

## 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. You should read the whole Document before you decide to invest in the [REDACTED]. In particular, we are a specialist technology company seeking to [REDACTED] on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules because we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours. In addition, we have incurred net losses since our inception, and we may incur net losses for the foreseeable future. We had negative net cash flow from operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your investment decision should be made in light of these considerations.*

*There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” in this Document. You should read that section carefully in full before you decide to invest in the [REDACTED].*

## OUR MISSION

Driving the future of mobility with chips.

## OVERVIEW

We are a leading automotive-grade computing SoC and SoC-based intelligent vehicle solution provider. SoC is an integrated circuit that integrates key electronic components including central processing units, memories, I/O interfaces and others. We started with the Huashan Series high-computing power SoCs for autonomous driving and recently introduced the Wudang Series cross-domain SoCs to address more diverse and sophisticated demands for advanced functionalities of intelligent vehicles. Our proprietary automotive-grade products and technologies empower intelligent vehicles with mission-critical capabilities, such as autonomous driving, smart cockpit, advanced imaging and interconnection. We offer full-stack autonomous driving capabilities to meet broad customer needs through SoCs and SoC-based solutions, powered by our in-house developed IP cores, algorithms and support software. In terms of shipment of automotive-grade high-computing power SoCs in 2022, we are the third largest provider globally, according to Frost & Sullivan.

As autonomous driving systems become increasingly complex, automotive OEMs tend to strategically adopt and stick with a limited number of technology platforms for vehicle models at the same automation level across product lines or brands for efficiency and avoidance of high switching costs, resulting in automotive OEMs and Tier 1 suppliers forming long-term anchored partnerships with selected top-tier autonomous driving SoC providers. Currently,

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substantially all intelligent vehicles are at automation levels up to L3, both in China and globally, which is expected to remain so in the next few years, according to Frost & Sullivan. We strategically prioritize L2 to L3 products at this stage, recognizing that product-market fit is crucial for commercial success. Based on our outstanding products and customer recognition:

- We had design wins for 15 vehicle models with ten automotive OEMs and Tier 1 suppliers, as of the Latest Practicable Date.
- We started mass-production of Huashan A1000/A1000L SoCs in 2022, and our flagship A1000 Series SoCs had a total shipment of over 25,000 as of December 31, 2022.
- We announced our Wudang Series cross-domain SoCs in April 2023, the first in the industry to integrate autonomous driving, smart cockpit, body control and other computational domains, according to Frost & Sullivan.
- Our customer base grew from 33 as of December 31, 2020, to 45 as of December 31, 2021, and further to 89 as of December 31, 2022. We had partnered with over 30 automotive OEMs and Tier 1 suppliers such as FAW Group, Dongfeng, JAC, HYCAN, ECARX, Baidu, Bosch, ZF Group and Marelli as of the Latest Practicable Date.

We had grown significantly during the Track Record Period. In 2020, 2021 and 2022, our revenue was RMB53.0 million, RMB60.5 million and RMB165.4 million, respectively. With mass production of our SoCs and continued iteration and advancement of our solutions, we are well-positioned to capture the vast market opportunities for strong growth in the foreseeable future.

## OUR OFFERINGS

During the Track Record Period, we engaged in the sales of autonomous driving products and solutions and intelligent imaging solutions, both of which are designated Specialist Technology Products as defined under Chapter 18C of the Listing Rules. We have adopted a transaction-based model for our autonomous driving products and solutions and intelligent imaging solutions. Our primary focus lies in the design, development, and implementation of intelligent vehicle SoC technology, as well as the provision of autonomous driving solutions across various automotive automation tiers. Capitalizing on our extensive knowledge and technical expertise in the realm of intelligent vehicle SoCs, especially autonomous driving SoCs and related IPs, we have managed to commercialize our products and solutions effectively. We offer a comprehensive suite of services, including IPs, chips, autonomous driving solutions and V2X solutions. Our open platform allows for software and hardware decoupling, providing automakers the freedom to select from our diverse range of offerings and enabling swift local adaptation and implementation.

