

## SUMMARY

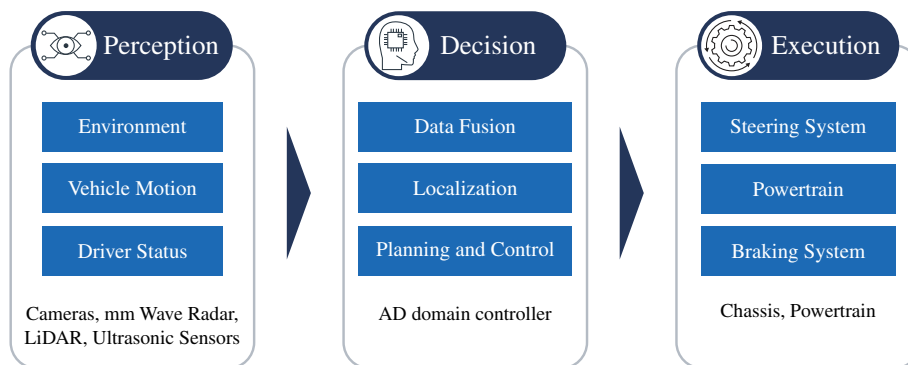
*This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full document. You should read the whole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

## OUR MISSION

Provide smart mobility for everyone.

## OVERVIEW

We are a leading autonomous driving solution provider in China with a focus on autonomous driving domain controllers (AD domain controllers). AD domain controller, which is a mission-critical component of level 2 to level 5 autonomous driving, functions as the brain of autonomous driving solutions - fusing and processing data from the vehicle’s sensors to make autonomous driving decision and trigger actuators in the vehicles. The diagram below illustrates the main components of an autonomous driving solution.



According to Frost & Sullivan, we are the second largest third-party AD domain controller provider in China in terms of revenue generated from sales of AD domain controllers in 2022, with a market share of 26.2%, and the fourth overall largest AD domain controller provider in China in terms of revenue generated from sales of AD domain controllers in 2022 taking into account of the inhouse developed domain controllers by OEMs, with a market share of 8.6%. We are also the fastest growing company among all mainstream third-party AD domain controller providers in China, in terms of the sales growth rate of AD domain controllers from 2021 to 2022. We possess advanced full-stack R&D capabilities including self-developed algorithms and hardware-software co-design capabilities. We provide two AD domain controller product lines, SuperVision™ for which we collaborated with Mobileye, and self-designed iDC series, which includes iDC Mid and iDC High. We also provide intelligent front camera (iFC) products. Our solutions and products cover a wide price range of vehicles and all types of driving scenarios, including highways, ring roads, complex urban roads, country roads, and parking areas.

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We series-produced our first autonomous driving solution in 2020, becoming one of the first companies in the industry to achieve large-scale commercialization in China for autonomous driving solutions, according to Frost & Sullivan. Our revenue increased significantly from RMB47.7 million in 2020 to RMB178.3 million in 2021 and further to RMB1,325.9 million in 2022, with a CAGR of 427.2%.

We are well-positioned to capture the massive opportunities in the autonomous driving market. Under the trends of vehicle electrification, intelligence and connectivity, the autonomous driving market in China is expected to maintain significant growth momentum in the future. The sales volume of autonomous driving passenger vehicles in China is expected to grow rapidly from 7.4 million units in 2022 to 18.6 million units in 2026. The penetration rate of autonomous driving for passenger vehicles in China is expected to increase from 31.5% in 2022 to 73.5% in 2026. Accordingly, the market for AD domain controllers which are described as the brain of autonomous driving solutions, is expected to grow rapidly in the near future. According to Frost & Sullivan, the market size for AD domain controllers in China was RMB9.8 billion in 2022, of which RMB3.3 billion was attributed to third-party AD domain controller providers. The market size for AD domain controllers in China is expected to reach RMB64.5 billion in 2026, at a CAGR of 60.1% from 2022 to 2026. It is anticipated that third-party AD domain controller providers will occupy a larger market share in the future by offering more diverse and cost-effective solutions to OEMs.

We offer a wide range of autonomous driving solutions and products. From SuperVision™, for which we collaborate with Mobileye, and our self-designed iDC series, we provide automotive manufacturers (OEMs) with various AD domain controllers adapted to their different costs and technical requirements. We also offer iFC solutions to OEMs based on our core algorithms at an affordable price. An intelligent front camera is capable of collecting and analyzing environmental data, identifying road conditions and navigating vehicles.

During the Track Record Period, we generated most of our revenue from the sale of our autonomous driving solutions and products to OEMs and we delivered over 100,000 units of AD domain controllers in total. As of the Latest Practicable Date, we obtained letters of nomination from 14 renowned OEMs, such as Geely, SAIC-GM-Wuling, Great Wall Motor, Chery, Dongfeng and Polestar, among others, who are expected to source AD domain controllers and iFC products from us.

