31,	At the date of this report	Principal activities
			2022	2023	2024	2025		
			%	%	%	%	%	
Shanghai Qingganwik Smart Intelligent Technology Co., Ltd. (上海擎感智能科技有限公司)	May 29, 2013 PRC	RMB5,000,000	100.0	100.0	100.0	100.0	100.0	R&D of electronic technology and communication engineering
Shenyang One DriveJingyi Zhijia Technology Co., Ltd. (瀋陽精一智駕科技有限公司)	January 3, 2017 PRC	RMB1,000,000	100.0	100.0	100.0	100.0	100.0	Electronic product technology development

*Note:* All subsidiaries have adopted December 31 as their financial year end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

No statutory financial statements have been prepared for all of the subsidiaries for the years ended December 31, 2022, 2023 and 2024 as there are no statutory audit requirements.

#### 42. RETIREMENT BENEFIT SCHEMES

The employees of the Group's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC subsidiary is 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 RMB44,956,000, RMB46,347,000, RMB47,876,000, RMB19,176,000 (unaudited) and RMB21,539,000 for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively, representing contributions paid to the retirement benefits scheme by the Group.

#### 43. RESERVES OF THE COMPANY

##### Movement in reserves

	Share premium	Share-based payments reserve	FVTOCI reserve	Retained profits/ (Accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 . . . . .	97,534	20,945	(41,676)	226,943	303,746
Loss for the year . . . . .	—	—	—	(218,300)	(218,300)
Other comprehensive expense for the year . . . . .	—	—	(32,689)	—	(32,689)
Total comprehensive expense for the year . . . . .	—	—	(32,689)	(218,300)	(250,989)
Issuance of ordinary shares ( <i>Note 33</i> ) . . . . .	1,322,330	—	—	—	1,322,330
Equity-settled share-based payments . . . . .	—	61,638	—	—	61,638
At December 31, 2022 . . . . .	1,419,864	82,583	(74,365)	8,643	1,436,725
Loss for the year . . . . .	—	—	—	(131,303)	(131,303)
Total comprehensive expense for the year . . . . .	—	—	—	(131,303)	(131,303)
Equity-settled share-based payments . . . . .	—	65,363	—	—	65,363
At December 31, 2023 . . . . .	1,419,864	147,946	(74,365)	(122,660)	1,370,785

	Share premium	Share-based payments reserve	FV/TOCI reserve	Retained profits/ (Accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the year . . . . .	—	—	—	(400,941)	(400,941)
Total comprehensive expense for the year . . .	—	—	—	(400,941)	(400,941)
Issuance of ordinary shares ( <i>Note 33</i> ) . . . . .	1,309,207	—	—	—	1,309,207
Equity-settled share-based payments . . . . .	—	157,186	—	—	157,186
At December 31, 2024 . . . . .	<u>2,729,071</u>	<u>305,132</u>	<u>(74,365)</u>	<u>(523,601)</u>	<u>2,436,237</u>
Loss for the period . . . . .	—	—	—	(135,657)	(135,657)
Total comprehensive expense for the period .	—	—	—	(135,657)	(135,657)
Equity-settled share-based payments . . . . .	—	46,128	—	—	46,128
At May 31, 2025 . . . . .	<u>2,729,071</u>	<u>351,260</u>	<u>(74,365)</u>	<u>(659,258)</u>	<u>2,346,708</u>
At January 1, 2024 . . . . .	1,419,864	147,946	(74,365)	(122,660)	1,370,785
Loss for the period (unaudited) . . . . .	—	—	—	(134,410)	(134,410)
Total comprehensive expense for the period (unaudited) . . . . .	—	—	—	(134,410)	(134,410)
Issuance of ordinary shares (unaudited) . . . .	733,989	—	—	—	733,989
Equity-settled share-based payments (unaudited) . . . . .	—	64,092	—	—	64,092
At May 31, 2024 (unaudited) . . . . .	<u>2,153,853</u>	<u>212,038</u>	<u>(74,365)</u>	<u>(257,070)</u>	<u>2,034,456</u>

#### 44. SUBSEQUENT EVENTS

The following event took place subsequent to the end of Track Record Period.

On August 4, 2025, the Pre-IPO Share Option Scheme was adopted. 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.

#### 45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to May 31, 2025 and up to the date of this report.



*The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended December 31, 2024 and the five months ended May 31, 2025 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the Company's Reporting Accountants, as set out in Appendix I to this prospectus, and is included herein for information only.*

*The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.*

#### **A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the proposed Global Offering (as defined in this prospectus) on the consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 as if the Global Offering had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 as derived from the Accountants' Report set out in Appendix I to this prospectus, and adjusted as described below:

	<b>Audited consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025</b>	<b>Estimated net proceeds from the Global Offering</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 per Share</b>	
	<i>Renminbi ("RMB")'000 (Note 1)</i>	<i>RMB'000 (Note 2)</i>	<i>RMB'000</i>	<i>RMB (Note 3)</i>	<i>Hong Kong dollars ("HK\$") (Note 4)</i>
Based on an Offer Price of HK\$102.23 per Share . . .	1,370,843	879,905	2,250,748	15.01	16.43

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*Notes:*

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 is based on the consolidated net assets of the Group attributable to owners of the Company amounted to RMB1,370,843,000 extracted from the Accountants' Report set forth in Appendix I to the prospectus.
2. The estimated net proceeds from the Global Offering are based on 10,436,900 Offer Shares at the indicative Offer Price of HK\$102.23 (equivalent to RMB93.37) per Offer Share, after deduction of the estimated underwriting fees and commissions and other listing related expenses paid/payable by the Company (excluding the listing expenses which have been charged to profit or loss up to May 31, 2025), and without taking into account of any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option; or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (iii) which may be issued under employee incentive schemes.

For the purpose of this unaudited pro forma statement, the estimated net proceeds from the Global Offering denominated in HK\$ has been converted into RMB at the rate of HK\$1 to RMB0.91331, which was the exchange rate prevailing on the Latest Practicable Date with reference to the rate published by the People's Bank of China. No representation is made that the HK\$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that 149,991,249 Shares were in issue assuming that the Global Offering had been completed on May 31, 2025 and without taking into account of any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option; or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (iii) which may be issued under employee incentive schemes.
4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in RMB is converted into HK\$ at the rate of RMB1 to HK\$1.09492, which was the exchange rate prevailing on the Latest Practicable Date with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK\$, or vice versa, at that rate or at all.
5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 to reflect any trading result or other transaction of the Group entered into subsequent to May 31, 2025.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.*

**Deloitte.****德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of PATEO CONNECT Technology (Shanghai) Corporation**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of PATEO CONNECT Technology (Shanghai) Corporation (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at May 31, 2025 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated September 22, 2025 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in this Prospectus) on the Group's financial position as at May 31, 2025 as if the Global Offering had taken place at May 31, 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended December 31, 2024 and the five months ended May 31, 2025, on which an accountants' report set out in Appendix I to the Prospectus has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at May 31, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

September 22, 2025

**TAXATION OF SECURITY HOLDERS**

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special provisions. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this Prospectus, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

**The PRC Taxation*****Taxation on Dividends******Individual Investor***

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), which was last amended on August 31, 2018 and the Regulation on the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was last amended on December 18, 2018, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Pursuant to Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued and implemented by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

Meanwhile, pursuant to the Notice on Issues Concerning the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) promulgated by the MOF, the SAT and the CSRC on September 7, 2015 and came into effect on September 8, 2015, where an individual acquires the stocks of listed companies from the market of public offerings and transfer of stock, to the extent that the holding period is over one year, the income from the dividends and bonuses thereof are temporarily exempted from individual income tax. Where an individual acquires the stocks of listed companies from the market of public offering and transfer of stock, to the extent that the holding period is one month or less (one month inclusive), the income from dividends thereof shall be included in the taxable income in full amount; and to the extent that the holding period is more than one month and up to one year (one year inclusive), the incomes from the dividends thereof shall be included in the taxable income at a tax rate of 50%. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) issued on August 21, 2006, effective on December 8, 2006, if the beneficial owner directly holds at least 25% of the equity capital in a PRC company, a withholding tax at the rate of 5% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident; while if the beneficial owner directly holds less than 25% of the equity capital in a PRC company, a withholding tax at the rate of 10% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident.

#### *Enterprise Investors*

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), which was last amended as of December 29, 2018, and Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) which was last amended on April 23, 2019, a non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not effectively connected with such establishment or place in the PRC. The withholding tax may be reduced pursuant to applicable treaties for the avoidance of double taxation. Such income tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

Notice from the State Administration of Taxation on Issues Concerning Withholding the Corporate Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders which are Overseas Non-Residents Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) which was implemented by the SAT on November 6, 2008, further clarified that a



PRC-resident enterprise must withhold corporate income tax at a rate of 10% on dividends paid to overseas non-resident enterprise shareholders of H Shares for 2008 and subsequent years. In addition, Official Reply from the State Administration of Taxation on Issues Concerning the Levying of the Corporate Income Tax on Dividends Derived by Non-Resident Enterprises from B Shares, Etc. (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394) which was issued and implemented by the SAT on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) entered into on August 21, 2006, PRC Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Announcement of the State Taxation Administration on the Implementation of the Protocol V to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) issued by the SAT and effective on December 6, 2019 states that such provisions shall not apply to arrangement made for the primary purpose of gaining such tax benefit, unless it can be confirmed that the tax benefit granted under such circumstances comply with the principles and purposes of the relevant regulations. The application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

#### *Tax Treaties*

Non-PRC resident investors residing in jurisdictions which have entered into treaties or arrangements for the avoidance of double taxation with the PRC are entitled to a reduction of the corporate income taxes imposed on the dividends received from PRC companies. The PRC currently has entered into treaties/arrangements regarding avoidance of double taxation with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements may apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.



*Taxation on Share Transfer**Value-Added Tax (“VAT”) and Local Additional Tax*

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《關於全面推開營業稅改徵增值稅試點的通知》) (the “**Circular 36**”), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in Notice of the Ministry of Finance and the State Administration of Taxation on Several Policies concerning the Exemption of Business Tax on Transactions of Individual Financial Commodities and Other Transactions (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as “**Local Additional Tax**”), which shall be usually subject to 12% of the value-added tax and consumption tax actually paid (if any).

*Income tax**Individual Investors*

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the Ministry of Finance and the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

However, on December 31, 2009, the Ministry of Finance, SAT and China Securities Regulatory Commission jointly issued Notice of the Ministry of Finance, the State Administration of Taxation and China Securities Regulatory Commission on Relevant Issues Concerning the Individual Income Tax on Individual Income from Transfer of Non-tradable Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (No. 167 [2009] of the Ministry of Finance), which came into effect on December 31, 2009, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (No. 70 [2010] of the Ministry of Finance) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

#### *Enterprise Investors*

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

#### *Stamp Duty*

Pursuant to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated on June 10, 2021 and effective on July 1, 2022, the PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the purchase and disposal of H shares by non-PRC investors outside of the PRC does not apply to the relevant provisions of the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》).

#### *Estate Duty*

As of the Latest Practicable Date, no estate duty has been levied in China under the PRC laws.

**Taxation in Hong Kong*****Tax on Dividends***

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by our company.

***Profit Tax***

No profit tax is imposed in Hong Kong in respect of the sale of H shares. However, trading profits from the sale of the H shares by persons carrying on any industry, profession or business in Hong Kong, where such profits are derived from or arise in Hong Kong from such industry, profession or business will be subject to Hong Kong profits tax. Trading profits from sales of the H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading profits from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong. The trading profits from sales of the H shares for certain categories of taxpayers are likely to be regarded as deriving trading profits rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Shareholders should take advice from their own professional advisers as to their particular tax position.

Currently, the profit tax rate for the first HK\$2 million of assessable profits of an incorporated company is 8.25%, and profits above such amount is subject to a tax rate of 16.5%. The profit tax rate for the first HK\$2 million of assessable profits of an unincorporated company is 7.5%, and profits above such amount is subject to a tax rate of 15%.

***Stamp Duty***

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

***AFRC Transaction Levy***

The AFRC Transaction Levy was applicable to all sale and purchase of securities at 0.00015% per side with effect from January 1, 2022, which will be regarded as one of the transaction costs.

*Estate Duty*

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

**FOREIGN EXCHANGE CONTROL IN THE PRC**

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange controls and cannot be freely converted into foreign currency. The SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According to Regulation of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administration Regulations**”), which was promulgated by the State Council on January 29, 1996 and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that PRC will not impose any restriction on international current payments and transfers.