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We focus on developing automotive-grade SoCs:

### *Huashan Series*

- **A1000.** We launched A1000 in June 2020 with mass-production in 2022. A1000 offers 58 TOPs computing power on INT8. It is the first high-computing power autonomous driving SoC with proprietary IP cores developed and launched in China and the first SoC for L2+ and L3 with ASIL-B and AEC-Q100 Grade 2 certification in China, according to Frost & Sullivan.
- **A1000L.** A1000L was also launched in June 2020 and mass-produced in 2022, designed for L2 and L2+ autonomous driving and is ASIL-B and AEC-Q100 Grade 2 certified. A1000L offers 16 TOPs computing power on INT8.
- **A1000 Pro.** We launched A1000 Pro in April 2021 for L3 autonomous driving. A1000 Pro offers 106+ TOPs computing power on INT8. Being the first autonomous driving SoC with over 100 TOPs computing power developed and launched in China, it offers the highest computing power on INT8 among its peers in China, according to Frost & Sullivan.

In addition, targeting L3 and beyond, we are in the process of developing A2000 with a designed computing power of 250+ TOPs, one of the highest in the world among automotive-grade SoCs, according to Frost & Sullivan.

### *Wudang Series*

- **C1200.** We announced C1200 in April 2023, a cross-domain SoC that integrates autonomous driving, smart cockpit and other computational functionalities, providing an innovative and cost-effective computing solution for intelligent vehicles.

In addition to our proprietary SoCs, we also offer autonomous driving support software to enable customization by customers in developing and deploying their applications on the SoCs:

### *Software*

- **Operating System Support.** Our self-developed drivers and operating systems for SoCs offer seamless compatibility with various applications in intelligent vehicles.
- **Hanhai ADSP Middleware.** This platform assists customers in rapidly migrating and deploying applications, and is widely applicable to autonomous driving and V2X application scenarios.
- **Perception Algorithms.** Our leading neural network visual perception algorithms fundamentally enhance image processing capabilities for autonomous driving.

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We started offering autonomous driving solutions in 2020 and were one of the earliest in China that generated revenue from the sales of autonomous driving solutions, according to Frost & Sullivan.

- We offer an integrated closed-loop autonomous driving solution pack, BEST Drive, comprising Drive Eye for L1 and L2 support, Drive Sensing for L2+ autonomous driving, Drive Brain for L3 domain control and Drive Turing for next-generation central computing.
- Our self-developed add-on adaptive safety system, Patronus, provides reliable adaptive safety support with innovative system design, offering cost-efficient solutions for commercial vehicle OEMs and Tier 1 suppliers.
- Our V2X edge computing solution, BEST Road, targets the emerging road-side autonomous driving solution market which has been rapidly developing along with the growing prevalence of intelligent NEVs.

Drawing from our proprietary IP algorithms accumulated in providing automotive-grade imaging solutions, we offer intelligent imaging solutions that empower a broad range of devices to facilitate intelligent perception and content enhancement through algorithms. Our full-stack offerings include embedding our proprietary IP algorithms into sensors and ISP chips. These components are compatible with most devices.

## OUR STRENGTHS

We believe the following competitive strengths contribute to our success:

- Leadership in Intelligent Vehicle SoCs with Foremost Expertise
- Proprietary Critical Technology from Purpose-Driven R&D
- Customer-centric Product Portfolio
- A User-friendly Open Platform for Customization and Re-development
- Broad Partners and Customer Base across the Industry Value Chain
- A Team of Veterans Combining Cross-sector and Market Expertise

## OUR STRATEGIES

We will focus on the following key strategies to achieve our mission:

- Continue to Develop Intelligent Vehicle SoCs for Broader In-vehicle Computational Scenarios

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- Further Enhance Our Open Ecosystem
- Further Develop and Commercialize Our Solutions and Technologies
- Extend Our Reach Globally

## RESEARCH AND DEVELOPMENT

Our ability to develop new technologies, design new products and solutions, and enhance existing products and solutions is critical for maintaining our market position.

Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products and solutions which help maintain our technological advantages and market competitiveness. Each of our core R&D team members has more than 15 years of experience in engineering, with domestic or overseas working experience in reputable technology companies, such as Bosch, OmniVision, Qualcomm and ZTE.

## INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property rights and proprietary protections for commercially important technologies, inventions and knowhow related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not have any instances of infringement of third parties’ intellectual property rights.