Since 2018, we have established a strategic partnership with Mobileye. We cooperated with Mobileye to introduce SuperVision™, a high-end autonomous driving solution. SuperVision™ for ZEEKR 001 was one of the first applications in the industry of Mobileye’s EyeQ®5H systems on chips (SoCs). We also collaborate with renowned upstream business partners, such as Renesas, Texas Instruments, and Sunny Optical, to deliver tailored solutions to our OEM customers.

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Through our established and stable partnerships with high-profile business partners and extensive experience in series production of autonomous driving solutions and products, we are able to accurately and quickly assess the varying needs of our OEM customers and continue to expand our business relationships with OEMs. Meanwhile, as we continue to update our technologies and enhance our solutions and products, we can respond to market trends in a timely manner. Therefore, leveraging our experience in the commercialization of autonomous driving solutions and products and outstanding capabilities in series production, we believe that we are well positioned to seize the growth opportunities in the industry.

## OUR BUSINESS MODEL

During the Track Record Period, we generated most of our revenue from the sales of our autonomous driving solutions and products to OEMs. We develop autonomous driving solutions and products for OEMs leveraging our core competencies in product design and development, algorithm and function development, system integration and manufacturing, among others. Our suppliers provide us with components of our solutions and products in accordance with our specific needs. Our solutions and products for autonomous driving, including AD domain controllers and iFC products, can be installed on both new energy vehicles (NEVs) and internal combustion engine (ICE) vehicles, and are capable of realizing comprehensive autonomous driving functions.

The process of provision of our autonomous driving solutions is illustrated as follows:



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During the Track Record Period, we also generated revenue from (i) R&D services provided to OEMs in assistance of their autonomous driving projects, and (ii) the sales of printed circuit boards assembly (PCBA) products to third parties. Our R&D services are primarily focused on three aspects: (i) the development of software and hardware for autonomous driving; (ii) the development of algorithms and functions for autonomous driving; and (iii) functional safety consulting and validation. With respect to our sales of PCBA products to third parties, we mount different electronic components on the printed circuit board (PCB), such as SoCs, resistors, capacitors, and transmitters based on our customers’ specifications to prepare fully usable circuit boards. We do not consider the sales of PCBA products to third parties as our core business and plan to gradually wind down sales of PCBA products to third parties over the next five years. However, we will continue to use our SMT lines to produce PCBA products as components of our own autonomous driving solutions and products.

The table below sets forth a breakdown of our revenue by business line both in absolute amount and as a percentage of our total revenue for the periods indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	(RMB in thousands, except for percentages)					
Autonomous driving solutions and products						
— AD domain controller solutions	—	—	86,010	48.2%	1,249,834	94.3%
— Intelligent front cameras	440	0.9%	144	0.1%	3,115	0.2%
Subtotal	440	0.9%	86,154	48.3%	1,252,949	94.5%
Autonomous driving-related R&D services	4,826	10.1%	34,503	19.4%	37,956	2.9%
Sales of PCBA products	42,389	89.0%	57,601	32.3%	34,977	2.6%
Total	47,655	100.0%	178,258	100.0%	1,325,882	100.0%

## OUR AUTONOMOUS DRIVING SOLUTIONS AND PRODUCTS

We offer a wide range of autonomous driving solutions and products. From SuperVision™, for which we collaborate with Mobileye, and our self-designed iDC series, we provide automotive manufacturers (OEMs) with various AD domain controllers adapted to their different costs and technical requirements. An AD domain controller functions as the brain in autonomous driving solutions, fusing and processing data from sensors to make driving decisions and trigger actuators in the vehicles. We also offer iFC solutions to OEMs based on our core algorithms at an affordable price. An intelligent front camera is capable of collecting and analyzing environmental data, identifying road conditions and navigating vehicles.

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We integrate both hardware and software into our autonomous driving solutions and products. Leveraging our superior software-hardware co-design capabilities, we develop proprietary middleware that can be used as a bridge to connect software with the underlying hardware. We develop algorithms to enable different autonomous driving functions and provide OEMs with comprehensive services such as system diagnosis and over-the-air (OTA) updates.

We believe that our solutions and products have the following advantages:

- *SuperVision™*. SuperVision™ is a fully operational point-to-point assisted driving navigation solution on various road types and includes cloud-based enhancements and supports OTA updates subject to the system’s operational domain design (ODD). Equipped with 11 cameras powered by two Mobileye’s EyeQ®5H SoCs, SuperVision™ has superior visual perception capabilities and offers one of the most comprehensive autonomous driving functions covering driving scenarios in its defined ODD. SuperVision™ meets the specific needs of premium intelligent vehicle models of our OEM customers, equipping them with a distinctive advantage to compete on the global market.
- *iDC Series*. The iDC series is our self-developed AD domain controller product line. Compared to the typical architecture that includes both SoC and microcontroller (MCU), we creatively developed an advanced software architecture for our iDC series that integrates high-speed driving functions and low-speed parking functions into one SoC only, enabling product cost reduction and system efficiency enhancement. iDC Mid is a cost-effective solution targeting the mid- to high- end vehicle market. Empowered by our flexible system architecture, iDC Mid offers exceptional adaptability, allowing it to be used on a variety of vehicle models of our OEM customers. Our proprietary algorithms enable iDC Mid to integrate navigate on autopilot (NoA), home-zone parking assistance (HPA), automatic parking assistance (APA), surround view 3D display (SV3D), safety assistance, and other driver assistance functions.

