robosense

RoboSense Technology Co., Ltd
速騰聚創科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2498

Global Offering

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

J.P.Morgan

China Renaissance 华兴资本

Overall Coordinators, Joint Global Coordinators,
Joint Bookrunners and Joint Lead Managers

CICC 中金公司

建银国际 CCB International

FOSUN INTERNATIONAL SECURITIES 复星国际证券

安信國際 ESSENCE INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

招银国际 CMB INTERNATIONAL

農銀國際 ABC INTERNATIONAL

Joint Lead Manager

利弗莫尔证券 LIVERMORE HOLDINGS LIMITED

IMPORTANT

If you are in any doubt about any of the contents of this Prospectus, you should seek independent professional advice.

robosense

ROBOSENSE TECHNOLOGY CO., LTD
速腾聚創科技有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**22,909,800 Offer Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**2,291,000 Offer Shares (subject to reallocation)**
Number of International Offer Shares	:	**20,618,800 Offer Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	:	**HK$43.00 per Offer Share 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% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**US$0.0001 per Offer Share**
Stock code	:	**2498**

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

J.P.Morgan

China Renaissance 华兴资本

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利弗莫尔证券 LIVERMORE HOLDINGS LIMITED

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 the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and on Display" in Appendix V to this document, 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 of the other documents referred to above.

The Offer Price will be HK$43.00 per Offer Share. Applicants for Hong Kong Offer Share may be required to pay, on application (subject to application channel), the Offer Price of HK$43.00 for each Hong Kong Offer Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%.

The Overall Coordinators, on behalf of the Underwriters, and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the Offer Price below that is 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 Hong Kong Offer Shares and/or the Offer Price will be published on the website of our Company at www.robosense.ai/en and on the website of the Stock Exchange at www.hkexnews.hk as soon as practicable following the 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. Further details are set forth in "The Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this document.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this document. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" of this document.

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 except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold (i) within the United States solely to "Qualified Institutional Buyers" as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

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 at the website of the Stock Exchange at www.hkexnews.hk and our website at www.robosense.ai/en. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

December 27, 2023

IMPORTANT NOTICE TO INVESTORS
FULLY ELECTRONIC APPLICATION PROCESS

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 at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.robosense.ai/en. 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 **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**;

(2) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf, including by instructing your **broker** or **custodian** who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.

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 (WUMP) 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 **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of 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.

No. of Hong Kong Offer Shares applied for	**Amount payable(2) on application/ successful allotment**	**No. of Hong Kong Offer Shares applied for**	**Amount payable(2) on application/ successful allotment**	**No. of Hong Kong Offer Shares applied for**	**Amount payable(2) on application/ successful allotment**	**No. of Hong Kong Offer Shares applied for**	**Amount payable(2) on application/ successful allotment**
	HK$		*HK$*		*HK$*		*HK$*
100	4,343.37	2,000	86,867.31	10,000	434,336.56	300,000	13,030,096.50
200	8,686.73	2,500	108,584.13	20,000	868,673.10	400,000	17,373,462.00
300	13,030.10	3,000	130,300.96	30,000	1,303,009.66	500,000	21,716,827.50
400	17,373.46	3,500	152,017.79	40,000	1,737,346.20	600,000	26,060,193.00
500	21,716.82	4,000	173,734.62	50,000	2,171,682.76	700,000	30,403,558.50
600	26,060.20	4,500	195,451.44	60,000	2,606,019.30	800,000	34,746,924.00
700	30,403.56	5,000	217,168.28	70,000	3,040,355.86	900,000	39,090,289.50
800	34,746.92	6,000	260,601.94	80,000	3,474,692.40	1,000,000	43,433,655.00
900	39,090.29	7,000	304,035.59	90,000	3,909,028.96	1,145,500(1)	49,753,251.80
1,000	43,433.65	8,000	347,469.25	100,000	4,343,365.50		
1,500	65,150.48	9,000	390,902.90	200,000	8,686,731.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(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) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

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

*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 the Company's website at **www.robosense.ai/en** and the website of the Stock Exchange at **www.hkexnews.hk.***

Hong Kong Public Offering commences	9:00 a.m. on Wednesday, December 27, 2023
Latest time to complete electronic applications under **HK eIPO White Form** service through one of the ways below[2]: • the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp** • the designated website at **www.hkeipo.hk.**	11:30 a.m. on Tuesday, January 2, 2024
Application lists open[3]	11:45 a.m. on Tuesday, January 2, 2024
Latest time to (a) lodge completing payment of **HK eIPO White Form** applications by effecting internet banking transfers(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12:00 noon on Tuesday, January 2, 2024

If you are 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, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3]	12:00 noon on Tuesday, January 2, 2024
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 the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.robosense.ai/en** [5] on or before	Thursday, January 4, 2024

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.robosense.ai/en** and **www.hkexnews.hk** respectively	Thursday, January 4, 2024
• from the "IPO Results" function in the **IPO App** or at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function from	11:00 p.m. on Thursday, January 4, 2024 to 12:00 midnight on Wednesday, January 10, 2024
• from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from	Friday, January 5, 2024 to Wednesday, January 10, 2024 (excluding Saturday, Sunday and public holiday in Hong Kong)
Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[6]	Thursday, January 4, 2024
HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of wholly or partially successful applications to be dispatched on or before[7][8]	Friday, January 5, 2024
Dealings in the Shares on the Stock Exchange expected to commence at . . .	9:00 a.m. on Friday, January 5, 2024

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the **IPO App** or the designated website at **www.hkeipo.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 **IPO App** or 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.

(3) If there is/are a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, January 2, 2024, the application lists will not open on that day. For further details, please see the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this Prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via FINI should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Applications for Hong Kong Offer Shares — 2. Application Channels" in this Prospectus.