On June 20, 1996, PBOC promulgated the Regulations for the Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange (《結匯、售匯及付匯管理規定》) ([1996] No. 210 of the People's Bank of China June 20, 1996) (the “**Settlement Regulations**”), which became effective on July 1, 1996. The Settlement Regulations do not impose any restrictions on convertibility of foreign exchange under current items, while imposes restrictions on foreign exchange transactions under capital items.

According to the Announcement of the People's Bank of China on Reforming the RMB Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》) (Announcement No. 16 [2005] of the People's Bank of China), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at financial institutions that carries foreign exchange business or operating institutions that carries settlement and sale business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts opened at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business, or effect exchange and payment at financial institutions that carry foreign exchange business or institutions that carry settlement and sale business.

Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) (No. 11 [2015] of the State Council) promulgated on October 23, 2014 has canceled the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (No. 54 [2014] of the State Administration of Foreign Exchange), pursuant to which a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation; and the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

On February 13, 2015, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Management Policies of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (No. 13 [2015] of the State Administration of Foreign Exchange), which came into effect on June 1, 2015. The notice has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its local offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (No. 16 [2016] of the State Administration of Foreign Exchange) issued by the SAFE on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (No. 3 [2017] of the State Administration of Foreign Exchange) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) (No. 28 [2019] of the SAFE), which canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.



## PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”), which was adopted on September 20, 1954 and subsequently amended on January 17, 1975, March 5, 1978, December 4, 1982, April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018 and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute legally binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**Legislation Law**”), which was adopted on March 15, 2000 and amended on March 15, 2015 and March 13, 2023, the National People’s Congress (the “**NPC**”) and the Standing Committee of NPC (the “**SCNPC**”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s Congress of the National Autonomous Region has the power to formulate autonomous regulations and separate regulations in accordance with the political, economic and cultural characteristics of the local ethnic groups, and make flexible provisions on the provisions of laws and administrative regulations, but shall not violate the basic principles of laws or administrative regulations, and shall not make flexible provisions on the provisions of the constitution law and the law of regional ethnic autonomy, as well as other relevant laws and administrative regulations on ethnic autonomy.

The ministries and commissions of the State Council, the People’s Bank of China, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules. The people’s governments of the provinces, autonomous regions, and municipalities directly under the central government, cities divided into districts and autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.



The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts or autonomous prefectures within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee, but which contravene the Constitution or the Legislation Law.

The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The Standing Committees of local people's Congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) implemented on June 10, 1981, if the scope prescribed by laws or decrees needs to be further defined or supplementary provisions need to be made, the SCNPC shall interpret them or make provisions by means of decrees. Issues involving the specific application of laws and decrees in the trial work of the court shall be interpreted by the Supreme People's Court. Issues involving the specific application of laws and decrees in the procuratorial work of the procuratorate shall be interpreted by the Supreme People's Procuratorate. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Issues that do not involve the specific application of laws and decrees in judicial and procuratorial work shall be interpreted by the State Council and the competent departments. If the scope of local laws and regulations needs to be further defined

or supplemented, the Standing Committee of the People's Congress of each province, autonomous region and municipality directly under the central government that promulgates such laws and regulations shall interpret or enact regulations. Issues involving the specific application of local laws and regulations shall be interpreted by the competent departments of the people's governments of all provinces, autonomous regions and municipalities directly under the central government.

### **PRC JUDICIAL SYSTEM**

Under the Constitution and the Law of Organization of the People's Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法》), which is adopted on September 21, 1954 and subsequently amended on July 5, 1979, September 2, 1983, December 2, 1986, October 31, 2006 and October 26, 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up civil, criminal and economic divisions, and certain people's courts based on the facts of the region, population and cases. The intermediate people's courts have divisions similar to those of the basic people's courts and may set up other special divisions if needed. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels and special people's courts. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at lower levels which have been legally effective.

A people's court takes the rule of the second instance as the final rule. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, ruling or conciliation statement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgment, ruling or conciliation statement, and considers a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》), the “**PRC Civil Procedure Law**”) adopted on April 9, 1991 and amended on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people’s courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. Generally, a civil case is initially heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is executed or signed or the place where the object of the action is located, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the People’s Republic of China is a signatory or participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a judgment or ruling made by a people’s court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity, unless the people’s court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

**THE PRC COMPANY LAW AND TRIAL ADMINISTRATIVE MEASURES**

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- Company Law of the People's Republic of China (《中華人民共和國公司法》, the “**PRC Company Law**”) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023, respectively, and the latest revision will come into effect on July 1, 2024;
- Trial Administrative Measures of Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》, the “Trial Administrative Measures”) which were promulgated by the CSRC on February 17, 2023, came into effect on March 31, 2023, applicable to the overseas share subscription and listing of joint stock limited companies.

Set out below is a summary of the major provisions of the PRC Company Law and the Trial Administrative Measures applicable to the Company.

**General Provisions**

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

**Incorporation**

A joint stock limited company may be incorporated by promotion or public subscription. It may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of

promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisions on the Management of the Issuing and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on the document to ensure that the document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

### **Share Capital**

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares. A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

**Increase of Share Capital**

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in the shareholders' assembly in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders. The approval of the securities regulatory authority of the State Council must be obtained when a company launches a public offering of new shares. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

**Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures stipulated by the PRC Company Law:

- the company shall prepare a balance sheet and a list of properties;
- the reduction of registered capital must be approved by shareholders in the shareholders' assembly;
- the company shall inform its creditors of the reduction of capital within ten days, and publish an announcement in respect of the reduction in newspapers within thirty (30) days upon passing of the resolution approving the reduction of capital;
- creditors of the company may require the company to settle its debts or provide corresponding guarantees within the statutory time limit; and
- the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction of registered capital.

**Repurchase of Shares**

A company shall not purchase its own shares except under any of the following circumstances:

- (1) reducing the registered capital of the company;
- (2) merging with another company that holds its shares;
- (3) using shares for employee stock ownership plan or equity incentives;

- (4) a shareholder requesting the company to purchase the shares held by him since he objects to a resolution of the shareholders' general meeting on the merger or division of the company;
- (5) using shares for converting convertible corporate bonds issued by the listed company; and
- (6) it is necessary for a listed company to protect the corporate value and the rights and interests of shareholders.

A company purchasing its own shares under any of the circumstances set forth in items (1) and (2) of the preceding paragraph shall be subject to a resolution of the shareholders' meeting; and a company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) of the preceding paragraph may, pursuant to the bylaws or the authorization of the shareholders' meeting, be subject to a resolution of a meeting of the board of directors at which more than two-thirds of directors are present.

After purchasing its own shares pursuant to the provisions of the first paragraph of this article, a company shall, under the circumstance set forth in item (1), cancel them within ten days after the purchase; while under the circumstance set forth in either item (2) or (4), transfer or cancel them within six months; and while under the circumstance set forth in item (3), (5) or (6), aggregately hold not more than 10% of the total shares that have been issued by the company, and transfer or cancel them within three years.

A listed company purchasing its own shares shall perform the obligation of information disclosure. A listed company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) shall carry out trading in a public and centralized manner.

### **Transfer of Shares**

Shares held by shareholders may be transferred legally. Under the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder.



Under the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issuance of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

**Shareholders**

Under the PRC Company Law, shareholders of a company are entitled to enjoy the return on equity, participate in important decision-making, select managers and enjoy other rights in accordance with the laws.

**Shareholders' Assembly**

The shareholders' assembly is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' assembly exercises the following powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors who are not representatives of the employees;
- to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or supervisors;
- to review and approve annual financial budget and final accounts proposed by the company;
- to review and approve the company's proposals on profit distribution and recovery of loss;
- to decide on any increase or reduction of the registered capital of the company;
- to decide on the company's issuance of bonds;

- to decide on merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as specified in the articles of association.

An annual session of the shareholders' assembly shall be held once a year. An interim shareholders' assembly session shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number stipulated by the PRC Company Law or less than two thirds of the number specified in the articles of association;
- the losses of the company which are not recovered reach one-third of the company's total paid up share capital;
- as requested by shareholders alone or in aggregate holding 10% or more of the shares of the Company;
- when deemed necessary by the board of directors;
- when proposed by the board of supervisors; or
- other circumstances as specified in the articles of associations.

A session of the shareholders' assembly shall be convened by the board of directors and presided over by the chairman of the board of directors.

The notice to convene an annual session of the shareholders' assembly and an interim meeting of the shareholders' assembly shall be given 20 days and 15 days, respectively, before the date of such meeting pursuant to the PRC Company Law. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

There are no specific provisions in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' assembly. Shareholders alone or in aggregate holding more than 3% of the shares of the company may put forth interim proposals and submit the same in writing to the board of directors ten days before a shareholders' assembly is held. The board of directors shall notify other shareholders within two days after receiving such proposals, and submit the interim proposals to the meeting of the shareholders' assembly for review and approval if such proposals are within the scope of its duties and powers. The contents of the interim proposal shall be within the scope of the functions and powers of the shareholders' assembly, with clear topics and specific matters for resolutions.

The shareholders' assembly shall not make any resolution on any matter not listed in a notice as stipulated in either of the preceding two notices. Where holders of bearer shares intend to attend the shareholders' assembly, they shall deposit their share certificates with the company for a period beginning from five days prior to the convening of the meeting to the end of the meeting.

Pursuant to the PRC Company Law, shareholders present at a shareholders' assembly have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights. An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' assembly pursuant to the provisions of the articles of association or a resolution of the shareholders' assembly. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the shareholders' assembly, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the shareholders' assembly shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' assembly regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting:

- (1) the increase or decrease of the registered capital of the Company;
- (2) the division, spin-off, merger, dissolution or transformation of the company;
- (3) any amendment of the Articles of Association.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' assembly. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

### **Board**

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of five to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following functions and powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution or change in the form of the company;
- to decide on the establishment of the Company's internal management structure;
- to appoint or dismiss the Company's general manager; and to appoint or dismiss the vice general manager and chief financial officer pursuant to the nomination of the general manager; and to decide on the matters relating to the remuneration of the aforesaid senior management officers;
- to formulate the Company's basic management system; and
- to exercise any other power under the articles of association.

### **Supervisory Board**

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise its powers:

- (1) to review the company's financial position;
- (2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or resolutions of the shareholders' general meetings;
- (3) when the acts of director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;
- (4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;
- (5) to submit proposals to the shareholders' general meetings;
- (6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and
- (7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor recommended by more than half of the supervisors shall convene and preside over supervisory board meetings.

**Manager and Senior Management**

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. Meanwhile, under the relevant requirements of the Guidelines for the Articles of Association of Listed Companies, the manager, who reports to the board of directors, may exercise his/her powers:

- (1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;
- (2) to arrange for the implementation of the company's annual operation plans and investment proposals;
- (3) to formulate proposals for the establishment of the company's internal management organs;
- (4) to formulate the fundamental management system of the company;
- (5) to formulate the company's specific rules and regulations;
- (6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;
- (7) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and
- (8) to exercise any other authority granted by the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the manager, deputy manager(s), person-in-charge of financial, board secretary (in the case of a listed company) and other personnel as stipulated in the articles of association.

**Duties of Directors, Supervisors, General Managers and Other Senior Management**

Board directors, supervisors, general managers and other senior management of a company are required under the PRC Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. Each director, supervisor, general manager and senior

officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

Any director, supervisor, general manager and other senior management who contravenes any laws, regulations or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

### **Finance and Accounting**

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the MOF of the State Council. At the end of each financial year, a company shall prepare a financial report, which shall be audited and verified according to laws.

A company shall make available its financial statements for the inspection by the shareholders at least 20 days before the convening of the annual meeting of the shareholders' assembly. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders or the shareholders' assembly, the company may make an allocation to a discretionary common reserve from the after-tax profits. If the company's statutory surplus reserve is not enough to make up for the losses of the company for the previous year, the current year's profits shall first be used for making up the losses before the statutory surplus reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and surplus reserves have been set aside, the remaining profits after-tax shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association. The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company in issue, and other amounts required by the MOF of the State Council to be allocated to the capital common reserve. The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company, but the capital reserve fund shall not be used for making up the company's losses. Where the statutory surplus reserve is converted into registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital prior to such conversion.



**Appointment and Dismissal of Accounting Firms**

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by the shareholders' meeting, the shareholders' assembly or board of directors in accordance with the articles of association. The accounting firm is to be appointed for a term commencing from the conclusion of an annual meeting of the shareholders' assembly and ending at the conclusion of the next annual meeting of the shareholders' assembly. The accounting firm should be allowed to make representations when the shareholders' assembly conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm which it employs without any refusal, withholding and misrepresentation.