We expect the series production of iDC High, an enhanced version of iDC Mid, to start in 2024. The upcoming iDC High will have a higher computing power and enhanced sensor configuration, compared to iDC Mid. It will be able to support a full-scenario intelligent driving experience. Designed for mid- to high- end vehicles, iDC High will include all autonomous driving functions of iDC Mid. In addition, it will include more advanced autonomous driving functions, such as navigate on autopilot in urban areas (Urban NoA), and more advanced parking functions to cover more scenarios.

- *iFC Series*. Our iFC series is a budget solution for level 2 autonomous driving that includes both comfort functions (such as LCC and ACC) and safety assistance functions (such as emergency lane keeping (ELK) and automatic emergency braking (AEB)). iFC 2.0 has started series production and can meet C-NCAP and EURO-NCAP 2023 5-star safety standards as well as GSR regulatory standards. We plan to launch the iFC 3.0 solution in 2024, which is targeted to meet future C-NCAP and EURO-NCAP 5-star safety standards. Due to its enhanced perception capabilities, more compact size, and enhanced function extension capabilities, our iFC 3.0 is expected to meet the upgrading needs of our OEM customers.

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### OUR CORE TECHNOLOGIES

Our full-stack R&D capabilities are the bedrock of our success in the development and commercialization of autonomous driving solutions and products, as highlighted by our (i) core algorithms, (ii) flexible middleware, and (iii) data loop and cloud platform.

- *Core algorithms.* We have developed a set of algorithms for autonomous driving, as highlighted by our perception and vehicle localization algorithms. We use a multi-level data fusion approach in the development of visual perception algorithms. We employ Convolutional Neural Networks (CNN) technologies to complete scene understanding tasks, and use the pre-processing and post-processing algorithms with high robustness for scene tracking, thus ensuring overall system stability. Meanwhile, we have implemented Transformer-based Bird-Eye View perception algorithms, which can perform real-time Bird-Eye View perception on automotive-grade chips, in our autonomous driving products. Furthermore, we are working with our business partners to customize the hardware acceleration framework for our own system so as to further improve the efficiency of algorithms.

Ultrasonic sensors (USS) can be engaged to enhance parking functions as they can provide high-accuracy perception in low visibility situations, such as inclement weather condition. Our USS perception algorithms can help detect obstacles at a close distance at low speed. Our USS perception algorithms have been designed to be compatible with both the cost-effective AK1 ultrasonic sensors and the high-performance AK2 ultrasonic sensors, in order to meet different cost and performance requirements of OEMs. Moreover, to provide performance robustness under different environmental conditions, we developed a sensor fusion algorithm based on visual perception, USS perception and radar perception.

We have designed our vehicle localization algorithms to work on both open roads and in closed areas. On open roads, our vehicle localization algorithms utilize the feature point matching system and the inertial navigation system to provide a reliable localization output. Such localization algorithm does not rely on a high-precision integrated navigation system, so that it can reduce the overall cost of vehicles. For low-speed driving in closed areas, we have developed a set of simultaneous localization and mapping algorithms based on the fusion of semantic information and image features, which does not rely on navigation systems or inertial measurement units while still producing accurate vehicle localization output. Using our accurate visual scale recovery algorithms and vehicle localization algorithms, our HPA can support long-distance memory parking up to two kilometers in underground garages. We are also developing simultaneous localization and mapping algorithms for open roads, aiming to resolve the limited and outdated map coverage issue of high-definition maps.

- *Middleware.* Our self-developed middleware does not rely on any open-source framework and removes the communication barrier between embedded MCUs and SoCs, allowing zero-copy data sharing in heterogeneous systems which improves the performance of systems by eliminating intermediate buffers when transferring data. Through our self-developed middleware, we can deploy our software on different computing platforms and operating systems, enabling us to quickly adapt to the hardware of various OEMs, reducing the time and cost of system development and improving the adaptability and iterability of our solutions and products.

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- *Data loop and the cloud platform.* During the development process of our solutions and products, we work closely with a top-tier third-party map maker in China who provides data collection, desensitization and anonymization services. The processed data are stored on our cloud platform for development and test purposes.