(5) None of the websites or any of the information contained on the websites forms part of this Prospectus.

(6) Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.

(7) e-Auto 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 identification document number, or, if the application is made by joint applicants, part of the identification document 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 identification document number before encashment of the refund check. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund check.

(8) Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares may collect any Share certificates in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Center, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, January 5, 2024 or any other places or date as notified by us as the date of dispatch of Share certificates/e-Auto Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

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

Applicants who have applied through the **HK eIPO White Form** 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 e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** 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 checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Share certificates and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — (D) Despatch/Collection of Share Certificates and Refund of Application Monies" in this Prospectus.

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see the sections headed "The Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus, 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 case, the Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This Prospectus is issued by our 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 subscribe for or buy any security other than the Hong Kong Offer Shares. This Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. 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.

You should rely only on the information contained in this Prospectus to make your investment decision. 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 included in this Prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Sponsor-OC, 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 or advisors, or any other person or party involved in the Global Offering. Information contained on our website, located at ***www.robosense.ai/en****, does not form part of this Prospectus.*

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This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read the document in its entirety before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in our Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.

OVERVIEW

We are a global leader in the LiDAR and perception solutions market. By integrating hardware and software, we have differentiated ourselves from most LiDAR companies in the market who only focus on hardware. Combined with visual or other sensors, LiDAR forms perception solutions that endow automobiles and robots with perception capabilities. We develop our solutions based on chip-driven LiDAR hardware and AI perception software, expanding application scenarios and realizing large-scale commercialization in the industry. Our business primarily comprises (i) sales of LiDAR hardware products for application in the ADAS, robotics and other non-automotive industries such as cleaning, logistics, industrial, public services and inspection, among others, (ii) sales of LiDAR perception solutions integrating our LiDAR hardware and AI perception software, and (iii) the provision of technology development and other services.

We achieved sustained business growth but were loss-making during the Track Record Period. This was primarily because we were still at a ramp-up stage and aim at long-term business success and financial return in the fast-growing LiDAR solutions market, rather than seeking near-term profitability at the expense of long-term market potential. Accordingly, we may continue to incur net losses and net operating cash outflow in the foreseeable future, including for the year ending December 31, 2023. We expect to remain loss-making at net loss level and generate net operating cash outflow for the years ending December 31, 2023 and 2024, and we are not able to predict when we will be able to start generating net profits and net operating cash inflow due to the fast-evolving business environment and competitive landscape. For more details, see "Business — Business Sustainability."

We believe that our market leadership, customer-centric technology and products, and mass production capabilities position us as a global leader of LiDAR and perception solutions.

Market Leadership

We are one of the LiDAR companies in the industry offering LiDAR products and solutions. According to the CIC Report, as measured by sales revenue in 2022, we ranked No.2 in the LiDAR solutions markets globally and in China (excluding low-end LiDARs with fewer than 16 channels), with market shares of approximately 7% and 20%, respectively. According to the same source, in terms of sales volume in 2022, we ranked No. 3 in the LiDAR solutions markets globally and in China (excluding low-end LiDARs with fewer than 16 channels), with market shares of approximately 12% and 21%, respectively. We are the world's first LiDAR company to achieve mass production of automotive-grade solid-state LiDAR, according to CIC. Mass production is a large-scale production phase that adopts automated intelligent manufacturing and engineering facilities to ensure product consistency, reduce labor costs, enhance utilization, and achieve cost-efficiency.

The major sensors for autonomous driving perception include LiDARs, cameras, ultrasonic radars and millimeter-wave radars, among which LiDAR, as an emerging sensing technology, accounted for approximately 2% of the market in 2022. According to CIC, we were the first among all LiDAR companies in the world to commence the delivery of mass-produced automotive-grade LiDAR. Our products have earned industry-wide recognition. As of March 31, 2023, we had earned design wins[(1)] for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, ranking No. 1 globally, according to CIC.

Note:

(1) Design wins refer to the number of vehicle models that choose our technology for ADAS or autonomous driving applications to be incorporated into such vehicle models. Nevertheless, customers' anticipated production volumes stated in design-win contracts may not be indicative of our expected order volume due to potential changes in their production plans or market demand.

As of June 30, 2023, our design wins for mass production of LiDAR products increased to 58 vehicle models with 21 automotive OEMs and Tier 1 suppliers, and had achieved SOP[(1)] for 13 vehicle models for nine of the 21 aforementioned automotive OEMs and Tier 1 suppliers. As of the same date, our LiDAR products had been selected by the world's best selling automotive OEM from 2020 to 2022 in terms of sales volume and nine of China's top ten largest automotive OEMs, which include China's largest automotive OEM and world's largest NEV OEM, both in terms of sales volume in 2022, according to CIC. As of June 30, 2023, we had served approximately 2,200 customers in the robotics and other non-automotive industries. According to CIC, we ranked No. 1 globally in terms of sales volume for customers in the robotics industries (excluding low-end LiDARs with fewer than 16 channels) in 2022.

Customer-centric Technology and Product Approach

We have adopted a customer-centric approach when developing our technology and products. The development of the LiDAR industry has progressed through two distinct stages, namely the application exploration stage and the large-scale mass production stage. The first stage focuses on product performance. As the industry moves towards large-scale production, customers, particularly those in the automotive industry, are demanding products with superior performance, higher reliability and lower costs. Furthermore, LiDAR's AI perception software and fusion technology with other sensors also play an increasingly critical role in bringing out its best performance. In order to meet the evolving needs of our customers, we integrate hardware and software in our LiDAR solution offerings.

Our customer-centric approach is built on our chip-driven LiDAR platform as well as advanced perception software capabilities. By integrating software and hardware, we are able to achieve mutual success for ourselves and our customers and set us apart from our competitors.