**Profit Distribution**

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

**Amendments to the Articles of Association**

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the articles of association approved by the resolution of the general meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the articles of association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

**Dissolution and Liquidation**

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

- (1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (2) the shareholders' general meeting has resolved to dissolve the company;
- (3) the company is dissolved by reason of its merger or division;

- (4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws;
- (5) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders.

In the event of paragraph (1) above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court to appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner. The liquidation committee shall exercise the following functions and powers during the liquidation period:

- (1) to sort out the company's assets and to prepare a statement of financial position and an inventory of assets, respectively;
- (2) to notify creditors by notice or public notices;
- (3) to deal with any outstanding business related to the liquidation;
- (4) to pay outstanding tax together with any tax arising during the liquidation process;
- (5) to settle claims and liabilities;
- (6) to handle the company's remaining assets after its debts have been paid off;
- (7) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days of its establishment, and publish an announcement in newspapers within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall report all matters relevant to his claimed creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required statement of financial position and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required statement of financial position and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and perform their obligation in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

### **Overseas Listing**

On February 17, 2023, upon the approval of the State Council, the CSRC promulgated the Trial Administrative Measures and five relevant guidelines, which became effect on March 31, 2023.

According to the Trial Administrative Measures, (i) where the PRC domestic enterprises directly or indirectly issue securities overseas or list their securities overseas shall file with the CSRC and submit relevant materials; if such PRC domestic enterprises fail to perform the filing procedures, or conceals important facts or fabricate any material content in the filing documents, they may be subject to administrative penalties such as being ordered to make corrections, given warnings and fines, and their controlling shareholders, actual controllers, directly responsible persons in charge and other directly responsible persons may also be subject to administrative penalties such as warnings and fines; (ii) the direct offering and listing overseas of a domestic enterprise refers to the overseas offering and listing by a joint stock limited company registered and established in the PRC; and (iii) any domestic joint stock limited company shall file with the CSRC within three working days after submitting an application for overseas listing. A PRC domestic enterprise that fails to complete the filing in accordance with the Trial Administrative Measures may be ordered by the CSRC to correct, given a warning, and imposed a fine not less than RMB1 million and not more than RMB10 million.

#### **“Full Circulation” of H Shares**

Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for “full circulation.”

An H-share listed company may apply for “Full Circulation” separately or when applying for refinancing abroad. An unlisted domestic joint stock company may apply for “full circulation” when applying for an overseas initial public offering.

#### **Merger and Division**

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within ten days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company’s assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company’s division is approved, the company should notify all its creditors within ten days of the date of passing such resolution and publicly announce the division in newspapers within 30

days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

### **SECURITIES LAW AND OTHER RELEVANT REGULATIONS**

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC.

The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In 1998, the State Council consolidated the two departments and the CSRC has since taken over the original functions of the Securities Commission.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The Securities Law came into force on July 1, 1999, and was revised for the first time on August 28, 2004, for the second time on October 27, 2005, for the third time on June 29, 2013, for the fourth time on August 31, 2014 and for the fifth time on December 28, 2019. This law is the first national securities law in China, which is divided into 14 chapters and 226 articles, regulating (including) the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities companies and the duties and responsibilities of the securities regulatory authority under the State Council. The Securities Law comprehensively regulates the activities of China's securities market. Article 224 of the Securities Law stipulates that a domestic enterprise shall comply with the relevant provisions of the State Council in issuing securities or listing its securities abroad directly or indirectly. Article 225 of the

Securities Law stipulates that the specific measures for subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the State Council. At present, the shares (including H shares) issued and traded abroad are still subject to the rules and regulations promulgated by the State Council and the CSRC.

#### ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (2017 revision) (《中華人民共和國仲裁法(2017年修正)》) (the “**Arbitration Law**”) was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people’s court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000, and Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), which promulgated on December 26, 2020. In accordance with these arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

### **Judicial judgment and its enforcement**

According to the Arrangement of the Supreme People's Court between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008 (the “**Arrangement**”), in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. “Choice of court agreement in written” refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, the Supreme People's Court of PRC and the Hong Kong Government signed the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Cases between the Courts of the Mainland and the Hong Kong Special Administrative Region (the “**New Arrangement**”), which aims to establish a clearer and definitive mechanism for the recognition and enforcement of judgments in a wider range of civil and commercial cases between Hong Kong and Mainland China. The new arrangement terminates the requirement to enter into jurisdictional agreements for the mutual recognition and enforcement of judgments. The new arrangement came into effect on January 29, 2024 after the promulgation of the judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement has replaced the Arrangement upon its entry into force.



**Shanghai-Hong Kong Stock Connect**

On April 10, 2014, CSRC and Hong Kong Securities and Futures Commission (hereinafter referred to as “**HKSFC**”) issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission — Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (hereinafter referred to as “**Shanghai-Hong Kong Stock Connect**”) by the Shanghai Stock Exchange (hereinafter referred to as “**SSE**”), the Stock Exchange, China Securities Depository and Clearing Corporation Limited (hereinafter referred to as “**CSDCC**”) and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by HKSFC that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and HKSFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC issued the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

This appendix contains a summary of the principal provisions of the Articles of Association adopted on June 24, 2024, which will become effective on the date of listing of the H Shares on the Stock Exchange. This Appendix is mainly designed to provide potential investors with an overview of the Articles of Association of the Company, therefore, it may not contain the information that is important to potential investors. As discussed in “Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display”, the full Chinese version of the Articles of Association is available for inspection.

## **1. SHARES AND REGISTERED CAPITAL**

Shares of the company are represented by share certificates. The shares of the Company shall be issued based on the principle of openness, fairness and impartiality and shall rank *pari passu* in all respects with the shares of the same class. Shares of the same class issued at the same time shall be issued under the same condition and at the same price. The same price shall be paid for each of the shares subscribed for by all entities or individuals.

The Company shall not provide grants, loans, guarantees and other financial assistance for others to acquire shares of the Company or its parent company, except for the Company’s implementation of the employee stock ownership plan or authorized by the general meeting or the board according to the Articles of Association.

The Company may, for the benefit of the Company, provide financial assistance to others for the acquisition of shares of the Company upon a resolution of the general meeting, or a resolution of the board of directors in accordance with the articles of association or the authorization of the general meeting, provided that the total amount of financial assistance shall not exceed 10% of the total issued share capital. Resolutions of the Board of Directors shall be passed by at least two-thirds of all directors.

## **2. INCREASE AND REDUCTION IN CAPITAL AND REPURCHASE OF SHARES**

Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of the laws, regulations and the Hong Kong Listing Rules of the premise where the Company’s shares are listed stipulate otherwise upon resolution of the general meeting:

- (1) public offering;
- (2) non-public offering;
- (3) distributing bonus shares to its existing Shareholders;
- (4) conversion of capital reserve into share capital;
- (5) other methods specified by the laws and administrative regulations, the Hong Kong Listing Rules and approved by the CSRC.

The Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures set out in the PRC Company Law, Hong Kong Listing Rules and other relevant requirements and the Articles of Association.

The Company shall not purchase its own shares, except in any of the following circumstances:

- (1) To reduce the registered capital of the Company;
- (2) To merge with another company that holds its shares;
- (3) To use the shares in the employee share ownership plan or for share incentive;
- (4) The shareholders disagreeing with the merger or division resolution made by the general meeting ask the Company to acquire their shares;
- (5) To use the shares in the conversion of the convertible corporate bonds issued by the Company;
- (6) Necessary for the Company to protect its value and the shareholders' equity.

### **3. SHARE TRANSFER**

The Company shall not accept its own shares status of as collateral.

Shares that have been issued before the public offering shall not be transferred for a period of one year commencing from the date of trading of the Company's shares on a stock exchange.

The directors, supervisors, senior officers of the Company shall regularly declare the number of shares held by them and the relevant changes. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares of the Company in the same class held by them. The shares of the Company held by them shall not be transferred within one year as of the listing date of the shares of the Company. These people shall not transfer the shares of the company held by them within half of the year from their departure from the company. If the shares are pledged within the time limit for transfer prescribed by laws or regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

**4. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

The Company shall make a register of shareholders based on the vouchers provided by securities registries. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. Shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

When the Company convenes a general meeting, distributes dividends, executes clearing or makes other conducts that require confirmation of equities, the Board of Directors or the convener of the general meeting shall determine the equity registration date. Shareholders included in the register of shareholders at the close of business on the equity registration date shall be the entitled shareholders.

Shareholders of the Company shall enjoy the following rights:

- (1) to receive dividends and other distributions in proportion to the number of shares held;
- (2) to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at the general meetings in proportion to the number of shares held in accordance with laws;
- (3) to supervise the Company's operations, and to put forward proposals and raise inquiries;
- (4) to transfer, bestow or pledge the shares they hold according to laws, administrative regulations and the Articles of Association; to consult or copy the Articles of Association, the register of shareholders, the Company's bond stubs, minutes of general meetings, resolutions of the Board meetings and meetings of the Supervisory Committee, and financial and accounting reports;
- (5) to participate in the distribution of the remaining assets of the Company according to the number of Shares held, in the event of the termination or liquidation of the Company;
- (6) the shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their Shares;
- (7) other rights stipulated by laws, administrative regulations, department rules, Hong Kong Listing Rules or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

- (1) to comply with the laws, administration regulations and the Articles of Association;
- (2) to pay subscription moneys for the Shares subscribed in accordance with the agreed manner of payment;
- (3) no withdrawal from the Company except for the circumstances set out in the relevant laws and administrative regulations;
- (4) not to abuse shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company.

Where the abuse of shareholders' rights causes any loss to the company or other shareholders, such abusive shareholder shall be liable for compensation in accordance with the law. Where shareholders of a company take advantage of the company's independent status or the limited liability of shareholders to disregard debts and seriously injure the interests of the company's creditors, such shareholders shall bear joint and several liability for the debts of the company.

## **5. GENERAL MEETINGS**

### **(1) General provisions**

The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to law:

- (1) To determine the Company's management policy and investment plan;
- (2) To elect and replace directors and supervisors and to decide matters relating to the remuneration of directors and supervisors;
- (3) To examine and approve reports of the Board;
- (4) To examine and approve reports of the Supervisory Committee;
- (5) To review and approve the Company's annual financial budget plan and final account plan;
- (6) To examine and approve profit distribution plans and loss recovery plans of the Company;

- (7) To make resolutions concerning the increase or reduction of the Company's registered capital;
- (8) To make resolutions on the issuance of corporate bonds;
- (9) To pass resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;
- (10) To amend the Articles of Association;
- (11) To make resolution on the engagement or removal of the accounting firm and confirm its salary;
- (12) To review and approve the guarantee matters set out Article 42 of the Articles of Association;
- (13) To examine matters relating to the Company's purchase and/or sale of major assets within one year that exceed 30% of the audited total assets of the Company in the most recent period;
- (14) To examine and approve matters concerning changes in the use of raised funds;
- (15) To consider the equity incentive scheme and employee stock ownership plan;
- (16) To examine other matters that shall be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, Hong Kong Listing Rules or the Articles of Association.

The general meetings shall be divided into the annual general meetings and the extraordinary general meetings (the "EGM"). The annual general meeting shall be convened once a year, and shall be held within six months after the prior fiscal year ends.

The Company shall convene an EGM within two months of the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number specified in the PRC Company Law or two-thirds of the number required by the Articles of Association;
- (2) the uncovered loss of the Company reaches one-third of the total share capital of the Company;
  - Shareholders holding at least 10% of the company's stocks make a request;

(3) the Board considers it necessary;

- the Supervisory Committee proposes such a meeting be held;

(4) any other circumstances stipulated by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

**(2) Convening of the General Meeting**

Independent non-executive directors (independent directors) have the right to propose to the Board to convene an EGM. For the proposal of independent directors of convening an EGM, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal. If agreeing to convene an EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. If the Board does not agree to convene such meeting, the reasons shall be stated and announced.

The Supervisory Committee has the right to propose to the Board to convene an EGM, and shall make such proposal in writing. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations and this Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal.

When the Board of Directors agrees to convene an EGM, the Board of Directors shall, within five days after the Board resolution is made, issue a notice calling for the meeting. Changes in the original proposal in the notice shall be subject to the approval of the Supervisory Committee.

When the Board of Directors does not agree to convene an EGM, or does not provide written feedback within ten days upon receipt of the proposal, the Board of Directors shall be considered to be unable or fail to perform the duty of convening an EGM. The Supervisory Committee may convene and preside over the meeting on its own.