After the launch of vehicles installed with our iDC Mid, we plan to proactively work with OEM customers in obtaining real-world data, and have our OEM customers store the data on their selected platforms and for us to have access to only the desensitized and anonymized data for software update purposes. Based on the rich repository of real-world data, we can monitor performance and capture opportunities to enhance the performance and functionality of our autonomous driving solutions and products. In particular, we can continuously update our autonomous driving algorithms and achieve a relatively short iteration cycle.

## OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contributed to our historical success and will drive our future growth.

- Leading autonomous driving solution provider in China with a focus on AD domain controllers to capture the massive market potential;
- Proven ability to commercialize autonomous driving solutions and products in large scale;
- Cutting-edge autonomous driving technologies;
- Comprehensive autonomous driving solution and product portfolio covering a wide price range of vehicles;
- Well-established and long-term partnerships with industry leaders; and
- Experienced management team supported by renowned shareholders.

## OUR STRATEGIES

We plan to implement the following strategies:

- Continue to pioneer the large-scale commercialization of autonomous driving solutions and products;
- Increase our investment in R&D to solidify our leading position;
- Continue to deepen, expand, and diversify our OEM customer base;
- Enhance our value chain integration capabilities; and
- Build an international brand with a global presence.



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### OUR CUSTOMERS

Our customers primarily consist of OEMs that install our autonomous driving solutions and products on their vehicles. Substantially all of our revenue is generated within the PRC. For the years ended December 31, 2020, 2021 and 2022, our revenue generated from the five largest customers in aggregate accounted for 84.2%, 92.1% and 99.4% of our total revenue, respectively, and revenue generated from our largest customer in the relevant years accounted for 63.0%, 53.0% and 96.4% of our total revenue, respectively. For details, see “Business — Customers.”

### Our Relationship with Geely Group

In 2021 and 2022, Geely Group was our largest customer. For the years ended December 31, 2021 and 2022, our revenue from Geely Group was RMB94.5 million and RMB1,277.5 million, respectively, which accounted for 53.0% and 96.4% of our total revenue during the same period. Our initial cooperation with Geely Group dates back to October 2020 when both parties started cooperation in R&D of level 2++ autonomous driving solutions and products. Since then, we have become one of the key suppliers of autonomous driving solutions and products for Geely Group, especially on its ZEEKR series.

Our Directors believe that our Group’s business model is sustainable despite our customer concentration due to the following factors:

- Our relationship with Geely Group is based on mutual achievements and win-win collaboration:
  - (i) we can well understand Geely Group’s needs and work towards achieving the desired results in a more efficient and cost-effective manner;
  - (ii) the mutual achievement and win-win collaboration with Geely Group are also directly reflected in the rapid growth of sales volume of ZEEKR 001; and
  - (iii) through the installment of our autonomous driving solutions and products on ZEEKR vehicles, along with the achievement of the series production of ZEEKR 001 and ZEEKR 009, we have also been able to keep accumulating know-how in autonomous driving solutions and products, which in turn will further strengthen our leading position and competitiveness in the industry.



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- Considering the high costs and barriers for replacing autonomous driving solution providers, it is an industry practice that, during the lifecycle of an existing vehicle model, unless there are major quality defects, or major disputes between the OEMs and autonomous driving solution providers, the existing autonomous driving solution providers of a specific model will generally not be replaced by the OEMs; and
- Leveraging the expanding NEV market, our increasing marketing efforts and well-rounded capabilities, we are able to seize the growing opportunities in autonomous driving solution market and have been continuously expanding our customer base in terms of breadth and depth.

For details, see “Business — Our Customers — Our Relationship with Geely Group.”

## OUR SUPPLIERS

Our suppliers primarily consist of raw materials and components suppliers, including suppliers for automotive-grade chips, mechanical parts, optical components, and electrical parts. For the years ended December 31, 2020, 2021 and 2022, purchases from our five largest suppliers in aggregate accounted for 53.4%, 78.9% and 96.0% of our total purchases, respectively, and purchases from our largest supplier in the relevant years accounted for 23.2%, 54.6% and 69.2% of our total purchases, respectively. For details, see “Business — Suppliers.”

### Our Relationship with Mobileye

We collaborated with Mobileye in the verification and commercialization of SuperVision™. Mobileye was our largest supplier in 2021 and 2022. During the Track Record Period, we primarily procured from Mobileye (i) the ADCU (the L2+ ECU, as referred in the product sales agreement with Mobileye) for the SuperVision™ solution; and (ii) EyeQ® series SoCs for our iFC products. We collaborated with Mobileye in the verification and commercialization of SuperVision™. For the years ended December 31, 2020, 2021 and 2022, our purchase from Mobileye was RMB5.7 million, RMB78.4 million and RMB921.7 million, respectively, which accounted for 13.6%, 54.6% and 69.2% of our total purchases during the same periods.