As of the Latest Practicable Date, we owned 28 registered patents in China and 58 registered patents in the United States, and 125 patent applications in China and 59 patent applications in the United States. As of the same date, we had two integrated circuit layout design registrations, 58 software copyrights in China, two software copyrights in the United States and 141 registered trademarks globally. See “Business – Intellectual Property Rights” for details of our material intellectual property rights.

We acquire patents through self-development. As of the Latest Practicable Date, we owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents and patent applications with third parties.

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### CUSTOMERS AND SUPPLIERS

Our major customers are automotive OEMs and Tier 1 suppliers. Revenue generated from our largest customer for the years ended December 31, 2020, 2021 and 2022 accounted for 47.7%, 40.7% and 43.5%, respectively, of our revenue during those periods. Revenue generated from our five largest customers for the years ended December 31, 2020, 2021 and 2022 accounted for 88.5%, 77.7% and 75.4%, respectively, of our revenue during those periods.

Our major suppliers are tapeout and technical services, IP core and hardware components providers. Charges from our largest supplier for the years ended December 31, 2020, 2021 and 2022 accounted for 24.3%, 28.7% and 18.1%, respectively, of our total purchase amount during those periods. Charges from our five largest suppliers for the years ended December 31, 2020, 2021 and 2022 accounted for 77.6%, 68.2% and 50.9%, respectively, of our total purchase amount during those periods.

### COMPETITIVE LANDSCAPE

We mainly compete with three major types of autonomous driving SoC providers in the market: specific autonomous driving SoC providers, general chip providers and automotive OEM self-developers. Among these competitors, specific autonomous driving SoC providers have a strong research focus on autonomous driving and possess comprehensive software and hardware development capabilities, allowing them to develop customized autonomous driving SoC-based solutions for various automotive OEMs. General chip providers deliver chips that are not solely for autonomous driving which include traditional MCU chips or other types of chips for consumer goods.

### RISK FACTORS

We are a specialist technology company seeking to [REDACTED] on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. We believe there are certain risks and uncertainties involved in the investing in our [REDACTED], some of which are beyond our control. If any of such risks and uncertainties materializes, the market price of our Shares could decline, and you may lose all or part of your investments. See “Risk Factors” for details of our risk factors, which we urge you to read in full before making an investment in our Shares. Some of the major risks we face include:

- If we are unable to develop and introduce new products and solutions, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.
- We have been and intend to continue investing significantly in R&D, which may adversely impact our profitability and operating cash flow and may not generate the results we expect to achieve.

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- We may not be able to obtain or maintain adequate intellectual property rights protection for our product and solution candidates, or the scope of such intellectual property rights protection may not be sufficiently broad.
- We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Our patent rights relating to our products and solutions could be found invalid or unenforceable if being challenged in court or before the CNIPA intellectual property agencies in other jurisdictions.
- If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling the products or solutions involved.
- We have a limited track record in commercialization of our products and solutions.
- There can be no assurance that our efforts seeking design wins for our products and solutions will succeed.
- There is no guarantee that the sales results of our products and solutions would meet our forecast even after we achieve design wins.
- We may face supply chain risks and risks of interruption of requisite services, including, as a result of our reliance on a single or limited suppliers and vendors, for certain components, equipment and services.
- We depend on TSMC to manufacture our SoCs.

### PRE-[REDACTED] INVESTMENTS

Up to the Latest Practicable Date, we have conducted ten rounds of Pre-[REDACTED] Investments. See “History and Corporate Structure – Pre-[REDACTED] Investments” in this Document for further details.