The shareholders who individually or jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Directors and the Supervisory Committee for convening of an EGM, and shall make such request to the Board of Directors and the Supervisory Committee in writing. The Board of Directors and the Supervisory Committee shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, make a decision on whether to convene the EGM or not within ten days upon receipt of the request and provide a written reply to the shareholders.

When the Board of Directors and the Supervisory Committee agree to convene an EGM, they shall, within five days after the Board resolution and the resolution of Supervisory Committee are made, issue a notice calling for the meeting. Changes in the original proposal in the notice shall be subject to the approval of the relevant shareholders.



When the Board of Directors and the Supervisory Committee do not agree to convene an EGM, or do not provide feedback within ten days upon receipts of the request, shareholders who individually or collectively holding more than 10% of the Company's shares for 90 consecutive days, shall have the right to convene and preside over such a meeting.

Where the laws, administrative regulations, departmental rules and securities regulatory rules of the premise where the Company's shares are listed stipulate otherwise, the relevant provisions shall prevail.

### **(3) Proposals and Notices of General Meetings**

When the Company convenes the general meeting, the Board of Directors, Supervisory Committee and shareholders holding more than 1% of the shares of the Company separately or jointly are entitled to submit proposals to the Company.

Limited by the Hong Kong Listing Rules, the shareholders holding more than 1% of the shares of the Company separately or jointly may raise temporary proposal and submit it to the board of directors in writing ten days before the general meeting is held. The temporary proposal shall be determined and detailed. The board of directors shall supplement the notice of general meeting in two days after receiving the proposal and publicize the content of the temporary proposal, except that the temporary proposal violates laws, administrative regulations or the provisions of the articles of association of the Company, or does not fall within the scope of authority of the general meeting.

Save as specified above or according to the Hong Kong Listing Rules, the convener shall neither revise the proposals set out in the notice of general meetings nor add new proposals after issuing the notice of general meeting.

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with Article 53 of the Articles of Association.

### **(4) Holding of general meetings**

All the shareholders recorded in the register as at the equity registration date have the right to attend the general meeting and exercise the voting rights in accordance with relevant laws, regulations and the Articles of Association. Shareholders may attend the general meeting in person, and also may appoint a proxy to attend and vote on his/her behalf.

The general meeting is presided over by the Chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, the deputy chairman of the Board of Directors shall preside over the meeting (if the company has two or more deputy chairmen, deputy chairmen is elected by more than half of the directors to preside over the board.) If the company does not have a vice chairman or unable or fails to perform his/her duties, a director elected by above half of the directors shall preside over the meeting.

A general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the deputy chairman of the Supervisory Committee shall preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a Supervisor elected by more than half of the Supervisors shall preside over the meeting.

If a General Meeting is convened by the shareholders, the convener shall elect a representative to preside over the meeting.

During the course of a general meeting, if the meeting presider violates the procedural rules such that the meeting cannot be continued, the shareholders in the general meeting may elect one person to act as the meeting presider to continue the meeting as long as the proposed chairman has the consent of more than half of the shareholders with voting rights who are present at the meeting.

#### **(5) Voting and Resolutions of General Meetings**

The resolutions of a general meeting are classified into ordinary ones and special ones.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including their proxies) present at the meeting.

Special resolutions of the general meeting shall be adopted by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

- (1) reports of the Board of Directors and the Supervisory Committee;
- (2) profit distribution proposals and proposals for making up losses formulated by the Board of Directors;
- (3) appointment, dismissal and remuneration of the members of the Board and the Supervisory Committee and the method of payment of the remuneration;
- (4) annual budget plan and final account plan of the Company;
- (5) make resolution on the engagement or removal of the accounting firm and confirm its salary;
- (6) other matters other than those that shall be resolved by special resolutions according to laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

- (1) Increase or reduction of the Company's registered capital;
- (2) separation, division, merger, dissolution and liquidation of the Company;
- (3) amendment of the Articles of Association;
- (4) the Company's purchase or disposal of major assets within one year or guarantee amount exceeding thirty percent of the latest audited total assets of the Company;
- (5) the equity incentive scheme;
- (6) other matters required to be resolved by way of a special resolution by the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be resolved by way of a special resolution.

## **6. DIRECTORS AND THE BOARD**

### **(1) Directors**

Directors shall be elected or replaced by the general meeting and may be removed from office by the general meeting before the expiration of their term of office. The Directors have a tenure of three years and can be reelected upon the expiry of the tenure.

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 of Directors. Where a new elect is not yet available upon expiration of a director's term, or the number of the directors on the board is less than the quorum due to the resignation of a director within his term, such director, before the new elect takes his office, shall continue the performance of his duties in accordance with laws, administrative regulations, the articles or association and the regulatory rules of the place where the Company's shares are listed.

A director may be the general manager or other senior officer concurrently, provided that the total number of directors who concurrently serve as the general manager or other senior officers and directors who are employee representatives shall not exceed half of the total number of directors of the Company.

**(2) Board of Directors**

The Board of Directors shall consist of 15 directors, three of whom shall be independent non-executive Directors. The Board of Directors shall have one chairman. The Board shall exercise the following functions and powers:

- (1) to convene general meetings and presenting reports thereto;
- (2) to implement resolutions adopted by the general meeting;
- (3) to resolve on the Company's business plans and investment plans;
- (4) to formulate the Company's annual financial budget plan and final account plan;
- (5) to formulate the profit distribution plan and loss recovery plan of the Company;
- (6) to formulate the plans of increasing or decreasing the Company's registered capital, issuing corporate bonds or other securities, and going public;
- (7) to formulate the plans for merger, division, dissolution or change of corporate form of the company;
- (8) to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, and external donations of the Company within the authority granted by the general meeting;
- (9) to determinate the setup of the Company's internal management structure;
- (10) to appoint or dismiss the general manager, board secretary and other senior officers of the Company, and decide on matters of remuneration, rewards and punishments; to appoint or dismiss senior officers such as deputy general manager, the secretary of the Board and CFO according to the nomination of the general manager, and decide on matters of remuneration, rewards and punishments;
- (11) to formulate the basic management system of the Company;
- (12) to formulate proposals for any amendment to the Articles of Association;
- (13) to manage the information disclosure of the Company;
- (14) to request the general meeting to engage or replace the accounting firm that provides audit for the Company;

- (15) to debrief the work report of the general manager of the Company and check the works of the general manager;
- (16) to decide the Company's external guarantee matters outside the scope of the general meeting;
- (17) to decide the purchase or sale of major assets or the amount of guarantee within one year does not exceed 30% of the Company's total audited assets in the latest period;
- (18) to approve the matters required by the Board of Directors under laws, regulations, the Hong Kong Listing Rules and the Articles of Association (including but not limited to related (connected) transactions or other transactions);
- (19) any other functions and powers granted by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the Articles of Association, and the general meeting.

The Board of Directors of the Company shall have the Audit Committee, Nomination Committee and Remuneration and Appraisal Committee. The special committees shall be accountable to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Their proposals shall be submitted to the Board of Directors for deliberation and decision. All special committees are comprised of directors. The majority of members of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee shall be independent directors, who shall also be the conveners, provided that the convener of the Audit Committee shall be an accounting professional. The members of the audit committee should be directors who do not hold senior management positions within the company. The Board of Directors shall be responsible for formulating the working rules of the special committees and regulating their operation.

## **7. GENERAL MANAGER AND OTHER SENIOR OFFICERS**

The Company shall have one general manager who shall be appointed or removed by the Board.

The general manager, deputy general manager, chief financial officer, board secretary and other persons expressly appointed by the board as the senior officers shall be the senior officers of the Company. The general manager shall be accountable to the Board and exercise the following powers and functions:

- (1) to be in charge of the Company's production, operation and management, organize the implementation of resolutions of the Board of Directors, and report to the Board of Directors;

- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to prepare the proposal for the setup of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the detailed rules and regulations of the Company;
- (6) to propose to the board of directors the appointment or dismissal of the deputy general manager and chief financial officer;
- (7) to decide to employ and dismiss the responsible management personnel other than those to be employed and dismissed by the Board of Directors;
- (8) according to the authorization of the Board of Directors and the general meeting, make decisions on the Company's foreign investment, asset disposal, related (connected) transactions and other matters;
- (9) to decide and sign economic contracts in daily production and operation on behalf of the Company;
- (10) to examine and approve the expenses incurred in the daily operation and management activities of the Company, and issue daily administrative and business documents;
- (11) to draw up wage, welfare, reward and punishment plans for the Company's employees, and decide on the employment and dismissal of the Company's employees;
- (12) other functions and powers granted by the Articles of Association or the Board of Directors.

The general manager and other senior managements shall attend meetings of the Board as an observer.

## **8. SUPERVISORY COMMITTEE**

The Company shall have a Supervisory Committee. The Supervisory Committee is composed of 5 Supervisors. The Supervisory Committee shall have one chairman elected by more than half of all the supervisors and may have the vice chairman. The meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee. In the event that the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the vice chairman of the Supervisory Committee shall

convene and preside over the meetings of the Supervisory Committee. In the event that the vice chairman is unable or fails to perform his/her duties, the meetings shall be convened and presided over by a supervisor jointly nominated by more than half of all the supervisors.

The Supervisory Committee shall be composed of shareholder representative Supervisors and employee representative supervisors, and the employee representative supervisors shall be not less than one-third of the members of the Supervisory Committee. The representatives of the staff and workers on the Supervisory Committee shall be democratically elected by the staff and workers through the congresses or assemblies of the workers and staff members or other forms.

The Supervisory Committee shall exercise the following power:

- (1) to examine the Company's financial affairs;
- (2) to monitor any acts of directors and senior officers of the Company in their performance of duties, and to propose the removal of directors and senior officers who have violated laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or resolutions of the general meeting;
- (3) when the acts of any Directors or senior officers are found to damage the interests of the Company, to urge them to make correction;
- (4) to propose the holding of EGMs and, in the event that the board of directors fails to perform its duty of convening and presiding over a general meeting, to convene and preside over such a meeting;
- (5) to submit proposals to the general meeting;
- (6) to review the periodical reports of the Company prepared by the Board of Directors and to submit written review opinions thereon;
- (7) to sue the director or senior officers in accordance with Article 33 of the Articles of Association and the relevant provisions of the PRC Company Law;
- (8) to conduct investigation if there is any unusual circumstances in the Company's operations; and if necessary, to engage a law firm, accounting firm, or other professional institutions to assist in their work with expenses borne by the Company;
- (9) other functions and powers specified in the Articles of Association.



**9. FINANCIAL AND ACCOUNTING SYSTEMS**

The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations, and rules of the relevant authorities of the state.

The general meeting shall examine and approve the annual financial and accounting report within six months from the end of each fiscal year. The above financial and accounting reports are prepared in accordance with relevant laws, administrative regulations, departmental rules and the Hong Kong Listing Rules.

**10. PROFIT DISTRIBUTION**

The Company's profit distribution policy is:

**(1) Profit distribution principle**

The Company's profit distribution policy should pay attention to the reasonable return on investment to shareholders, and the profit distribution policy should maintain continuity and stability. The distribution of the Company's profits shall not exceed the scope of the accumulated distributable profits and shall not impair the Company's ability to continue operation.

Where a shareholder illegally occupies the company's funds, the Company shall deduct the cash dividend distributed by the shareholder in order to repay the funds occupied by the shareholder.

**(2) Forms of profit distribution**

The Company may distribute dividends in the form of cash or stock and actively promote the way of cash distribution. An interim cash dividend is possible.

**11. APPOINTMENT OF ACCOUNTING FIRMS**

The Company shall employ an accounting firm that complies with the provisions of the Securities Law to audit financial reports, verify net assets, and offer other relevant consulting services. The term of employment of such accounting firm shall be one year, which is renewable.

Employing an accounting firm for the Company shall be decided by the general meeting. The Board shall not appoint an accounting firm before a general meeting is held.

**12. DISSOLUTION AND LIQUIDATION**

The Company shall be dissolved if:

- (1) business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;
- (2) the general meeting resolves to dissolve the Company by means of special resolution;
  - a dissolution is required due to merger or division of the Company;
- (3) the Company is revoked of business license according to law, ordered to close or canceled;
- (4) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders who hold an aggregate of over ten percent of the whole voting rights can make a petition to the People's Court to dissolve the Company.