Our Directors believe that our Group’s business model is sustainable although the total purchase from Mobileye accounted for a majority portion of our purchase during 2021 and 2022:

- The relationship between our Group and Mobileye is of a mutually beneficial and complementary nature:
  - (i) at the early stage for commercialization, our strategy is to work with leading suppliers like Mobileye to secure SoCs which are of high performance with lower power consumption to provide quality autonomous driving solutions and products to customers in a cost-effective manner; we adopt a key customer strategy with a business focus on providing autonomous driving solutions and

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products to leading OEMs, which requires the ADCUs and SoCs incorporated in our solutions and products to be procured from suppliers with recognized market reputation and proven safety and performance records;

- (ii) our collaboration with Mobileye allows the supply of SoCs from Mobileye to our Group. Due to our deep understanding of the autonomous driving industry in China and proven track record for commercialization of autonomous driving solutions and products, we have been able to establish a close business relationship with Mobileye in China; and
  - (iii) during the Track Record Period and up to the Latest Practicable Date, there was no interruption or material dispute or shortage of supply under the purchase orders in respect of our procurement from Mobileye.
- We are capable of developing autonomous driving solutions and products based on SoCs sourced from suppliers other than Mobileye and have been offering such solutions and products to our customers or are in the process of developing such solutions and products.

For details, see “Business — Our Suppliers — Our Relationship with Mobileye.”

## SCALABLE MANUFACTURING PROCESS

The AD domain controllers and iFC products are assembled in our own manufacturing facility from a variety of raw materials and components, some of which, including mechanical parts, automotive-grade chips, cameras, and electrical parts, are procured from reputable third-party suppliers. Our in-house manufacturing and testing capabilities and strict quality control measures enable us to ensure the high performance and reliability of our products. Our current manufacturing facility, which commenced production in July 2018, is located in Suzhou, Jiangsu Province, neighboring the hub of OEMs and automotive suppliers in China.

For details, see “Business—Scalable Manufacturing Process.”

## RESEARCH AND DEVELOPMENT OF OUR SOLUTIONS AND PRODUCTS

Our deep passion for innovation coupled with our strong R&D capabilities have allowed us to enjoy a significant technological edge over our peers. Our interdisciplinary team of engineers forms the foundation for our continued success. As of December 31, 2022, we had 245 R&D personnel, representing 74% of our total employees. We incurred research and development expenses of RMB44.1 million, RMB54.9 million and RMB104.0 million for the years ended December 31, 2020, 2021 and 2022, respectively. We divide the entire R&D process into three stages before series production: concept stage, development stage, and validation stage.

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- *Concept stage.* At the first stage, we primarily focus on product research, such as developing proof-of-concept prototypes and exploring the feasibility of new concept autonomous driving solutions and products beyond our current product lines. We also work closely with our OEM customers to further develop our design, and they conduct supplier evaluation process simultaneously. Upon completion of the evaluation process, OEMs issue letters of nomination to us as a commitment to form formal cooperative relationships.
- *Development stage.* At the second stage, our R&D team works with our business development team to understand customers’ needs and optimize the autonomous driving solutions and products according to the desired specifications, ensuring that our products are able to satisfy our customers’ requirements. At this stage, our goal is not only to support functions required by customers, but also to design and develop solutions and products of high quality with excellent performance.
- *Validation stage.* At the last stage, our emphasis is on the verification and validation of our solutions and products, to test the reliability of our products and preparation for series production. In order to ensure that our solutions and products function correctly, we test them in various simulation environment and real-world scenarios.

For details, see “Business — Research and Development of Our Solutions and Products — R&D Process.”

## SUMMARY OF KEY FINANCIAL INFORMATION

The summary of the key financial information set forth below have been derived from and should be read in conjunction with our consolidated financial statements, including the accompanying notes, set forth in the Accountant’s Report in Appendix I to this document, as well as the information set forth in the section headed “Financial Information.”

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### Summary of Consolidated Statements of Comprehensive Income

The following table sets forth a summary of our consolidated statements of comprehensive income in absolute amounts and as percentages of total revenue for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,					
	2020		2021		2022	
	(RMB in thousands, except for percentages)					
Revenue	47,655	100.0%	178,258	100.0%	1,325,882	100.0%
Cost of sales	(38,059)	(79.9)%	(141,475)	(79.4)%	(1,215,309)	(91.7)%
Gross profit	9,596	20.1%	36,783	20.6%	110,573	8.3%
Selling expenses	(3,046)	(6.4)%	(9,403)	(5.3)%	(27,681)	(2.1)%
Administrative expenses	(8,591)	(18.0)%	(29,715)	(16.7)%	(41,517)	(3.1)%
Research and development expenses	(44,141)	(92.6)%	(54,948)	(30.8)%	(104,047)	(7.8)%
Net impairment losses on financial assets	(90)	(0.2)%	(1,453)	(0.8)%	(3,717)	(0.3)%
Other income	3,716	7.8%	3,421	1.9%	4,710	0.4%
Other gains/(losses) — net	(387)	(0.8)%	4,929	2.8%	(628)	(0.0)%
Operating loss	(42,943)	(90.1)%	(50,386)	(28.3)%	(62,307)	(4.7)%
Finance income	9	0.0%	94	0.1%	100	0.0%
Finance costs	(10,893)	(22.9)%	(413,907)	(232.2)%	(280,169)	(21.1)%
Finance costs — net	(10,884)	(22.9)%	(413,813)	(232.1)%	(280,069)	(21.1)%
Loss before income tax	(53,827)	(113.0)%	(464,199)	(260.4)%	(342,376)	(25.8)%
Income tax expenses	—	—	—	—	—	—
Loss for the year	(53,827)	(113.0)%	(464,199)	(260.4)%	(342,376)	(25.8)%