Chip-driven LiDAR Platform

For our hardware, we focus on developing chip-driven LiDAR platforms based on our proprietary LiDAR-on-chip technology that enables fast and efficient product iterations. At the application exploration stage, we launched our R Platform products using discrete components to meet market requirements for superior performance. To further reduce cost and enhance quality, we subsequently increased our focus on research and development of proprietary chips, leading to the successful development of our M and E Platforms, which became key milestones in our journey towards global recognition.

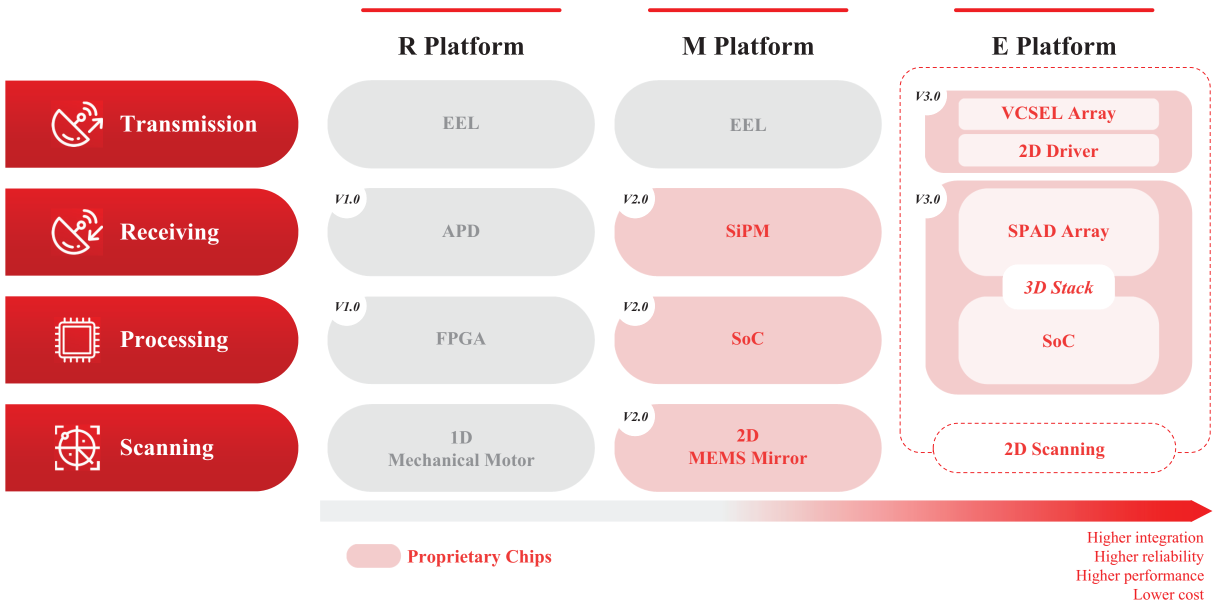
According to CIC, we were one of the earliest LiDAR companies to develop proprietary chip technology in the world. Since 2017, we have been developing our chip-driven scanning, transmission, receiving and processing systems. The mass production and delivery of our M platform products in June 2021 made us the first LiDAR company in the world to achieve mass production of automotive-grade LiDAR products equipped with in-house developed chips, according to CIC. Subsequently in November 2022, we launched our E platform products equipped with in-house chips integrating transmission, receiving and processing systems. Other than ADAS applications, we also expect the E platform products to be extensively applied in robotics application scenarios due to their wider field of view and cost-effectiveness.

We started to develop our LiDAR-on-chip technology for our R platform, and subsequently for our M and E platforms. Since then, we not only iterated to improve the performance of the chips, but also developed more proprietary chips to replace the standard chips, which optimized our LiDAR-on-chip technology.

Note:

(1) SOP refers to the start of production, which signifies the transition from the development and testing phase to manufacturing and commercialization, when the product is ready for mass production and delivery.

The following diagram illustrates the roadmap of how LiDAR-on-chip technology is gradually deployed across our LiDAR platforms:



Advanced AI Perception Software

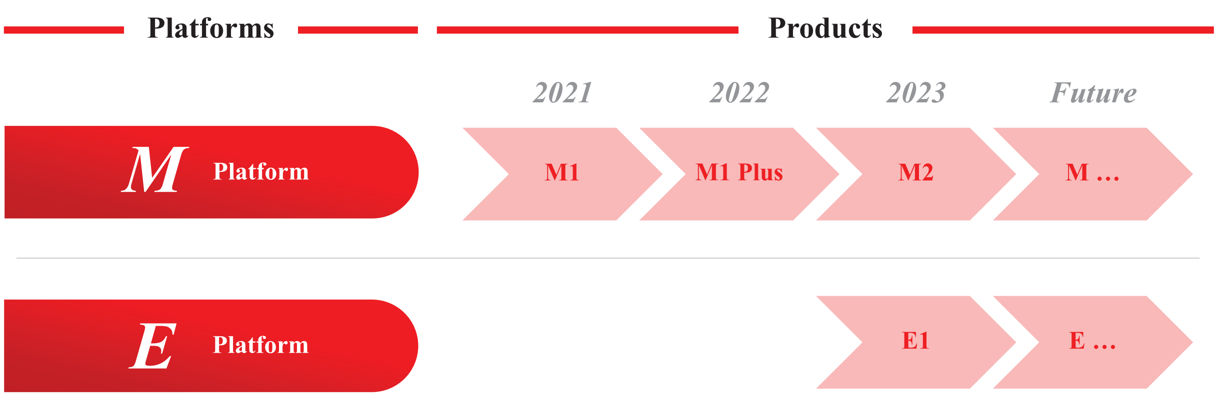
Our advanced AI perception software, HyperVision, converts raw sensor data collected through LiDAR and cameras into high-quality perception information that can be directly used by autonomous vehicles and robots. We use advanced AI technology to combine multiple types of sensor data through neural networks to provide a complete set of environment perception information. Different sensors supplement each other and form a "Super Sensor." For robotics applications, HyperVision combines with our LiDAR hardware products to form solutions that empower the robotics industry through converting raw sensory data to high-value information that can be used by robots to accurately perceive their environment and make decisions.