If a company is in the situation of paragraphs 1 and 2 of the preceding article and has not yet distributed its property to its shareholders, it may survive by amending its articles of association or by a resolution of the general meeting. Amendments to the Articles of Association or resolutions of general meeting made in accordance with the provisions of the preceding paragraph shall be approved by more than 2/3 of the voting rights held by the shareholders attending the general meeting.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to shareholders until all liabilities have been paid off in accordance with the provisions of the preceding paragraph.

If the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and schedule of assets, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

After the liquidation of a company is completed, the liquidation committee shall prepare a liquidation report and submit the report to the general meeting or the people's court for confirmation, and shall submit it to the company registration authority to apply for cancellation of the registration of the company.

### **13. AMENDMENT TO THE ARTICLES OF ASSOCIATION**

The Company shall amend the Articles of Association under any of the following circumstances:

- (1) After the amendment of the PRC Company Law or relevant laws and administrative regulations, or the Hong Kong Listing Rules and the matters stipulated in the Articles of Association conflict with the provisions of the amended laws, administrative regulations or listing rules of the stock exchange where the Company's share are listed;
- (2) There has been a change to the Company, resulting in inconsistency with the content in the Articles of Association;
- (3) The general meeting approves to amend the Articles of Association by a special resolution.

**FURTHER INFORMATION ABOUT THE COMPANY****Establishment of the Company**

On October 20, 2009, the predecessor of the Company, Botai Yuezhen Electronic Equipment Manufacturing was established as a limited liability company under the laws of the PRC. On December 2, 2021, the Company was converted into a joint stock limited liability company under the laws of the PRC with its corporate name changed to PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司). Our registered office is located at Room 3701, 866 East Changzhi Road, Hongkou District, Shanghai, PRC.

The Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance. Ms. Leung Hoi Yan (梁皚欣) has been appointed as our authorized representative for acceptance of service of process and notices in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

**Changes in the Share Capital of the Company**

Save as disclosed in “History, Development and Corporate Structure,” there has been no alteration in the share capital of the Company within two years immediately preceding the date of this prospectus.

**Changes in the Share Capital of Our Subsidiaries**

Details of our subsidiaries are set out in “History, Development and Corporate Structure — Our Major Subsidiaries” and Note 41 to the Accountants' Report as set out in Appendix I to this prospectus.

Save as disclosed below, there has been no alteration in the registered capital of our subsidiaries within two years immediately preceding the date of this prospectus.

***Qingdao Xintai Mingchi Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (青島信泰銘馳私募股權投資基金合夥企業(有限合夥))***

On December 26, 2023, Qingdao Xintai Mingchi Private Equity Investment Fund Partnership Enterprise (Limited Partnership) was established under the laws of the PRC with a capital commitment of RMB27,000,000.

***PATEO CONNECT Technology (Changchun) Co., Ltd. (博泰車聯網科技(長春)有限公司)***

On January 30, 2024, PATEO CONNECT Technology (Changchun) Co., Ltd. was established under the laws of the PRC with a registered capital of RMB30,000,000.

***PATEO CONNECT Technology (Xinchang) Co., Ltd. (博泰車聯網技術(新昌)有限公司)***

On February 29, 2024, PATEO CONNECT Technology (Xinchang) Co., Ltd. was established under the laws of the PRC with a registered capital of RMB50,000,000.

***Botai Intelligent Manufacturing (Lu'an) Co., Ltd. (博泰智能製造(六安)有限公司)***

On March 7, 2024, Botai Intelligent Manufacturing (Lu'an) Co., Ltd. was established under the laws of the PRC with a registered capital of RMB50,000,000.

***Beijing Guochuang Future Nengdong Private Equity Investment Fund (Limited Partnership) (北京國創未來能動私募股權投資基金(有限合夥))***

On June 18, 2024, Beijing Guochuang Future Nengdong Private Equity Investment Fund (Limited Partnership) was established under the laws of the PRC with a capital commitment of RMB100,000,000.

***PATEO CONNECT (Neijiang) Co., Ltd. (博泰車聯網(內江)有限公司)***

On August 2, 2024, PATEO CONNECT (Neijiang) Co., Ltd. was established under the laws of the PRC with a registered capital of RMB30,000,000.

***PATEO CONNECT Technology (Wuxi) Co., Ltd. (博泰車聯網技術(無錫)有限公司)***

On September 6, 2024, PATEO CONNECT Technology (Wuxi) Co., Ltd. was established under the laws of the PRC with a registered capital of RMB300,000,000.

***Wuxi Zhenxin Automotive Integrated Circuit Co., Ltd. (無錫臻芯車規集成電路有限公司)***

On September 5, 2025, Wuxi Zhenxin Automotive Integrated Circuit Co., Ltd. was established under the laws of the PRC with a registered capital of RMB10,000,000.

***Huangshan PATEO Intelligent Manufacturing Co., Ltd. (黃山博泰智能製造有限公司)***

On September 11, 2025, Huangshan PATEO Intelligent Manufacturing Co., Ltd. was established under the laws of the PRC with a registered capital of RMB30,000,000.

**Resolutions of the Shareholders**

Pursuant to the written resolutions of the Shareholders dated June 24, 2024, the Shareholders resolved that, among others:

- (a) the issuance by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares being listed on the Stock Exchange;
- (b) the number of H Shares to be issued shall not be more than 25% of the total issued share capital of the Company as enlarged by the Global Offering (without taking into account of any H Shares which may be issued upon the exercise of the Over-Allotment Option), and the grant of the Over-allotment Option in respect of not more than 15% of the number of H Shares initially available under the Global Offering;

- (c) subjects to the CSRC's approval, upon completion of the Global Offering, 60,560,947 Domestic Shares in aggregate held by Jiequan Rundong, Tianjin Jinmi, Shengying VC, Employee Incentive Platforms, Dongfeng Group, Yiqi Investment, Ningbo Yaxin, Shanghai Xiazhi, Nanjing Intelligent Headquarters Fund, Jianyuan Lujin, Shanghai Fuding Phase II, Jiaying Chenyue, Qiandao Ronghui, Hubei Hongtai, Xinyu Yifeng, Jiangxi Wenxin No. 2, Jiaying Jingkai, Hangzhou Fuyang, Jisheng Investment, Ningbo Yinxing, Changchun Changxing, Wuhan Karuitong, Suzhou Xinjing and Hangzhou Nansheng will be converted into H Shares on a one-for-one basis;
- (d) the granting of a general mandate to the Board to separately or concurrently allot, issue and deal with additional Shares, and the number of such Shares shall not exceed 20% of the Shares in issue as of the Listing Date;
- (e) subject to the completion of the Global Offering, the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total H Shares in issue immediately following the completion of the Global Offering (without taking into account any H Shares that may be issued upon the exercise of the Over-allotment Option) and the conversion of Domestic Shares into H Shares;
- (f) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association to the extent necessary in accordance with laws, regulations and regulatory rules and requirements from relevant government bodies or regulatory authorities and for the purpose of the Listing; and
- (g) authorization of the Board or its authorized individual(s) to handle all matters relating, among other things, to the Global Offering, the issue and the listing of H Shares on the Stock Exchange.

### **Explanatory Statement on Repurchase of Our Own Securities**

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities that are listed on the Stock Exchange.

#### ***Reasons for repurchase***

The Board considered that the repurchase of the H Shares when appropriate would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the investors' confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholder as a whole.

***Registered capital***

As of the Latest Practicable Date, the registered capital of the Company was RMB139,554,349, comprising 139,554,349 Domestic Shares in issue of nominal value RMB1.00 each.

***Exercise of the general mandate to repurchase H Shares***

Subject to the completion of the Global Offering, the Board was granted general mandate to repurchase H Shares until the end of the relevant period. The general mandate to repurchase H Shares would expire on the earlier of:

- (i) the conclusion of the next annual general meeting of the Company of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or
- (ii) the revocation or variation of the mandate under the resolution at any general meeting of the Company.

The exercise in full of the general mandate to repurchase H Shares would result in a maximum of 7,099,784 H Shares being repurchased by the Company during the relevant period, being the maximum of 10% of the total H Shares in issue as at the Listing Date (on the basis of 10,436,900 H Shares to be issued under the Global Offering (without taking into account any H Shares that may be issued upon the exercise of the Over-allotment Option) and the conversion of 60,560,947 Domestic Shares into H Shares).

***Source of funds***

In repurchasing its H Shares, the Company intends to apply funds from the Company's internal resources legally available for such purpose in accordance with the Articles of Association, the applicable laws, rules and regulations of the PRC and the Listing Rules. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

***Suspension of repurchase***

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.



***Close associates and core connected persons***

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates have a present intention, in the event the general mandate to repurchase H Shares is approved, to sell any H Shares to our Company.

No core connected person of the Company has notified the Company that they have a present intention to sell any H Shares to the Company, or have undertaken to do so, if the general mandate to repurchase H Shares is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

***Status of repurchased Shares***

Subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations, the H Shares repurchased by the Company may be cancelled or transferred within certain period and/or held as treasury shares subject to the Company's capital management needs at the relevant time of the repurchases.

***Takeover implications***

If, as a result of any repurchase of H Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase H Shares.

***General***

The Company did not hold any treasury shares as of the Latest Practicable Date and will not hold any treasury shares immediately prior to the completion of the Global Offering. Neither the explanatory statement on repurchase of our own securities nor the proposed share repurchase has any unusual features.

If the general mandate to repurchase H Shares were to be carried out in full at any time, there may be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, the Directors do not propose to exercise the general mandate to repurchase H Shares to such an extent as would have a material adverse effect on our working capital or gearing position.

The Directors will exercise the general mandate to repurchase H Shares in accordance with the Listing Rules and the applicable laws in the PRC. Neither the Explanatory Statement on Repurchase of Our Own Securities nor the proposed share repurchase has any unusual features.

## **FURTHER INFORMATION ABOUT OUR BUSINESS**

### **Summary of Material Contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that is or may be material:









- (a) the cornerstone investment agreement dated June 27, 2025 entered into among the Company, Horizon Together Holding Ltd., China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited, Huatai Financial Holdings (Hong Kong) Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, pursuant to which Horizon Together Holding Ltd. agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of RMB200 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (b) the cornerstone investment agreement dated September 17, 2025 entered into among the Company, JSC International Investment Fund SPC (acting for and on behalf of segregated portfolio Huangshan SP), China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited, Huatai Financial Holdings (Hong Kong) Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, pursuant to which JSC International Investment Fund SPC (acting for and on behalf of segregated portfolio Huangshan SP) agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of RMB190 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

- (c) the cornerstone investment agreement dated September 17, 2025 entered into among the Company, Smart Ventures Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited, Huatai Financial Holdings (Hong Kong) Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, pursuant to which Smart Ventures Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares); and
- (d) the Hong Kong Underwriting Agreement.

### Intellectual Property Rights

#### Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiry Date
1		8183514	The Company	PRC	35	January 6, 2032
2		8183679	The Company	PRC	35	December 27, 2031
3		54537798	The Company	PRC	35	January 6, 2032
4		54536861	The Company	PRC	9	November 6, 2031
5		8183520	Shanghai PATEO Yuezhen	PRC	35	February 20, 2034
6		8183516	Shanghai PATEO Yuezhen	PRC	42	March 13, 2033
7		26181515	Shanghai PATEO Yuezhen	PRC	9	July 6, 2029
8		31607457	Shanghai PATEO Yuezhen	PRC	12	May 13, 2031

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiry Date
9	博泰	36885449	Shanghai PATEO Yuezhen	PRC	9	January 6, 2031
10	博泰	52378682	Shanghai PATEO Yuezhen	PRC	42	January 6, 2031
11	博泰	54517645	Shanghai PATEO Yuezhen	PRC	35	January 6, 2031

### Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
1	A routing method, microservice system, device and storage medium (一種路由方法、微服務系統、設備及存儲介質)	PATEO CONNECT Nanjing	CN202311518483.X	PRC	Invention	February 27, 2024
2	Video stream display method, apparatus, device and storage medium (視頻流顯示方法、裝置、設備及存儲介質)	PATEO CONNECT Nanjing	CN202311463683.X	PRC	Invention	January 26, 2024
3	A scheduling method, scheduling system and storage medium (一種調度方法、調度系統及存儲介質)	PATEO CONNECT Nanjing	CN202311480660.X	PRC	Invention	January 26, 2024
4	Voice control method, apparatus, device and storage medium (語音控制方法、裝置、設備及存儲介質)	PATEO CONNECT Nanjing	CN202211281999.2	PRC	Invention	November 3, 2023
5	An audio management method, apparatus, system and computer storage medium (一種音頻管理方法、裝置、系統及計算機存儲介質)	PATEO CONNECT Nanjing	CN202011008154.7	PRC	Invention	March 24, 2023
6	Methods, computing devices and computer storage media for vehicle interaction (用於車輛交互的方法、計算設備和計算機存儲介質)	PATEO CONNECT Nanjing	CN202110175165.2	PRC	Invention	August 30, 2022