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### Non-IFRS Measures: Adjusted Loss For the Year

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use the adjusted loss as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. We believe that the presentation of non-IFRS measures facilitates comparisons of operating performance from year to year and provides useful information to [REDACTED] and others to understand and evaluate our consolidated results of operations in the same manner as our management by eliminating potential impacts of items which our management considers non-indicative of our operating performance.

We also believe that the non-IFRS measures are appropriate for evaluating our operating performance. From time to time in the future, there may be other items that we may exclude in reviewing the financial results. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, this non-IFRS measure may not be comparable to similar measures presented by other companies.

We define the adjusted loss as the loss for the year, excluding (i) share-based payment, (ii) financial cost on financial instruments with preferred rights at amortized cost, and (iii) [REDACTED] expenses. We exclude these items because they are either non-operating or non-recurring in nature or not indicative of our core operating results and business outlook, or do not generate any cash outflows. Our management considered the share-based payment and financial cost on financial instruments with preferred rights at amortized cost as non-cash items. During the Track Record Period, we recorded financial instruments with preferred rights in connection with the issuance by our Company to Pre-[REDACTED] Investors of ordinary shares with preferred rights in Pre-[REDACTED] financings that conferred certain preferred rights, including redemption rights, upon such Pre-[REDACTED] Investors. Financial instruments with preferred rights were recorded as financial liabilities upon capital contribution by the related Pre-[REDACTED] Investors, because we do not control any of the triggering events of the redemption rights conferred upon the Pre-[REDACTED] Investors and accordingly do not consider the ordinary shares with preferred rights issued to the Pre-[REDACTED] Investors as equity. We have ceased to record any such financial cost on financial instruments with preferred rights at amortized cost with respect to the preferred rights previously conferred upon the Pre-[REDACTED] Investors, because we and the related Pre-[REDACTED] Investors have mutually agreed to terminate such preferred rights. [REDACTED] expenses, as an item arises from activities relating to the [REDACTED], is non-recurring in nature and is not an indicator of our operational performance.

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The following table sets forth the reconciliations of our non-IFRS measures for the period indicated with the nearest measured prepared in accordance with IFRS:

	For the Year Ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
<b>Non-IFRS measures</b>			
Loss for the year	(52,827)	(464,199)	(342,376)
Add:			
Share-based payment	8,554	17,708	44,026
Financial cost on financial instruments with preferred rights at amortized cost	9,604	412,362	279,420
[REDACTED] expenses	—	—	2,056
<b>Adjusted loss for the year (non-IFRS measures)</b>	<b>(35,669)</b>	<b>(34,129)</b>	<b>(16,874)</b>

### Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Current Assets	73,580	446,235	1,155,498
Current Liabilities	56,095	156,618	572,448
Non-current Assets	33,639	70,269	95,903
Non-current Liabilities	167,481	918,220	12,486
Net Current Assets	17,485	289,617	583,050
Net Assets/(Liabilities)	(116,357)	(558,334)	666,467

Our net current assets increased from RMB289.6 million as of December 31, 2021 to RMB583.1 million as of December 31, 2022, primarily due to (i) an increase of RMB333.7 million in cash and cash equivalents, as a result of the proceeds we received from the Series C Financing; (ii) an increase of RMB225.0 million in inventories which we accumulated in response to an increase in the demand for our solutions and products; (iii) an increase of RMB178.1 million in trade and notes receivables, primarily attributable to the increase in trade receivables due from third parties, which was in line with our business expansion, partially offset by an increase of RMB348.0 million in trade and notes payables, as we purchased more materials for our production in line with our business expansion in 2022.

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Our net current assets increased from RMB17.5 million as of December 31, 2020 to RMB289.6 million as of December 31, 2021, primarily due to (i) an increase of RMB218.4 million in financial assets at FVTPL, as we purchased more wealth management products in 2021; and (ii) an increase of RMB96.0 million in trade and notes receivables, primarily attributable to the increase of due from third parties, which was in line with our business expansion, partially offset by an increase of RMB83.7 million in trade and notes payables, as we purchased more materials for series production in line with our business expansion in 2021.