Leveraging our perception software capabilities, we are able to offer customized LiDAR perception solutions to meet diverse customer demands. According to CIC, we are the first LiDAR company in the industry globally to offer high performance perception solutions. Our revenue from sales of LiDAR perception solutions accounted for 23.1% of our total revenue in 2022.

Highly Iterative Product Development Approach

We have adopted a highly iterative and customer-centric product development approach, especially for ADAS customers who are highly sensitive to project development risks, product quality and cost-efficiency. Through our approach, we are able to (i) reduce R&D risks for new product development, (ii) proven components, equipment and production processes to ensure reliability and maximize economies of scale, and (iii) optimize project development timeframe.

The highly iterative nature of our products is demonstrated by the mass production of M1 in 2021, followed by M1 Plus in 2022 and M2 in 2023. All of these products are able to achieve performance improvements without significant changes to their physical dimensions or connectors, allowing our customers to easily implement upgrades with minimal additional efforts. Our M and E platform products will continue to be upgraded in the future, fueling our continued growth and success in the market. The following diagram illustrates our product iteration roadmap for our M and E Platforms:



We have also continually launched new products for robotics and other non-automotive applications (such as those in the Helios series) with improved performance to meet the demands of our customers in the robotics and other non-automotive industries for better perception capabilities.

Mass Production Capabilities

We have accumulated significant know-how in product verification, engineering and manufacturing, all of which are crucial to the success of large-scale mass production and delivery.

Comprehensive portfolio of certifications

We have obtained a comprehensive portfolio of certifications including automotive-grade quality and safety management system certifications. We were also the first to obtain ASPICE CL2 certification in the LiDAR industry in China, according to CIC.

Extensive product verification and validation

We have a CNAS-accredited professional LiDAR lab where stringent verifications are conducted throughout the R&D process and the ongoing reliability tests are conducted during the mass production phase.

Our M platform products have passed the verification tests of 21 domestic and overseas automotive OEMs and Tier 1 suppliers for the purpose of obtaining design wins.

Resilient supply chain

We have formed a strategic cooperation with Texas Instruments (TI) and strong cooperative relationships with a number of overseas and domestic chip suppliers. The core MEMS scanning chip in our mass-produced M platform products is developed and packaged in-house, which allows us to effectively control costs and reduce potential supply chain risks. In addition, the core SoC for our E platform products is also developed in-house.

MANUFACTURING

We operate two in-house manufacturing centers in Shenzhen. Our Honghualing factory occupies approximately 13,000 square meters of space and produces solid-state LiDARs, with a monthly designed capacity of approximately 46,800 units. Our Shiyan factory mainly produces R Platform LiDARs. We also invested in a manufacturing center through our associate Luxsense in Dongguan. We have established a high level of control throughout the entire production process from prototype to mass production. Utilizing our automated intelligent manufacturing and engineering facilities, we are able to achieve high product consistency and effective cost control. See "Business — Manufacturing."

CUSTOMERS AND SUPPLIERS

We serve automotive OEMS, Tier 1 suppliers and customers in a wide range of robotics and other non-automotive industries. Revenue generated from our largest customer for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 accounted for 17.3%, 11.8%, 10.2%, and 17.9%, respectively, of our total revenue during those periods. Revenue generated from our five largest customers for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 accounted for 29.1%, 33.3%, 33.2% and 43.8%, respectively, of our total revenue during those periods. See "Business — Customers."

Our major suppliers are suppliers of raw materials, hardware components and contract manufacturers. Purchases from our largest supplier for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 accounted for 5.9%, 4.2%, 7.8% and 14.6%, respectively, of our total purchases during those periods. Purchases from our five largest suppliers during each year/period for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 accounted for 22.2%, 17.2%, 26.0% and 43.1%, respectively, of our total purchases during those periods. See "Business — Suppliers."

OUR STRENGTHS

We believe that our competitive strengths are as follows:

- Large and diverse customer base;
- LiDAR-on-chip technology;
- Perception capabilities integrating hardware with AI perception solutions in full stack;
- Strong mass production capabilities; and
- Visionary management and seasoned R&D team.

For details, see "Business — Our Strengths."

OUR STRATEGIES

The key elements of our growth strategies include:

- Continued investment in our core technologies and refine our product offerings;
- Strengthening manufacturing and supply chain capabilities;
- Strengthening and broadening our customer base; and
- Attracting and retaining talent.

For details, see "Business — Our Strategies."

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different investors 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 invest in our Shares. Some of the major risks that we face include:

- Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter;
- We have a history of net losses, which may continue in the future;
- We have recorded net operating cash outflow in the past, which may reoccur in the future;
- We recorded net current liabilities and net liabilities;
- The failure to innovate our technology or develop new products to adapt to changing customer needs could harm our growth;
- Continued pricing pressures from our customers, many of whom possess significant bargaining power, may result in lower than anticipated revenue and margins, which may materially and adversely affect our business prospects and results of operations;
- We are susceptible to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs, adversely affect our profitability and delay deliveries of our products to customers;
- As the LiDAR industry in which we operate is new and rapidly evolving, we are subject to intense competition and it is difficult to forecast adoption rates and demand for our products. If market adoption of LiDAR does not continue to grow according to expectations, it could materially and adversely affect our business prospects and results of operations; and
- There is no guarantee that our automotive OEM customers will purchase our products and solutions in any certain quantity or at any certain price even after we obtain design wins,

and the period of time from product design to mass production is long and we are subject to the risks of termination or postponement of contracts or unsuccessful implementation.