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# STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
7	Vehicle-mounted terminal, method and system for adding a description to a vehicle location (車載終端、為車輛位置添加說明的方法與系統)	PATEO CONNECT Nanjing	CN201010616494.8	PRC	Invention	June 15, 2016
8	Call centre and its point-of-interest search method and point-of-interest search system (呼叫中心及其興趣點搜索方法、興趣點搜索系統)	PATEO CONNECT Nanjing	CN201010613749.5	PRC	Invention	January 6, 2016
9	Instrument remote upgrade processing method and system (儀表遠程升級處理方法及系統)	The Company	CN201910079809.0	PRC	Invention	March 12, 2024
10	File transfer method, apparatus, computer device and storage medium (文件傳輸方法、裝置、計算機設備及存儲介質)	The Company	CN202110433120.0	PRC	Invention	March 1, 2024
11	Bluetooth-based vehicle control method, mobile terminal, in-vehicle TBOX and system (基於藍牙控制車輛方法、移動終端、車載TBOX及系統)	The Company	CN201810699473.3	PRC	Invention	February 27, 2024
12	An access request processing method and device (一種訪問請求處理方法及裝置)	The Company	CN202011000156.1	PRC	Invention	January 12, 2024
13	Intelligent recommendation method, device, server and storage medium based on the Vehicles Connectivity (基於車聯網的智能推薦方法、裝置、服務器及存儲介質)	The Company	CN202010759544.1	PRC	Invention	December 22, 2023
14	A location-based voice interaction method and system (一種基於位置的語音交互方法及系統)	The Company	CN202111233280.7	PRC	Invention	November 17, 2023
15	Method, system and apparatus for resource reallocation based on hard isolation (基於硬隔離的資源重分配方法、系統和設備)	The Company	CN202011446773.4	PRC	Invention	September 29, 2023
16	Audio playback methods, systems and devices based on hard isolation (基於硬隔離的音頻播放方法、系統和設備)	The Company	CN202011446821.X	PRC	Invention	September 29, 2023
17	A hard isolation realization system (一種硬隔離實現系統)	The Company	CN202011447127.X	PRC	Invention	September 29, 2023

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No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
18	Partition booting methods, systems and apparatus based on hard isolation (基於硬隔離的分區啟動方法、系統和設備)	The Company	CN202011448875.X	PRC	Invention	September 29, 2023
19	Road matching method and related devices (道路匹配方法及相關裝置)	The Company	CN202011329050.6	PRC	Invention	September 22, 2023
20	Method of cross-system communication for an application and related apparatus (應用程序跨系統通信方法及相關裝置)	The Company	CN202010097809.6	PRC	Invention	April 28, 2023
21	Audio playback methods and related products (音頻播放方法及相關產品)	The Company	CN201911386063.4	PRC	Invention	April 28, 2023
22	Intelligent car key system and its control method (智能車鑰匙系統及其控制方法)	The Company	CN201710761926.6	PRC	Invention	May 31, 2022
23	Vehicle search method and related equipment (尋車方法及相關設備)	The Company	CN201911278385.7	PRC	Invention	May 27, 2022
24	Vehicle data transmission, acquisition method and related apparatus (車輛數據發送、獲取方法及相關設備)	The Company	CN202011006444.8	PRC	Invention	November 26, 2021
25	Voice control device based on mobile terminal and its voice control method (基於移動終端的語音控制裝置及其語音控制方法)	The Company	CN201610033861.9	PRC	Invention	August 9, 2019
26	Fast start-up method for in-vehicle system based on Android system (基於Android系統的車載系統的快速啟動方法)	The Company	CN201310255835.7	PRC	Invention	October 2, 2018
27	Electronic payment method based on cloud data processing technology (基於雲數據處理技術的電子支付方法)	The Company	CN201110457906.2	PRC	Invention	April 3, 2018
28	In-vehicle terminal, implementation system, adaptation device and activation method for in-vehicle terminal upgrade (車載端，車載端升級的實現系統、適配裝置和啟動方法)	The Company	CN201110457660.9	PRC	Invention	January 12, 2018
29	An interactive message data processing system (一種互動消息數據處理系統)	The Company	CN201110457323.X	PRC	Invention	November 7, 2017

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<b>No.</b>	<b>Patent name</b>	<b>Patent holder</b>	<b>Patent number</b>	<b>Place of registration</b>	<b>Patent type</b>	<b>Authorization date</b>
30	Method and apparatus for detecting the reliability of navigation paths based on fully automatic simulated navigation (基於全自動模擬導航的導航路徑可靠性檢測方法和裝置)	The Company	CN201210572404.9	PRC	Invention	November 7, 2017
31	A vehicle-side data processing system and a geographic information data processing platform (一種車載端數據處理系統及地理信息數據處理平台)	The Company	CN201110450035.1	PRC	Invention	November 7, 2017
32	Navigation device and navigation method (導航裝置及導航方法)	The Company	CN201110450071.8	PRC	Invention	December 14, 2016
33	Adaptation device, activation method and system for in-vehicle applications, in-vehicle terminal (車載應用的適配裝置、啟動方法和系統，車載端)	The Company	CN201110457345.6	PRC	Invention	August 10, 2016
34	Method of automatic mode selection for in-vehicle electronic systems (車載電子系統的模式自動選擇方法)	The Company	CN201010613629.5	PRC	Invention	June 22, 2016
35	In-vehicle information push service system and method (車載信息推送服務系統和方法)	The Company	CN201010622056.2	PRC	Invention	April 20, 2016
36	Vehicle information synchronization service system and method (車載信息同步服務系統和方法)	The Company	CN201010621307.5	PRC	Invention	March 30, 2016
37	Alerting method of vehicle status, in-vehicle terminal (車輛狀態的提醒方法、車載終端)	The Company	CN201110377107.4	PRC	Invention	January 6, 2016
38	In-vehicle system, in-vehicle information service system and in-vehicle information reminder method (車載系統、車載信息服務系統及車載信息提醒方法)	The Company	CN201110207672.6	PRC	Invention	October 7, 2015
39	Method and apparatus for providing road condition event information, navigation system (路況事件信息的提供方法及裝置、導航系統)	The Company	CN201210572874.5	PRC	Invention	August 26, 2015
40	System and method for providing music files and music information (音樂文件及音樂信息的提供系統及提供方法)	The Company	CN201010210075.4	PRC	Invention	July 15, 2015



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# STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
41	Vehicle-mounted intelligent communication system (車載智能通信系統)	The Company	CN201010621322.X	PRC	Invention	April 8, 2015
42	Personalized music media information acquisition method and system (個性化音樂媒體信息獲取方法及系統)	The Company	CN201010572192.5	PRC	Invention	April 8, 2015
43	In-vehicle terminal of an integrated vehicle fault detection system and its data processing method (綜合車輛故障檢測系統的車載端及其數據處理方法)	The Company	CN201010622028.0	PRC	Invention	February 11, 2015
44	Method and apparatus for controlling an in-vehicle system, in-vehicle system (車載系統的控制方法和裝置、車載系統)	The Company	CN201010572509.5	PRC	Invention	October 22, 2014
45	Apparatus and method for controlling the functional availability of an in-vehicle system based on vehicle speed (基於車速控制車載系統功能可用性的裝置和方法)	The Company	CN201010136836.6	PRC	Invention	September 10, 2014
46	Apparatus and method for providing alert information based on vehicle speed (基於車速提供提示信息的裝置和方法)	The Company	CN201010136852.5	PRC	Invention	February 27, 2013
47	Vehicle, in-vehicle device and its artificial intelligence-based scene information pushing method (車輛、車機設備及其基於人工智能的場景信息推送方法)	Shanghai PATEO Yuezhen	CN201810589706.4	PRC	Invention	May 3, 2022
48	Data configuration method, apparatus, medium and electronic device for vehicle connectivity data (用於車聯網數據的數據配置方法、裝置、介質及電子設備)	Shanghai PATEO Yuezhen	CN202011163137.0	PRC	Invention	March 25, 2022
49	Authorized Bluetooth key activation method and system, storage medium and T-BOX (被授權的藍牙鑰匙激活方法及系統、存儲介質及T-BOX)	Shanghai PATEO Yuezhen	CN201910083720.1	PRC	Invention	November 2, 2021

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# STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
50	A method, system and server for differential updating of map data (一種地圖數據的差分更新方法、系統及服務器)	Shanghai PATEO Yuezhen	CN201611166036.2	PRC	Invention	December 4, 2020
51	A map display method, system and electronic device (一種地圖顯示方法、系統及電子設備)	Shanghai PATEO Yuezhen	CN201611050885.1	PRC	Invention	October 27, 2020
52	Method and system for generating a navigation map, and an electronic device with such a system (導航地圖的生成方法和系統，及具有該系統的電子設備)	Shanghai PATEO Yuezhen	CN201610023946.9	PRC	Invention	October 16, 2020
53	A differential update method, system and server for path data (一種路徑數據的差分更新方法、系統及服務器)	Shanghai PATEO Yuezhen	CN201611166008.0	PRC	Invention	October 13, 2020
54	A method and system for obtaining road condition information of regional roads (一種區域道路的路況信息獲取方法和系統)	Shanghai PATEO Yuezhen	CN201610023750.X	PRC	Invention	July 3, 2020
55	In-vehicle device activation method and activation system (車載設備激活方法及激活系統)	Shanghai PATEO Yuezhen	CN201110298582.2	PRC	Invention	February 8, 2017
56	In-vehicle devices and methods of prompting in-vehicle devices (車載設備及車載設備的提示方法)	Shanghai PATEO Yuezhen	CN201110372057.0	PRC	Invention	April 20, 2016
57	In-vehicle device and in-vehicle video control method (車載設備及車載視頻控制方法)	Shanghai PATEO Yuezhen	CN201110353025.6	PRC	Invention	March 30, 2016
58	Service system and its user rights activation method (服務系統及其用戶權限激活方法)	Shanghai PATEO Yuezhen	CN201110296261.9	PRC	Invention	February 24, 2016
59	In-vehicle terminal and vehicle monitoring system (車載終端及車輛監控系統)	Shanghai PATEO Yuezhen	CN201110335608.6	PRC	Invention	October 7, 2015
60	Method for confirming service authority of in-vehicle equipment and in-vehicle service system (確認車載設備服務權限的方法及車載服務系統)	Shanghai PATEO Yuezhen	CN200910247977.2	PRC	Invention	April 8, 2015
61	User management method and system based on in-vehicle equipment (基於車載設備的用戶管理方法及系統)	Shanghai PATEO Yuezhen	CN201010169180.8	PRC	Invention	April 8, 2015

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
62	In-vehicle system, service platform and method of binding user and in-vehicle device information (車載系統、服務平台及用戶與車載設備信息的綁定方法)	Shanghai PATEO Yuezhen	CN200910247982.3	PRC	Invention	April 8, 2015
63	An in-vehicle roadbook application method (一種車載路書應用方法)	Shanghai PATEO Yuezhen	CN201010144101.8	PRC	Invention	April 8, 2015
64	Media kit playback methods and players (媒體包的播放方法和播放器)	Shanghai PATEO Yuezhen	CN200910247973.4	PRC	Invention	December 17, 2014
65	User identification method and identification system (用戶身份確認方法及確認系統)	Shanghai PATEO Yuezhen	CN201010168998.8	PRC	Invention	December 17, 2014
66	Method, service centre and system for processing life guide data for in-vehicle systems (用於車載系統的生活指南數據處理方法、服務中心及系統)	Shanghai PATEO Yuezhen	CN201010168923.X	PRC	Invention	December 17, 2014
67	In-vehicle terminal access management system and management method (車載終端訪問管理系統及管理方法)	Shanghai PATEO Yuezhen	CN201010144317.4	PRC	Invention	December 17, 2014
68	Method of binding a target file to its associated information and method of finding associated information (目標文件與其關聯信息的綁定方法及關聯信息的查找方法)	Shanghai PATEO Yuezhen	CN200910247972.X	PRC	Invention	September 10, 2014
69	Method and apparatus for providing and obtaining in-vehicle music and in-vehicle music transmission system (車載音樂的提供、獲取方法和裝置以及車載音樂傳輸系統)	Shanghai PATEO Yuezhen	CN201010140344.4	PRC	Invention	July 16, 2014
70	In-vehicle device, in-vehicle system and in-vehicle login method (車載設備、車載系統及車載登錄方法)	Shanghai PATEO Yuezhen	CN201010111155.4	PRC	Invention	March 5, 2014
71	Volume balance adjustment method and adjustment device (音量平衡的調整方法及調整裝置)	Shanghai PATEO Yuezhen	CN201010169174.2	PRC	Invention	January 15, 2014