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountant’s Report set out in Appendix I. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

## SUMMARY

### Selected items from the Consolidated Statements of Comprehensive Income

The following table sets forth a summary of our consolidated statements of comprehensive income for the years indicated:

	Year ended December 31,					
	2020	% of	2021	% of	2022	% of
	Amount	revenue	Amount	revenue	Amount	revenue
	(RMB in thousands, except for percentages)					
<b>Revenue</b>	53,021	100.0	60,504	100.0	165,442	100.0
Cost of sales	(40,987)	(77.3)	(38,632)	(63.9)	(116,811)	(70.6)
<b>Gross profit</b>	12,034	22.7	21,872	36.1	48,631	29.4
Selling expenses	(22,257)	(42.0)	(50,842)	(84.0)	(119,732)	(72.4)
General and administrative expenses	(32,692)	(61.7)	(111,703)	(184.6)	(215,239)	(130.1)
Research and development expenses	(254,607)	(480.2)	(595,380)	(984.0)	(764,075)	(461.8)
Net impairment losses on financial assets	(276)	(0.5)	(1,844)	(3.0)	(8,484)	(5.1)
Other income	2,912	5.5	18,113	29.9	15,361	9.3
Other gains/(losses), net	1,989	3.8	(2,876)	(4.8)	(9,283)	(5.7)
<b>Operating loss</b>	(292,897)	(552.4)	(722,660)	(1,194.4)	(1,052,821)	(636.4)
Finance income/(costs), net	698	1.4	(1,945)	(3.2)	13,934	8.5
Share of net profit/(loss) of associates accounted for using the equity method	236	0.4	(722)	(1.2)	(987)	(0.6)
Fair value change in financial instruments issued to investors	(468,275)	(883.2)	(1,631,175)	(2,696.0)	(1,714,062)	(1,036.1)
<b>Loss before income tax</b>	(760,238)	(1,433.8)	(2,356,502)	(3,894.8)	(2,753,936)	(1,664.6)
Income tax expense	—	—	—	—	—	—
<b>Loss for the year attributable to the equity holders of the Company</b>	<u>(760,238)</u>	<u>(1,433.8)</u>	<u>(2,356,502)</u>	<u>(3,894.8)</u>	<u>(2,753,936)</u>	<u>(1,664.6)</u>

### Non-IFRS Measure

We define adjusted net loss (non-IFRS measure) as net loss for the year adjusted by adding back fair value change in financial instruments issued to investors and share-based payment expenses.



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

	Year ended December 31,					
	2020	2021		2022		
	(RMB in thousands, other than percentages)					
		% of		% of		% of
	Amount	revenue	Amount	revenue	Amount	revenue
Reconciliation of net loss to adjusted net loss						
Loss for the year	(760,238)	(1,433.8)	(2,356,502)	(3,894.8)	(2,753,936)	(1,664.6)
Add:						
Fair value change in financial instruments issued to investors <sup>(1)</sup>	468,275	883.2	1,631,175	2,696.0	1,714,062	1,036.1
Share-based payment expenses <sup>(2)</sup>	19,073	35.9	111,744	184.7	339,544	205.2
Adjusted net loss <sup>(3)</sup>	(272,890)	(514.7)	(613,583)	(1,014.1)	(700,330)	(423.3)

*Notes:*

- (1) Fair value change in financial instruments issued to investors represents (i) redeemable convertible preferred shares, (ii) warrants for purchase of ordinary shares, (iii) convertible notes, and (iv) commitment derivatives. Fair value changes in financial instruments issued to investors are not directly related to our ability to generate revenue from our daily operations, and we do not expect to record any further fair value changes in financial instruments issued to investors as (i) preferred shares liabilities will be redesignated from liabilities to equity as a result of the automatic conversion into ordinary shares upon the [REDACTED]; (ii) convertible notes are expected to be converted to preferred shares liabilities before the [REDACTED]; (iii) warrant liabilities are expected to be settled before the [REDACTED]; and (iv) commitment derivatives are expected to be converted to preferred shares liabilities before the [REDACTED].
- (2) Share based payment expenses mainly represent the non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments and are not indicative of our core operating results.
- (3) A non-IFRS measure.