OUR FOUNDERS AND CONCERT PARTY CONFIRMATION

Dr. Qiu, Mr. Liu and Dr. Zhu are our co-founders. As of the Latest Practicable Date, Dr. Qiu held approximately 11.58% of the Shares through BlackPearl, Dr. Zhu held approximately 6.94% of the Shares through Emerald Forest, and Mr. Liu held approximately 4.25% of the Shares through Sixsense. On April 21, 2023, our Founders, Dr. Qiu, Dr. Zhu and Mr. Liu, entered into the Concert Party Confirmation, to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of our Group and aligning their votes in the board and shareholders' meetings of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier). As of the Latest Practicable Date, the Founders held approximately 22.77% of the Shares, and will hold approximately 21.61% of the Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised). See "History, Reorganization and Corporate Structure."

PRE-IPO INVESTORS

We received several rounds of Pre-IPO Investments since the establishment of our Group. We have a broad and diverse base of Pre-IPO Investors, including Cainiao, OFC, Gortune, China Renaissance, GCF and Shanghai Ziyue. See "History, Reorganization and Corporate Structure — Pre-IPO Investments."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of the Consolidated Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this document. The results of operations in any period are not necessarily indicative of our future trends.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Revenue	170,931	331,063	530,322	237,243	329,048
Cost of sales	(95,561)	(190,795)	(569,617)	(204,131)	(316,296)
Gross profit/(loss)	**75,370**	**140,268**	**(39,295)**	**33,112**	**12,752**
Research and development expenses	(81,534)	(133,037)	(305,941)	(104,792)	(246,394)
Sales and marketing expenses	(23,613)	(46,891)	(67,381)	(29,418)	(40,174)
General and administrative expenses	(37,603)	(142,374)	(188,352)	(80,951)	(170,515)
Operating loss	**(60,611)**	**(165,573)**	**(616,106)**	**(203,857)**	**(461,492)**
Finance income/(costs) — net	677	(928)	15,445	(312)	34,774
Fair value changes in financial instruments issued to investors	(160,667)	(1,487,788)	(1,484,649)	(414,761)	(339,762)
Loss before income tax	**(220,601)**	**(1,654,289)**	**(2,085,310)**	**(618,930)**	**(767,422)**
Income tax expenses	—	(237)	(803)	(62)	(866)
Net loss	**(220,601)**	**(1,654,526)**	**(2,086,113)**	**(618,992)**	**(768,288)**
(Loss)/profit attributable to					
Owners of the Company	(220,794)	(1,658,730)	(2,088,652)	(618,987)	(771,222)
Non-controlling interests	193	4,204	2,539	(5)	2,934

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an 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 year to year and company to company by eliminating potential impacts of 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 (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. 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 an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss (non-IFRS measure) as net loss for the period adjusted by adding back share-based compensation, fair value changes in financial instruments issued to investors and listing expenses. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net loss (non-IFRS measure) for the periods presented with the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the period:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Reconciliation of net loss to adjusted net loss (non-IFRS measure):					
Net loss	(220,601)	(1,654,526)	(2,086,113)	(618,992)	(768,288)
Add:					
— Share-based compensation[(1)]	—	59,113	35,086	7,810	165,683
— Fair value changes in financial instruments issued to investors[(2)]	160,667	1,487,788	1,484,649	414,761	339,762
— Listing expenses[(3)]	—	—	3,558	—	19,195
Adjusted net loss (non-IFRS measure)	**(59,934)**	**(107,625)**	**(562,820)**	**(196,421)**	**(243,648)**

Notes:

(1) Share-based compensation is non-cash in nature and mainly represents the arrangement that we receive services from employees as consideration for our equity instruments. Share-based compensation is not expected to result in future cash payments.

(2) Fair value changes in financial instruments issued to investors represent the fair value changes of the preferred shares, warrants and convertible notes issued by us, which will convert into equity upon Listing.

(3) Listing expenses are related to the Global Offering.

We had a net loss of RMB220.6 million, RMB1,654.5 million, RMB2,086.1 million and RMB768.3 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. Our net losses were primarily due to the significant amounts of cost of sales, general and administrative expenses and R&D expenses incurred during the Track Record Period, as well as a general decline in the average selling price of our LiDAR products for ADAS applications. Our cost of sales increased throughout the Track Record Period, which was mainly attributable to the increase in sales volume of our products and solutions. In particular, the procurement costs of raw materials and consumables under our cost of sales increased from RMB136.6 million in 2021 to RMB336.8 million in 2022, which was mainly attributable to (i) the increase in sales of products and (ii) the supply crunch of semiconductor chips from late 2021 to the second half of 2022 due to a global supply shortage. In order to ensure that our production would not be disrupted due to such shortage, we procured and maintained an escalated level of semiconductor chips inventory at higher prices and expedited fees. We also had other higher cost of sales items including production costs, associated with scaling up our production capacity, and inventory provision. See "Financial Information — Description of Key Components of Our Results of Operations — Cost of Sales." In addition, the absolute dollar amounts of general and administrative expenses, R&D expenses and sales and marketing expenses increased throughout the Track Record Period as our business grew rapidly. We have started to implement prudent measures to manage our costs and operating expenses. See "Financial Information — Non-IFRS Measure." Furthermore, the average selling price of our LiDAR products for ADAS applications declined during the Track Record Period, primarily due to factors such as the transition from prototype sample phase to mass production, and negotiation with the customers. See "Business — Business Sustainability — Improving Gross Margins — Average Selling Price of Products for ADAS."