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
72	In-vehicle device user automatic registration method, service platform, and in-vehicle system (車載設備用戶自動註冊方法、服務平台以及車載系統)	Shanghai PATEO Yuezhen	CN201010111176.6	PRC	Invention	January 1, 2014
73	In-vehicle device, in-vehicle system and in-vehicle login method (車載設備、車載系統及車載登錄方法)	Shanghai PATEO Yuezhen	CN200910247970.0	PRC	Invention	December 11, 2013
74	Display control method and apparatus for volume operation of an in-vehicle system (車載系統音量操作的顯示控制方法和裝置)	The Company	CN201010136840.2	PRC	Invention	April 24, 2013
75	A mobile terminal and its control method, device and storage medium (一種移動終端及其控制方法、裝置和存儲介質)	Shanghai Qinggan Intelligent	CN201910450820.3	PRC	Invention	July 18, 2023
76	Method and system for realizing in-vehicle TBOX, vehicle, Bluetooth key (車載TBOX、車輛、藍牙鑰匙的實現方法及系統)	Shanghai Qinggan Intelligent	CN201811378721.0	PRC	Invention	April 15, 2022
77	A key, a control method and system, and an electronic device (一種鑰匙、一種控制方法和系統、及一種電子設備)	Shanghai Qinggan Intelligent	CN201610396742.X	PRC	Invention	May 5, 2020
78	Communication methods, systems and message servers (通信方法、系統及消息服務器)	Shanghai Qinggan Intelligent	CN201611259386.3	PRC	Invention	January 3, 2020
79	In-vehicle system and its power management method and power management device (車載系統及其電源管理方法和電源管理裝置)	Shanghai Qinggan Intelligent	CN201010573058.7	PRC	Invention	October 22, 2014

***Copyright***

As of the Latest Practicable Date, we had registered the following copyrights which we considered to be material to our business:

<b>No.</b>	<b>Copyright</b>	<b>Place of registration</b>	<b>Owner</b>	<b>Registration date</b>
1	Intelligent in-vehicle product system upgrade software (智能化車 載產品系統升級軟件)	PRC	Shanghai Qinggan Intelligent	January 1, 2017

***Domain Name***

As of the Latest Practicable Date, we had registered the following internet domain name which we considered to be material to our business:

<b>No.</b>	<b>Domain name</b>	<b>Owner</b>	<b>Expiry date</b>
1	pateo.com.cn	Shanghai PATEO Yuezhen	February 20, 2026

## **FURTHER INFORMATION ABOUT THE DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS**

### **Particulars of Directors' and Supervisors' Service Contracts**

We have entered into a service contract or a letter of appointment with each of the Directors and Supervisors in respect of, among others, (i) term of service, (ii) termination, (iii) compliance with the relevant laws and regulations and (iv) observance of the Articles of Association. The service contracts and letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of the Group.

### **Remuneration of Directors and Supervisors**

For details of the remuneration of Directors and Supervisors, see “Directors, Supervisors and Senior Management — Directors’ and Supervisors’ Remuneration and Remuneration of the Five Highest-paid Individuals” and Note 13 to the Accountants’ Report included in Appendix I to this prospectus.

## Disclosure of Interests

*Interests of the Directors, Supervisors and Chief Executive of the Company*

Save as disclosed below, immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and no Shares are issued under the Pre-IPO Share Option Scheme) and the conversion of the Domestic Shares into H Shares, so far as the Directors are aware, none of the Directors, Supervisors or chief executive of the Company will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of the Company or our associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange, once the H Shares are listed on the Stock Exchange.

Name	Position	Nature of interest	Number and description of Shares held	Approximate percentage of shareholding in the relevant type of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(1)</sup>
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	40.88% ( <i>Domestic Shares</i> )	21.53%
		Interest in controlled corporation <sup>(2)</sup>	15,350,000 H Shares	21.62% ( <i>H Shares</i> )	10.23%
Zhang Fukai (張富凱) <sup>(3)</sup>	Executive Director, chief financial officer of the Company and secretary to the Board	Beneficial interest	58,148 H Shares	0.08% ( <i>H Shares</i> )	0.04%

Name	Position	Nature of interest	Number and description of Shares held	Approximate percentage of shareholding in the relevant type of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(1)</sup>
Xu Zhenhui (徐真慧) <sup>(4)</sup>	Executive Director and deputy general manager of the Company	Beneficial interest	58,148 H Shares	0.08% (H Shares)	0.04%
Lai Weilin (賴偉林) <sup>(5)</sup>	Executive Director and deputy general manager of the Company	Beneficial interest	58,148 H Shares	0.08% (H Shares)	0.04%
Gao Yinghui (高穎輝) <sup>(6)</sup>	Executive Director	Beneficial interest	69,777 H Shares	0.10% (H Shares)	0.05%

- (1) The calculation is based on the total number of 78,993,402 Domestic Shares and 70,997,847 H Shares in issue upon Listing comprising (i) an aggregate of 60,560,947 H Shares to be converted from the Domestic Shares and (ii) 10,436,900 H Shares to be issued pursuant to the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option).
- (2) As of the Latest Practicable Date, 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.
- (3) As of the Latest Practicable Date, 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.
- (4) As of the Latest Practicable Date, 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.
- (5) As of the Latest Practicable Date, 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.
- (6) As of the Latest Practicable Date, 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.



***Interests of substantial Shareholders***

Save as disclosed in “Substantial Shareholders” in this prospectus, the Directors are not aware of any other person (other than the Directors, Supervisors or chief executive of the Company) who will, immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and no Shares are issued under the Pre-IPO Share Option Scheme) and the conversion of the Domestic Shares into H Shares, have an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

**Agency Fees or Commissions Received**

The Underwriters will receive an underwriting commission in connection with the Underwriting Agreements. See “Underwriting — Underwriting Arrangements and Expenses — Commissions and Expenses.” Save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors, promoters and experts referred to in “— Other Information — Qualifications of Experts” below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this prospectus.

Within the two years immediately preceding the date of this prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of the Company.

**Pre-IPO Share Option Scheme**

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme adopted on August 4, 2025. The Pre-IPO Share Option Scheme is not subject to the approval requirement under Chapter 17 of the Listing Rules as it does not involve the grant of Shares or the grant of options by the Company to subscribe for the Shares after the Listing. Terms of the Pre-IPO Share Option Scheme does not need to comply with provisions under Chapter 17 of the Listing Rules so long as no further options may be granted thereunder after the Listing.

***Objectives***

The objectives of the Pre-IPO Share Option Scheme are 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. The Pre-IPO Share Option Scheme aims to align the interests of the Shareholders, the Company, and the key personnel, foster a shared commitment to the Company’s long-term growth, and ensure the achievement of its strategic and operational goals.

***Administration***

The Pre-IPO Share Option Scheme is subject to the approval, amendment, and termination by the Shareholders' meeting. The Pre-IPO Share Option Scheme has been adopted by the Shareholders in a general meeting held on August 4, 2025. The Board is authorized to implement the Pre-IPO Share Option Scheme within the scope authorized by the Shareholders. The Remuneration Committee is responsible for the formulation and revision of the Pre-IPO Share Option Scheme, which shall be submitted to the Board for consideration and, upon approval, further submitted to the Shareholders' meeting for approval.

***Eligibility***

The eligible participants of the Pre-IPO Share Option Scheme are the Directors, senior management, core technical personnel and core business personnel, as well as other employees of the Company who contribute to the future development and operating of the Company which the Company believes should be incentivized.

Each eligible participant under the Pre-IPO Share Option Scheme should have signed an employment contract or service contract with the Company or any of the subsidiaries of the Company. The Directors and senior management of the Company participating in the Pre-IPO Share Option Scheme should have been elected by the Shareholders' meeting or duly appointed by the Board.

***Grantees***

There are total 37 grantees under the Pre-IPO Share Option Scheme, which includes four Directors, one senior management member (other than Directors), and 32 other employees of the Company.

***Maximum Number of Shares***

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.

***Source of Shares***

The options granted under the Pre-IPO Share Option Scheme (the “**Option(s)**”) will entitle the grantees to subscribe for H Shares to be issued by the Company upon Listing. All of the Options must be granted before the Listing.

***Validity Period***

The Pre-IPO Share Option Scheme shall be valid and effective from the date of grant until all Options granted thereunder have either been exercised in full or cancelled, subject to a maximum term of 60 months from the date of grant.

***Vesting Period***

The Options shall be subject to a vesting period of six months from the date of grant. No option shall be exercised, pledged or disposed by any grantee prior to the expiry of the vesting period, and in any event, no Option shall become exercisable before the Listing Date.

***Exercise Period and Exercise Conditions***

Subject to the terms and conditions of the Pre-IPO Share Option Scheme and the grant agreement signed by the grantee, the Options can be exercised by the grantee on any trading day within the exercise period, provided that (i) the Options shall not be exercisable prior to the expiry of the vesting period and the Listing Date (whichever is later), and (ii) the exercise period shall commence on the first trading day immediately following the expiry of the vesting period and end on the last trading day within 24 months from the date of grant. The exercise of any Option shall be further subject to the satisfaction of the prescribed exercise conditions and the completion of necessary internal procedures of the Company, including, among others, the review and approval by the Board.

If any applicable laws, regulations or regulatory requirements impose further restrictions at the time of exercise, the exercise of the Options shall be subject to compliance with such provisions. Any Option that is not exercised within the prescribed exercise period or which fails to satisfy the applicable exercise conditions shall be cancelled in accordance with the terms of the Pre-IPO Share Option Scheme.

***Exercise Price***

The exercise price of the Options is RMB1.00 per Share.

***Basis of Determination of the Exercise Price***

The exercise price of the Options shall not be lower than the nominal value per Share. In determining the exercise price of the Options, the Company has taken into account a number of factors, including but not limited to the Company's share-based payment expenses, impact on cash flow, potential dilution to existing Shareholders, development of the management team, growth prospects and the financial capability of the participants.

If, during the period from the approval date of the Pre-IPO Share Option Scheme to the date on which the Options are exercised, the Company undertakes any capitalization of capital reserves, distribution of stock dividends, share split or consolidation, rights issue or dividend distribution, adjustments will be made to the exercise price of the Options in accordance with the relevant provisions of the Pre-IPO Share Option Scheme.

### *Lock-up Periods and Restrictions*

The grantees under the Pre-IPO Share Option Scheme shall comply with the lock-up period and restriction requirements under the relevant laws and regulations.

### *Outstanding Options Granted under the Pre-IPO Share Option Scheme*

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 immediately following the completion of the Global Offering (assuming that (1) the Over-allotment Option is not exercised; and (2) no Shares are issued under the Pre-IPO Share Option Scheme).

Assuming full exercise of all outstanding Options, the shareholding of the Shareholders immediately following completion of the Global Offering (assuming that (1) all Options are exercised; (2) the Over-allotment Option is not exercised; and (3) no further Shares are issued under the Pre-IPO Share Option Scheme), will be diluted by approximately 8.51%.

Pursuant to an authorized person's resolution dated August 8, 2025, the Company granted Options to certain Directors, senior management member, and other employees of the Company under the Pre-IPO Share Option Scheme as set forth below. No further Option is expected to be granted under the Pre-IPO Share Option Scheme.