Our net liabilities increased significantly from RMB116.4 million as of December 31, 2020 to RMB558.3 million as of December 31, 2021, primarily due to an increase of RMB412.4 million in accumulated losses, mainly attributable to financial instruments with preferred rights at amortized cost of RMB897.7 million we recorded for certain Pre-[REDACTED] Investors’ preferential rights. We reverted to a net assets position and had net assets of RMB666.5 million as of December 31, 2022, primarily due to the derecognition of such financial instruments with preferred rights at amortized cost. For details, see “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Financial Instruments with Preferred Rights at Amortized Cost.”

### Summary of Consolidated Statements of Cash Flow

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

	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB in thousands)</i>		
Net cash (used in) operating activities	(23,835)	(62,904)	(65,567)
Net cash (used in)/generated from investing activities	(33,138)	(256,339)	41,439
Net cash generated from financing activities	70,828	334,601	355,909
<b>Net increase in cash and cash equivalents</b>	<b>13,855</b>	<b>15,358</b>	<b>331,781</b>
Cash and cash equivalents at the beginning of the year	3,066	16,912	32,042
Exchange (losses)/gains on cash and cash equivalents	(9)	(228)	1,922
<b>Cash and cash equivalents at the end of year</b>	<b>16,912</b>	<b>32,042</b>	<b>365,745</b>

For a detailed discussion of the historical changes in certain key items in our consolidated statements of cash flows, see “Financial Information — Liquidity and Capital Resources — Cash Flows.”



## SUMMARY

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### PRE-[REDACTED] INVESTORS

Since the establishment of our Company, we have received several rounds of equity financing from our Pre-[REDACTED] Investors such as Zizhi Yihao, Beijing CHJ, SME Fund, Mixed Reform Fund and HL Klemove Suzhou. Pursuant to applicable PRC laws, the Pre-[REDACTED] Investors shall not dispose of any of the Shares held by them within 12 months following the [REDACTED]. For details of our Pre-[REDACTED] Investments, see “History and Corporate Structure — Pre-[REDACTED] Investments” in this document.

### OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Mr. SONG Yang, our founder, Chairman, executive Director and chief executive officer, directly and indirectly (through Lanchi Platform, Zichi Platform, Hongchi Platform and Luchi Platform), was entitled to exercise the voting rights attaching to approximately 39.9% of the issued share capital of our Company.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. SONG Yang, directly and indirectly (through Lanchi Platform, Zichi Platform, Hongchi Platform and Luchi Platform), will be entitled to exercise the voting rights attaching to approximately [REDACTED]% of the issued share capital of our Company. Accordingly, upon completion of the [REDACTED], our Company will have no controlling Shareholder (as defined in the Listing Rules) and Mr. SONG Yang, Lanchi Platform, Zichi Platform, Hongchi Platform and Luchi Platform will collectively constitute a Single Largest Group of Shareholders of our Company. Please see “History and Corporate Structure” for more information about our shareholding structure.

### DIVIDENDS

We did not declare or pay dividends on our Shares during the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Board of Directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. As confirmed by our PRC Legal Advisors, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

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## SUMMARY

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[REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no exercise of the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share, which is the mid-point of the indicative [REDACTED] range stated in this document. If the [REDACTED] is set at HK\$[REDACTED] per Share, which is the high end of the indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per Share, which is the low end of the indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will decrease by approximately HK\$[REDACTED].

Assuming an [REDACTED] at the mid-point of the indicative [REDACTED] range, we currently intend to apply these net [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions: (i) approximately [45.0]% of the [REDACTED] or approximately HK\$[REDACTED], for enhancing research and development of our autonomous driving solutions and products; (ii) approximately [35.0]% of the [REDACTED] or approximately HK\$[REDACTED], for capital expenditure in relation to our R&D headquarters, manufacturing premises and new production lines; (iii) approximately [10.0]% of the [REDACTED] or approximately HK\$[REDACTED], for expanding our sales and service network; and (iv) approximately [10.0]% of the [REDACTED] or approximately HK\$[REDACTED], for working capital and general corporate purposes. For details, see “Future Plans and [REDACTED].”

## RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” As different [REDACTED] may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to [REDACTED] in the [REDACTED]. Some of the major risks that we face include:

- We are an early-stage company with a history of losses, and we expect to incur significant expenses and continuing losses for the foreseeable future; our historical financial and results of operations may not be indicative of our future performance;
- We generate a substantial portion of our revenue from a limited number of customers and products, and the loss of, or a significant reduction in, revenue from such customers or products could materially and adversely affect our results of operations;
- There is no guarantee that our OEM customers will purchase our solutions and products in any certain quantity or at any certain price even after we obtain the letter of nomination, and there may be significant delays between the time we obtain the letter of nomination until we realize revenue from the vehicle model;