The following table sets forth our revenue breakdown by product category, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)						(unaudited)			
Products										
— For ADAS	6,175	3.6	40,089	12.1	160,355	30.2	41,409	17.5	146,910	44.7
— For robotics and others	124,036	72.6	189,014	57.1	239,053	45.1	131,053	55.2	87,962	26.7
Subtotal	**130,211**	**76.2**	**229,103**	**69.2**	**399,408**	**75.3**	**172,462**	**72.7**	**234,872**	**71.4**
Solutions	**37,918**	**22.2**	**84,730**	**25.6**	**122,260**	**23.1**	**57,754**	**24.3**	**60,654**	**18.4**
Services and others	**2,802**	**1.6**	**17,230**	**5.2**	**8,654**	**1.6**	**7,027**	**3.0**	**33,522**	**10.2**
Total	**170,931**	**100.0**	**331,063**	**100.0**	**530,322**	**100.0**	**237,243**	**100.0**	**329,048**	**100.0**

Our total revenue was RMB170.9 million, RMB331.1 million, RMB530.3 million and RMB329.0 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. We derived a substantial portion of our revenue from sales of various types of LiDAR hardware to customers in the automotive, robotics and other industries. Although a majority of our revenue was generated from sales of LiDAR products for robotics and others in 2020, 2021 and 2022, the percentage of revenue contribution by LiDAR products for ADAS applications has been increasing during the Track Record Period and has surpassed that for robotics and others in the six months ended June 30, 2023. Our revenue from products for ADAS accounted for 3.6%, 12.1%, 30.2% and 44.7% of our total revenue in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, while our revenue from products for robotics and others accounted for 72.6%, 57.1%, 45.1% and 26.7% of our total revenue, respectively. This is in line with our long term product strategy to capture the enormous market opportunities following the mass production of solid-state LiDAR products and solutions for ADAS applications. For details of our product strategy, see "Business — Our Products and Solutions."

The following table sets forth our gross profit/(loss) and gross margin by product category for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	(RMB in thousands, except for percentages)						(unaudited)			
Products										
— For ADAS	3,196	51.8%	6,339	15.8%	(162,091)	(101.1)%	(49,146)	(118.7)%	(52,189)	(35.5)%
— For robotics and others	46,812	37.7%	81,855	43.3%	98,920	41.4%	51,562	39.3%	41,672	47.4%
Solutions	24,712	65.2%	45,868	54.1%	67,123	54.9%	33,275	57.6%	28,684	47.3%
Services and others	650	23.2%	6,206	36.0%	(43,247)	(499.7)%	(2,579)	(36.7)%	(5,415)	(16.2)%
Total	**75,370**	**44.1%**	**140,268**	**42.4%**	**(39,295)**	**(7.4)%**	**33,112**	**14.0%**	**12,752**	**3.9%**

The following table sets forth a breakdown of the average selling prices by product category for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	Average selling price (RMB in thousands per unit/project)				
Products					
— For ADAS	22.5	10.0	4.3	5.3	3.7
— For robotics and others	17.8	15.4	11.9	12.9	12.0
Solutions	371.7	536.3	611.3	481.3	697.2
Services and others	2,802.0	5,743.3	4,327.0	3,513.5	6,704.4

According to CIC, the average selling prices of our products and services during each year/period of the Track Record Period fall within the industry average price range.

The declining average selling price of our LiDAR products for ADAS applications was a major factor affecting our gross margins during the Track Record Period. Such decline was primarily due to (i) transition from prototype sample phase to mass production, (ii) contractual agreements on future pricing with certain design-win customers upon SOP, which stipulate annual price reductions ranging from 1% to 5%, (iii) market competition and (iv) bargaining power of our automotive OEM customers. According to CIC, these factors leading to such level of decline in the average selling price are in line with the market norm. For instance, unit prices of mass-produced LiDAR products in the industry are typically priced at one-third to one-fifth the unit prices of their respective prototypes at various stages prior to mass production. Besides, other Tier-1 suppliers in the automotive supply chain usually offer an annual price reduction of 3% to 5% during the mass-production stage to their OEM customers. Similarly across the industry, pricing of LiDAR suppliers is also impacted by market competition and the bargaining power of their respective automotive OEMs. Notwithstanding the notable decrease in the average selling price of our products for ADAS during the Track Record Period, we do not expect such significant decline in the future. See "Business — Business Sustainability — Improving Gross Margins — Average Selling Price of Products for ADAS."

The following table sets forth a breakdown of the number of delivered products or solutions or projects by product category for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	Number of delivered products (units in thousands)				
Products					
— For ADAS	0.3	4.0	36.9	7.8	39.9
— For robotics and others	7.0	12.3	20.0	10.1	7.3
	Number of delivered projects				
Solutions	102	158	200	120	87
Services and others	1	3	2	2	5

For details, see "Business — Our Products and Solutions."

Selected Items from the Consolidated Balance Sheets

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this document:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Total current assets	330,117	1,569,239	3,029,363	2,820,168
Total non-current assets	28,158	172,960	398,071	420,154
Total assets	**358,275**	**1,742,199**	**3,427,434**	**3,240,322**
Total current liabilities	122,853	1,280,887	7,594,095	494,822
Total non-current liabilities	1,187,292	3,097,231	870,597	8,597,765
Total liabilities	**1,310,145**	**4,378,118**	**8,464,692**	**9,092,587**
Total deficits	**(951,870)**	**(2,635,919)**	**(5,037,258)**	**(5,852,265)**
Total deficits and liabilities	**358,275**	**1,742,199**	**3,427,434**	**3,240,322**
Net current assets/(liabilities)	207,264	288,352	(4,564,732)	2,325,346
Non-controlling interests	4,071	8,275	10,175	13,109