Name	Position in the Group	Address	Date of Grant	Expiry Date	Exercise Period	Exercise Price per Share	Number of Shares underlying the outstanding Options	Approximate % of the issued Shares immediately after completion of the Global <sup>Note 1</sup> Offering
						(RMB)		
<i>Directors</i>								
Zhang Fukai (張富凱)	Executive Director, chief financial officer of the Company and secretary to the Board	Room 101, No. 2, Lane, 1876, Qishan Road, Pudong New Area, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	58,148	0.04%

# APPENDIX VI

# STATUTORY AND GENERAL INFORMATION

Name	Position in the Group	Address	Date of Grant	Expiry Date	Exercise Period	Exercise Price per Share	Number of Shares underlying the outstanding Options	Approximate % of the issued Shares immediately after completion of the Global Offering <sup>Note 1</sup>
						(RMB)		
Xu Zhenhui (徐真慧)	Executive . . . . . Director and deputy general manager of the Company	Room 101, No. 54, Zizhuyuan, Lane 948, Pubei Road, Xuhui District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	58,148	0.04%
Lai Weilin (賴偉林)	Executive . . . . . Director and deputy general manager of the Company	Room 304, No. 21, Lane 121, Donglan Road, Xuhui District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	58,148	0.04%
Gao Yinghui (高穎輝)	Executive . . . . . Director	Room 601, No. 106, Lane 155, Liming Road, Minhang District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	69,777	0.05%
<b>Senior Management</b>								
Zhang Yi (張毅)	Deputy general manager of the Company and vice executive president of the intelligent manufacturing department of the Company	No. 38 Fangcaoyuan, Gulou District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	58,148	0.04%
<b>Subtotal . . . . .</b>							<b>302,309</b>	<b>0.20%</b>
<b>Other Employees</b>								
Zhu Qing . . . . .	Associate president of the Company	Tower 7, Cullinan West, Kowloon, Hong Kong	August 8, 2025	August 8, 2030	Note 2	RMB1.00	3,349,304	2.23%
Ying Weihao . . .	Vice president of R&D of the Company	Building 2, Li'ang Garden, Lane 60, Ronghua East Road, Changning District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	1,538,028	1.03%

# APPENDIX VI

# STATUTORY AND GENERAL INFORMATION

Name	Position in the Group	Address	Date of Grant	Expiry Date	Exercise Period	Exercise Price per Share	Number of Shares underlying the outstanding Options	Approximate % of the issued Shares immediately after completion of the Global <sup>Note 1</sup> Offering
						(RMB)		
Li Zhihao (李志豪)	Senior director of R&D of the Company	No. 21, Lane 299, Yaohong Road, Minhang District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	1,538,028	1.03%
Zhang Rong (張蝶)	Senior director of strategic planning of the Company	Building 5, No. 6, Hanfu Street, Xuanwu District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	1,545,285	1.03%
Yan Hui (閆輝)	Senior director of R&D of the Company	Building 1, Dongcheng Fengjing Garden, Dongshan Street, Jiangning District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	69,777	0.05%
Liu Lei (劉磊)	Vice president of R&D of the Company	Floor 24, Unit 1, No. 21, Heping Road, Heping District, Shenyang, Liaoning, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	69,777	0.05%
Xiong Zhengqiao (熊正橋)	Director of R&D of the Company	Floor 6, Building 4, No. 196, Jiangcheng Avenue, Hanyang District, Wuhan, Hubei, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Sun Yuyi (孫玉乙)	Director of R&D of the Company	No. 6, No. 70, Daqing Street, Shahekou District, Dalian, Liaoning, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	212,821	0.14%
Xu Haijun (徐海俊)	Director of R&D of the Company	No. 39, Lane 368, Fengzhou Road, Jiading District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Ma Chi (馬馳)	Expert in electronics of the Company	No. 348, Zhongshan East Road, Rucheng Town, Rugao City, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%

# APPENDIX VI

# STATUTORY AND GENERAL INFORMATION

Name	Position in the Group	Address	Date of Grant	Expiry Date	Exercise Period	Exercise Price per Share	Number of Shares underlying the outstanding Options	Approximate % of the issued Shares immediately after completion of the Global Offering <sup>Note 1</sup>
						(RMB)		
Hu Yugui (胡玉貴) . . .	Director of R&D of the Company	No. 1, Wenyuan Road, Qixia District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Yu Ming (俞銘) . . . .	Director of R&D of the Company	Building 9, Yueyuan Fourth Village, Xuanwu District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Lu Lu (陸璐) . . . .	Deputy director of R&D of the Company	Building 14, No. 33, Jinxianghe Road, Xuanwu District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Wang Jingxin (王晶昕) . . .	Director of R&D testing of the Company	Unit 2, Building 47, Cuizhuyuan, No. 5, Yulan Road, Yuhuatai District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Chen Xueliang (陳學良) . . .	Director of R&D projects of the Company	Unit 2, Building 11, Longtan Apartment, Xuzhou Economic Development Zone, Xuzhou, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Ma Yong (馬勇) . . . .	General manager of domestic business division of the Company	Unit 3, Building 1, No. 2, Xianyin South Road, Qixia District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Zhang Jie (張捷) . . . .	Deputy general manager of international business division of the Company	No. 48, Lane 465, Liangcheng Road, Hongkou District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	585,896	0.39%
Yang Zhihang (楊志航) . . .	Vice president of corporate affairs of the Company	No. 348, Emei Road, Hongkou District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	466,111	0.31%

# APPENDIX VI

# STATUTORY AND GENERAL INFORMATION

Name	Position in the Group	Address	Date of Grant	Expiry Date	Exercise Period	Exercise Price per Share	Number of Shares underlying the outstanding Options	Approximate % of the issued Shares immediately after completion of the Global Offering <sup>Note 1</sup>
						(RMB)		
Xu Chen (徐琛)	Senior finance director of the Company	No. 12, Lane 60, Lancun Road, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	585,896	0.39%
Du Wen (杜文)	Director of investment and financing of the Company	No. 1427, Xizang South Road, Huangpu District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	585,896	0.39%
Wang Yang (王洋)	Expert in investment and financing of the Company	No. 1, No. 1 South Lane, Area 2, Sanlihe, Xicheng District, Beijing, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Lu Wei (陸瑋)	Expert in investment and financing of the Company	Unit 3, Building 25, No. 8, Suning Avenue, Xuanwu District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Huang Huaqiong (黃華瓊)	Director of corporate marketing communications of the Company	No. 17, Lane 158, Damuqiao Road, Xuhui District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	712,200	0.47%
Qiu Ping (邱萍)	Assistant to the chairman of the Board	No. 12, Lane 1400, Beijing West Road, Jing'an District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	287,482	0.19%
Chen Huixiang (陳慧香)	Director of strategic planning of the Company	Building 26, Wanghu Jiayuan, Anyang street, Rui'an, Wenzhou, Zhejiang, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	431,223	0.29%
Li Fan (李凡)	Director of strategic planning of the Company	No. B30, Dasha Community, Huaihe Street, Bayuquan District, Yingkou, Liaoning, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	431,223	0.29%



Name	Position in the Group	Address	Date of Grant	Expiry Date	Exercise Period	Exercise Price per Share	Number of Shares underlying the outstanding Options	Approximate % of the issued Shares immediately after completion of the Global Offering <sup>Note 1</sup>
						(RMB)		
Zhang Haitao (張海濤) . . .	Internal consultant of the Company	No. 19, Lane 758, Beijing West Road, Jing'an District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	174,443	0.12%
Lou Jiaqi (樓家琪) . . .	Marketing manager of the Company	No. 1, Lane 661, Wanhangu Road, Jing'an District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	119,784	0.08%
Peng Yan (彭艷)	Director of strategic planning of the Company	No. 6, Lane 1500, Jinqiao Road, Pudong New Area, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	431,223	0.29%
Chen Xuefeng (陳雪峰) . . .	Deputy marketing director of the Company	No. 475, Lane 558, Jinping Road, Minhang District, Shanghai, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	34,889	0.02%
Jiang Hao (江浩)	Director of corporate affairs of the Company	Building 19, No. 19 Emeiling, Gulou District, Nanjing, Jiangsu, PRC	August 8, 2025	August 8, 2030	Note 2	RMB1.00	100,000	0.07%
<b>Subtotal . . . .</b>							<b>13,653,065</b>	<b>9.10%</b>
<b>Total . . . . .</b>							<b>13,955,434</b>	<b>9.30%</b>

## Notes:

1. Assuming that (1) the Over-allotment Option is not exercised; and (2) no Shares are issued under the Pre-IPO Share Option Scheme.
2. The Options can be exercised by the grantee on any trading day within the exercise period, provided that (i) the Options shall not be exercisable prior to the expiry of the vesting period and the Listing Date (whichever is later), and (ii) the exercise period shall commence on the first trading day immediately following the expiry of the vesting period and end on the last trading day within 24 months from the date of grant.

**Disclaimers**

- (a) None of the Directors, Supervisors nor any of the experts referred to in “Qualifications of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) Save in connection with the Underwriting Agreements, none of the Directors, Supervisors nor any of the experts referred to “Qualifications of Experts” below is (i) materially interested in any contract or arrangement subsisting at the date of this prospectus which is interested legally or beneficially in any shares in any member of the Group; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group;
- (c) None of the Directors or their respective close associates or the Shareholders who to the knowledge of the Directors are interested in more than 5% of our issued share capital has any interest in our top five customers or suppliers during the Track Record Period.

**OTHER INFORMATION****Estate Duty**

The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

**Litigation**

As of the Latest Practicable Date, no member of the Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and so far as the Directors are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of the Group.

**Joint Sponsors**

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US\$2,230,000 to act as the sponsors to the Company in connection with the Listing.

**Preliminary Expense**

The Company did not incur any material preliminary expense.

**Promoters**

The promoters of the Company are all then 30 shareholders of the Company as of October 12, 2021 before our conversion into a joint stock company with limited liability. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering or the related transactions described in this prospectus.

**Qualifications of Experts**

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited . . . . .	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Guotai Junan Capital Limited . . . . .	A licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO
CMB International Capital Limited . .	A licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited. . . . .	A licenced corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities as defined under the SFO
CITIC Securities (Hong Kong) Limited . . . . .	A licensed corporation under the SFO to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

<b>Name</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu . . . . .	Certified Public Accountants (Public Interest Entity Auditors registered in accordance with the Financial Reporting Council Ordinance)
Jingtian & Gongcheng . . . . .	PRC Legal Advisor
China Insights Industry Consultancy Limited . . . . .	Independent Industry Consultant
Hogan Lovells . . . . .	U.S. Export Control Legal Advisor

**Consents of Experts**

Each of the experts referred to in “Qualification of Experts” above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

**Taxation of Holders of H Shares**

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see “Appendix III — Taxation and Foreign Exchange.”

**Binding Effect**

This prospectus shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as far as applicable.

**Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**Miscellaneous**

- (a) save as disclosed in “History, Development and Corporate Structure — Establishment and Corporate Development,” and “— Further Information about the Company — Changes in the Share Capital of Our Subsidiaries” above, within the two years immediately preceding the date of this prospectus, no share or loan capital or debenture of the Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partially paid other than in cash or otherwise;
- (b) save as disclosed in “— Further Information about the Directors, Supervisors and Substantial Shareholders — Pre-IPO Share Option Scheme” above, no share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;
- (c) the Company or any of its subsidiary has not issued nor agreed to issue any founder or management or deferred shares;
- (d) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (e) there are no arrangements under which future dividends are waived or agreed to be waived;
- (f) save as disclosed in “Business — Production — Production Facilities — Xiamen Production Center,” there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this prospectus;
- (h) no part of the equity or debt securities of the Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to deal in on any stock exchange other than the Stock Exchange is being or is proposed to be sought;
- (i) the Company has no outstanding convertible debt securities or debentures;
- (j) the Company is a joint stock limited company and is subject to the PRC Company Law; and
- (k) the English text of this prospectus shall prevail over its respective Chinese text.

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

1. the written consents referred to in “Appendix VI — Statutory and General Information — Other Information — Consents of Experts”; and
2. a copy of each of the material contracts referred to in “Appendix VI — Statutory and General Information — Further Information about our Business — Summary of Material Contracts.”

**DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents will be available on display on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.pateo.com.cn](http://www.pateo.com.cn) during a period of 14 days from the date of this prospectus:

1. the Articles of Association;
2. the Accountants’ Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in “Appendix I — Accountants’ Report;”
3. the audited consolidated financial statements of the Company for the years ended December 31, 2022, 2023 and 2024 and for the five months ended May 31, 2025;
4. the report prepared by Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which is set out in “Appendix II — Unaudited Pro Forma Financial Information;”
5. the material contracts referred to in “Appendix VI — Statutory and General Information — Further Information about Our Business — Summary of Material Contracts;”
6. the written consents referred to in “Appendix VI — Statutory and General Information — Other Information — Consents of Experts;”
7. the service contracts referred to in “Appendix VI — Statutory and General Information — Further Information about the Directors, Supervisors and Substantial Shareholders — Particulars of Directors’ and Supervisors’ Service Contracts;”
8. the PRC legal opinion issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group under PRC law;

9. the legal memorandum prepared by Hogan Lovells, our U.S. Export Control Legal Advisor;
10. the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in the section headed “Industry Overview;”
11. the terms of Pre-IPO Share Option Scheme; and
12. the PRC Company Law, the PRC Securities Law, the Trial Measures and Guidelines for Articles of Association of Listed Companies issued by the CSRC, together with their unofficial English translations.

# PATEO

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