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## SUMMARY

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- If we fail to retain existing customers, attract new customers or increase the spending by our customers, our business and results of operations may be materially and adversely affected;
- If we are unable to develop and introduce new solutions and products and improve existing solutions and products in a cost-effective and timely manner, our competitive position would be negatively impacted and our business, results of operations, and financial condition would be adversely affected;
- We rely on third-party suppliers and because some of the raw materials and key components in our products come from single or limited source of suppliers, we are susceptible to supply shortages, long lead times for components, and supply changes, any of which could disrupt our supply chain and could delay deliveries of our products to customers;
- Our business collaboration with partners is subject to risks, and these relationships may not lead to significant revenue. Any adverse change in our cooperation with them could harm our business;
- We operate in highly competitive markets and some market participants may have substantially greater resources. We compete against a large number of both established competitors and new market entrants;
- Our autonomous driving products used on vehicles are highly complex and may contain defects or otherwise fail to perform in line with expectations, which could reduce the market adoption of our products, damage our reputation with current or prospective customers, expose us to product liability and other claims and adversely affect our results of operations; and
- Our business may suffer from claims relating to, among other things, actual or alleged defects in our solutions and products, or if our solutions and products actually or allegedly fail to perform as expected, and publicity related to these claims could harm our reputation and decrease demand for our solutions and products or increase regulatory scrutiny of our solutions and products.

### [REDACTED] EXPENSES

Based on the mid-point [REDACTED] of HK\$[REDACTED] per [REDACTED], the total estimated [REDACTED] expenses in relation to the [REDACTED] is approximately RMB[REDACTED], representing [REDACTED]% of the total gross [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] (RMB[REDACTED]). We had incurred [REDACTED] expenses of RMB3.8 million as of December 31, 2022, of which RMB2.0 million has been charged to our consolidated statement of comprehensive income and RMB1.8 million was recognized as deferred [REDACTED] expenses, which are expected to be recognized directly as a deduction from equity upon the [REDACTED]. We expect to incur additional [REDACTED] expenses of approximately RMB[REDACTED], of which RMB[REDACTED] is expected to be charged to our consolidated statement of comprehensive income and RMB[REDACTED] will be capitalized. The amount of the [REDACTED]-related expenses of approximately RMB[REDACTED], which mainly includes [REDACTED], is

## SUMMARY

expected to be accounted for as a deduction from equity upon the completion of the [REDACTED]. The amount of the non-[REDACTED]-related expenses of approximately RMB[REDACTED] primarily include fees and expenses of legal advisers and accountants of RMB[REDACTED] and other fees and expenses of RMB[REDACTED].

### APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the [REDACTED] of, and permission to [REDACTED] our H Shares to be issued pursuant to (i) the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and (ii) the H Shares to be converted from our existing 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 of RMB1,325.9 million (equivalent to approximately HK\$1,522.1 million) in the financial year ended December 31, 2022 which exceeds HK\$500 million, and (ii) our expected market capitalization at the time of [REDACTED], which, based on the low-end of the indicative [REDACTED] range, exceeds HK\$4 billion.

### [REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that [REDACTED] Shares will be in issue pursuant to the [REDACTED] and the [REDACTED] is not exercised:

	<b>Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]</b>	<b>Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]</b>
Market capitalization of our Shares <sup>(1)</sup>	HK\$[REDACTED]	HK\$[REDACTED]
Market capitalization of our H Shares <sup>(2)</sup>	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share <sup>(3)</sup>	HK\$[REDACTED]	HK\$[REDACTED]

*Notes:*

- (1) The calculation of market capitalization is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised.
- (2) The calculation of market capitalization of our H Shares is based on [REDACTED] H Shares expected to be in issue immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised.
- (3) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after the adjustment referred to in “Appendix II — Unaudited [REDACTED] Financial Information.”

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## SUMMARY

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### RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

#### Business Development

In January 2023, we series-produced and delivered iDC Mid to Chery for installation on EXEED Lanyue (星途攬月). We are also collaborating with Dongfeng to launch iDC Mid on their Dongfeng Fengxing M6 (風行M6) vehicle model. As of the Latest Practicable Date, we had received three letters of nomination from different OEMs with respect to our iDC Mid. In addition, ZEEKR 009, the second vehicle model from Geely Group’s premium electric vehicle brand that has also been equipped with SuperVision™, started series production in January 2023.

#### Regulatory Development

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》) (“**Overseas Listing Trial Measures**”) and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies’ securities, either directly or indirectly, into a filing-based system.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days thereafter. As advised by our PRC Legal Advisors, our [REDACTED] is a direct overseas [REDACTED] under the Overseas Listing Trial Measures and we will be required to submit the filing application with the CSRC in connection with this [REDACTED] and [REDACTED] within three business days after the first submission of [REDACTED] to the Stock Exchange. See “Regulatory Overview — PRC Laws and Regulations — Regulations Relating to Overseas Securities Offering and Listing.”

#### No Material Adverse Change

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2022 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since December 31, 2022 which would materially affect the information shown in our consolidated financial statements included in the Accountant’s Report set out in Appendix I to this document.