We recorded net current assets of RMB2,325.3 million as of June 30, 2023, compared to net current liabilities of RMB4,564.7 million as of December 31, 2022. This was primarily attributable to (i) the reclassification of financial instruments issued to investors of RMB6,212.0 million from current liabilities to non-current liabilities, and (ii) a decrease of RMB864.5 million in other payables and accruals. As of December 31, 2022 and June 30, 2023, we recognized the current portion of financial instruments issued to investors of RMB6,212.0 million and nil, respectively, in light of the Preferred Shares issued to investors and convertible notes. In June 2023, our pre-IPO investors agreed to extend the date of redemption liabilities of their Preferred Shares to December 31, 2024. Accordingly, the financial instruments issued to investors were recognized as non-current liabilities as of June 30, 2023, and our Group achieved a net current asset position. Primarily due to the financial instruments issued to investors of RMB8,503.1 million, we recorded net liabilities of RMB5,852.3 million as of June 30, 2023. The Preferred Shares are expected to be converted into ordinary shares on a one-to-one basis immediately before the completion of the Global Offering, and the financial instruments issued to investors will be re-designated from financial liabilities to equity as a result of such conversion.

We recorded net current liabilities of RMB4,564.7 million as of December 31, 2022, compared to our net current assets of RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB5,238.0 million in the current portion of financial instruments issued to investors, (ii) an increase of RMB909.3 million in other payables and accruals, and (iii) an increase of RMB152.9 million in trade payables, partially offset by (i) an increase of RMB1,443.8 million in cash and cash equivalents, (ii) an increase of RMB307.9 million in financial assets at fair value through profit or loss and (iii) an increase of RMB150.5 million in inventories.

Our net current assets increased from RMB207.3 million as of December 31, 2020 to RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB668.1 million in prepayments, other receivables and other current assets, (ii) an increase of RMB574.8 million in cash and cash equivalents, and (iii) an increase of RMB85.0 million in inventories, partially offset by (i) an increase of RMB974.0 million in the current portion of financial instruments issued to investors, (ii) an increase of RMB156.5 million in other payables and accruals, and (iii) a decrease of RMB80.1 million in financial assets at fair value through profit or loss.

Our net liabilities increased from RMB951.9 million as of December 31, 2020 to RMB2,635.9 million as of December 31, 2021, mainly attributable to (i) our net loss of RMB1,654.5 million in 2021; (ii) the fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk of RMB8.9 million; (iii) the commitment to repurchase ordinary shares of RMB45.4 million in 2021; and (iv) the repurchase of ordinary shares and treasury shares of RMB4.3 million in 2021. Our net liabilities further increased from RMB2,635.9 million as of December 31, 2021 to RMB5,037.3 million as of December 31, 2022, mainly attributable to (i) our net loss of RMB2,086.1 million in 2022; (ii) currency translation loss of RMB298.6 million in 2022, as a result of the fluctuation of exchange rates between USD and RMB, as the functional currency of our Company and majority of our Company's overseas subsidiaries is USD; (iii) the repurchase of restricted shares and cancellation of treasury shares of RMB36.8 million; and (iv) our pre-IPO Investments, where we issued Preferred Shares to our pre-IPO investors and recognized financial instruments issued to investors of RMB6,996.0 million. Our net liabilities further increased from RMB5,037.3 million as of December 31, 2022 to RMB5,852.3 million as of June 30, 2023, primarily due to (i) our net loss of RMB768.3 million in the six months ended June 30, 2023, which was mainly attributable to non-cash items including fair value changes in financial instruments issued to investors and share-based compensation; (ii) the currency translation loss of RMB210.8 million in the six months ended June 30, 2023, as a result of the fluctuation of exchange rates between USD and RMB; and (iii) our fair value changes on convertible redeemable preferred shares and convertible notes due to our own credit risk of RMB1.6 million in the six months ended June 30, 2023. As the Preferred Shares shall be converted into ordinary shares immediately before the completion of the Global Offering, such Preferred Shares will be re-classified from liabilities to equity upon the Listing, and we would achieve a net asset position.

Selected items from the Consolidated Statements of Cash Flows

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

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Operating loss before changes in working capital	(41,829)	(83,195)	(419,824)	(97,031)	(201,666)
Changes in working capital	(34,052)	(95,809)	(119,974)	(128,259)	(106,931)
Interest received	1,501	1,286	20,491	3,164	36,657
Interest paid	(824)	(2,559)	(3,040)	(1,591)	(613)
Income taxes paid	—	(183)	(725)	(74)	(1,284)
Net cash used in operating activities	(75,204)	(180,460)	(523,072)	(223,791)	(273,837)
Net cash (used in)/generated from investing activities	(103,746)	60,380	(569,952)	(52,890)	262,916
Net cash generated from/(used in) financing activities	111,970	711,431	2,416,858	1,113,864	(18,492)
Net (decrease)/increase in cash and cash equivalents	(66,980)	591,351	1,323,834	837,183	(29,413)
Cash and cash equivalents at the beginning of the year/period	120,153	52,723	627,539	627,539	2,071,381
Effects of exchange rate changes on cash and cash equivalents	(450)	(16,535)	120,008	68,907	69,663
Cash and cash equivalents at the end of the year/period	52,723	627,539	2,071,381	1,533,629	2,111,631

In 2020, 2021 and 2022 and the six months ended June 30, 2023, we had net operating cash outflow of RMB75.2 million, RMB180.5 million, RMB523.1 million and RMB273.8 million, respectively, primarily due to the significant amounts of cost of sales and operating expenses incurred in connection with our production, R&D and sales and marketing activities. For detailed strategies and measures we plan to take to achieve long-term profitability, see "Business — Business Sustainability."