To supplement our consolidated financial statements, we also use adjusted net loss as additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure as an analytical tool has limitations, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

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### Selected items from the Consolidated Statements of Financial Position

The following table sets forth the selected items of our current assets and current liabilities as of the dates indicated:

	As of December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
<b>Current assets</b>			
Financial assets at fair value through profit or loss	—	—	706,462
Cash and cash equivalents	243,888	1,553,419	982,229
<b>Total current assets</b>	<u>298,504</u>	<u>1,691,143</u>	<u>2,021,163</u>
<b>Current liabilities</b>			
Trade payables	11,568	13,083	69,907
Other payables and accruals	47,836	96,772	120,221
<b>Total current liabilities</b>	<u>77,754</u>	<u>184,088</u>	<u>333,939</u>
<b>Net current assets</b>	<u>220,750</u>	<u>1,507,055</u>	<u>1,687,224</u>
<b>Total non-current assets</b>	<u>41,575</u>	<u>72,841</u>	<u>131,722</u>
<b>Non-current liabilities</b>			
Financial instruments issued to investors	1,588,899	5,195,383	8,279,244
<b>Total non-current liabilities</b>	<u>1,648,046</u>	<u>5,242,234</u>	<u>8,325,124</u>
<b>Net non-current assets</b>	<u>(1,606,471)</u>	<u>(5,169,393)</u>	<u>(8,193,402)</u>

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### Selected items from the Consolidated Statements of Cash Flows

The following table sets forth selected items of our cash flows for the years indicated:

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Operating loss before changes in working capital	(261,612)	(593,390)	(629,299)
Working capital changes	13,483	(45,925)	(125,370)
<b>Net cash used in operating activities</b>	<b>(248,129)</b>	<b>(639,315)</b>	<b>(754,669)</b>
<b>Net cash used in investing activities</b>	<b>(14,142)</b>	<b>(31,817)</b>	<b>(732,796)</b>
<b>Net cash generated from financing activities</b>	<b>239,424</b>	<b>2,000,866</b>	<b>804,175</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(22,847)</b>	<b>1,329,734</b>	<b>(683,290)</b>
Cash and cash equivalents at beginning of the year	275,387	243,888	1,553,419
Exchange (losses)/gains on cash and cash equivalents	(8,652)	(20,203)	112,100
<b>Cash and cash equivalents at end of the year</b>	<b>243,888</b>	<b>1,553,419</b>	<b>982,229</b>

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) capital expenditures and (iii) lease payments. Our historical cash burn rate was RMB21.9 million, RMB56.6 million and RMB70.1 million in 2020, 2021 and 2022, respectively, mainly representing our investment in R&D activities. We had cash and cash equivalents and financial assets at fair value through profit or loss of RMB1,688.7 million as of December 31, 2022. We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming no [REDACTED] is exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] in this Document. Assuming that the average cash burn rate going forward will be similar to the cash burn rate level in 2022, we estimate that our cash and cash equivalents as of December 31, 2022 will be able to maintain our financial viability for 24 months or, if we take into account [10]% of the estimated net [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), [REDACTED] months or, if we also take into account the estimated net [REDACTED] from the [REDACTED], [REDACTED] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Going forward, we expect to incur increasing costs and expenses, primarily for procurement of materials for the mass production of SoCs as well as investments in research and development activities. This will lead to an increase in inventory and trade and notes receivables in turn. Such expenditure is expected to be generally in line with our business growth in the future,

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### KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates indicated, or for the years indicated:

	As of December 31,		
	2020	2021	2022
Gross profit margin (%) <sup>(1)</sup>	22.7	36.1	29.4
Current ratio <sup>(2)</sup>	3.8	9.2	6.1
Quick ratio <sup>(3)</sup>	3.8	9.2	5.8
Cash ratio <sup>(4)</sup>	3.1	8.4	5.1

- (1) Gross profit margin is calculated by dividing gross profit by our revenue.
- (2) Current ratio is calculated by dividing current assets by current liabilities as of the date indicated.
- (3) Quick ratio is calculated by dividing current assets less inventories by current liabilities as of the date indicated.
- (4) Cash ratio is calculated by dividing the sum of cash and cash equivalents and financial assets at fair value through profit or loss by the total current liabilities as of the date indicated.

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

We have applied to the Listing Committee for the granting of the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued pursuant to (i) the [REDACTED], (ii) the exercise of the [REDACTED] and (iii) the Pre-[REDACTED] Share Plan on the basis that, among other things, we satisfy the requirements under Rule 18C.03 of the Listing Rules as a Pre-Commercial Company (as defined in the Listing Rules) with reference to our expected market capitalization at the time of [REDACTED], which, based on the [REDACTED], exceeds HK\$10 billion.

### [REDACTED]

The statistics in the following table are based on the assumptions that the [REDACTED] has been completed and [REDACTED] Shares are issued pursuant to the [REDACTED].

	Based on an [REDACTED] of HK\$[REDACTED] per Share	Based on an [REDACTED] of HK\$[REDACTED] per Share
Market capitalization of our Shares <sup>(1)</sup>	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share <sup>(2)</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 that the [REDACTED] is not exercised).
- (2) The unaudited [REDACTED] adjusted net tangible assets per Share as of December 31, 2022 is calculated after making the adjustments referred to in “Appendix II – Unaudited [REDACTED] Financial Information.”

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### [REDACTED] EXPENSES

The [REDACTED] expenses represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses, including [REDACTED] for the [REDACTED], will be approximately HK\$[REDACTED] (including (i) [REDACTED] of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist of fees and expenses of legal advisors and Reporting Accountant approximately HK\$[REDACTED] and other fees and expenses of approximately HK\$[REDACTED]), representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED], (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and no exercise of the [REDACTED]). Among the total [REDACTED] expenses, approximately HK\$[REDACTED] is directly attributable to the issue of our [REDACTED] to the public and will be deducted from equity, approximately HK\$[3.9] million has been expensed during the Track Record Period, and the remaining amount of approximately HK\$[REDACTED] is expected to be expensed upon the [REDACTED].

### FUTURE PLANS AND USE OF [REDACTED]

We estimate the net [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-end of the [REDACTED] stated in this Document), will be approximately HK\$[REDACTED], after deduction of [REDACTED] and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised. We intend to use the net [REDACTED] of the [REDACTED] for the following purposes:

- Approximately [80.0]% or HK\$[REDACTED] will be used for our research and development over the next three years with the detailed breakdown of the proceeds to be allocated as follows:
  - Approximately [30.0]% or HK\$[REDACTED] will be used for the R&D team to develop automotive-grade intelligent vehicle SoCs.
  - Approximately [25.0]% or HK\$[REDACTED] will be used for the development and upgrade of our intelligent vehicle software platform.
  - Approximately [20.0]% or HK\$[REDACTED] will be used to procure materials, tape-out services and software for R&D of intelligent vehicle SoCs and automotive-grade IP cores.
  - Approximately [5.0]% or HK\$[REDACTED] will be used for the development of autonomous driving solutions, such as V2X edge computing solution and the add-on adaptive safety system Patronus.
- Approximately [10.0]% or HK\$[REDACTED] will be used for improvement of our commercialization capability.

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- Approximately [10.0]% or HK\$[REDACTED] will be used for working capital and general corporate purposes, in particular for procuring inventories for mass production of our SoCs.

For more details, see “Future Plans and Use of [REDACTED].”

## DIVIDEND AND DIVIDEND POLICY

We did not declare or distribute any dividend to our Shareholders during the Track Record Period. However, we may distribute dividends in the future by way of cash or by other means that we consider appropriate. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. As advised by our Cayman legal advisors, we are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of accumulated losses does not prohibit us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Company satisfies the solvency test set out in the Cayman Companies Act.

## RECENT DEVELOPMENT

We announced our Wudang Series cross-domain SoCs in April 2023, the first in the industry to integrate autonomous driving, smart cockpit, body control and other computational domains, according to Frost & Sullivan. In March 2023, we announced cooperation with JICA, an affiliate of ECARX, to install our A1000 SoC on Geely’s vehicles. In April 2023, we were designated as Baidu’s preferred domestic intelligent vehicle SoC partner and will jointly develop autonomous driving products integrating hardware and software based on Huashan A1000 Series SoCs. As of the Latest Practicable Date, we had earned design wins for mass production of SoC products for 15 vehicle models with 10 automotive OEMs and Tier 1 suppliers, among which we had collaborated with Geely, Dongfeng, HYCAN, FAW Group, Baolong and a wide range of other automotive OEMs for factory-installation of our A1000 SoC on their vehicle models.

Our Directors confirm that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2022, being the end date of the periods reported in the Accountant’s Report set out in Appendix I, and there is no event since December 31, 2022 that would materially affect the information shown in the Accountant’s Report set out in Appendix I.