BUSINESS SUSTAINABILITY

We achieved sustained business growth but were loss-making during the Track Record Period. The following table sets forth certain financial data for the periods indicated:

	Year Ended or as of December 31,			Six Months Ended or as of June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands, except for percentages)				
				(unaudited)	
Revenue	170,931	331,063	530,322	237,243	329,048
Gross profit/(loss)	75,370	140,268	(39,295)	33,112	12,752
Gross profit/(loss) margin	44.1%	42.4%	(7.4)%	14.0%	3.9%
Net loss	(220,601)	(1,654,526)	(2,086,113)	(618,992)	(768,288)
Adjusted net loss (non-IFRS measure)	(59,934)	(107,625)	(562,820)	(196,421)	(243,648)
Adjusted net loss margin (non-IFRS measure)	(35.1)%	(32.5)%	(106.1)%	(82.8)%	(74.0)%
Net cash used in operating activities	(75,204)	(180,460)	(523,072)	(223,791)	(273,837)
Accumulated losses	(944,241)	(2,602,898)	(4,692,005)	(3,222,380)	(5,463,401)

We have experienced robust business growth during the Track Record Period. We have been focusing on growing our customer base via developing our proprietary technologies and commercializing such technologies into our product and solution offerings. Despite our continued increase in customer base and sales volume, we may continue to incur net losses and net operating cash outflows in the foreseeable future. Nevertheless, we have laid a solid foundation for long-term sustainability.

Our revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021, and further by 60.2% to RMB530.3 million in 2022. Our revenue increased by 38.7% from RMB237.2 million for the six months ended June 30, 2022 to RMB329.0 million for the same period in 2023. Benefiting from the solid foundation of customer base we have built and the growth momentum we have seized, we believe that we are able to maintain sustainability and growth of our business. In particular, we intend to focus on the following aspects:

- **Driving Revenue Growth.** We believe LiDAR implementation has strong potential in ADAS markets, and have been striving to validate such implementation in ADAS markets. In particular, as of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers. According to CIC, as of March 31, 2023, we had obtained the most design wins as compared with other LiDAR companies around the world. As of June 30, 2023, our design wins for mass production of LiDAR products increased to 58 vehicle models with 21 automotive OEMs and Tier 1 suppliers. Nevertheless, our customers' anticipated production volumes stated in the design-win contracts may not be indicative of our expected order volume as their anticipated production volumes are subject to the risks of changes due to their own production plan or market demand. According to CIC, design-win contracts, in alignment with the conventions of commercial arrangements among OEMs and automotive suppliers, state an anticipated order volume of LiDAR products based on the expected production volume of the corresponding vehicle model(s), which may differ from the actual order volume due to changes in market conditions. As a result, design wins do not guarantee any definite volume of order. During the Track Record Period, there was no termination of design win contracts by any customer after we obtained design win from such customer. As of the Latest Practicable Date, we were either working with our design win customers towards achieving SOP, or had achieved SOP for the relevant vehicle models of our design win customers. See "Business — Customers — Design Win Conversion." We will continue to strengthen our business relationships with existing customers to cultivate customer loyalty. We will also continue to focus on attracting new customers through our product offerings, brand name, and marketing efforts. To maintain our market leadership and increase market penetration, we intend to continually expand and refine our product and solution offerings. In addition, we may also accelerate our overseas expansion in addition to our current international businesses.

- **Improving Gross Margins.** We expect our gross profit and gross margins to improve as we continue to secure sources of raw materials and consumables at commercially reasonable prices, enhance manufacturing efficiency, and strategically optimize our revenue mix. In particular, as the prices for semiconductor chips have started to normalize since late 2022, we expect our gross margins to improve as our unit cost of production starts to decline. Indeed, our gross profit recovered and turned positive in the six months ended June 30, 2023 with a gross profit margin of 3.9%, from a gross loss margin of 7.4% in 2022. This was primarily because as we utilized the inventory of semiconductor chips that were procured at heightened prices, we also started to procure such components at lower prices, and the prices for semiconductor chips have started to normalize since late 2022. Our enhanced manufacturing efficiency also contributed to the improved gross margin performance in the first six months of 2023.

- **Strengthening Operating Leverage.** We expect our operating expenses as a percentage of revenue to decrease as we continue to ramp up our production and achieve revenue growth with higher efficiency in our research and development, sales and marketing, and administrative activities, thereby lowering our spending as a percentage of revenue on such activities. Our total operating expenses excluding share-based compensation and listing expenses as a percentage of revenue has decreased from 98.6% in 2022 to 82.7% in the six months ended June 30, 2023.

- **Enhancing Working Capital Efficiency.** We intend to further enhance our working capital efficiency to improve our cash flow positions, mainly through improving customer demand projection, manufacturing planning and inventory management, enhancing collection efforts of receivables and customer creditworthiness assessment, and negotiating with customers and suppliers for payment and other terms that are more favorable to us as our bargaining power rises along with our business scale.

For more details, see "Business — Business Sustainability."

OFFERING STATISTICS

The numbers in the following table are based on the assumptions that (i) the Global Offering had taken place on June 30, 2023 and 22,909,800 Shares were issued and sold in the Global Offering, (ii) the Over-allotment Option is not exercised, and (iii) 449,211,723 Shares are issued and outstanding following the completion of Global Offering.

	Based on the Offer Price of HK$43.00
Market capitalization[(1)]	HK$19,316.1 million
Unaudited pro forma adjusted consolidated net tangible assets per Share[(2)]	HK$8.60

Notes:

(1) The calculation of market capitalization is based on the total number of 449,211,723 Shares following the Global Offering.

(2) The unaudited pro forma adjusted net tangible assets per share is arrived at after the adjustment referred to in Appendix II to this document and on the basis that 435,553,175 shares were in issue, representing (i) the total of 118,934,034 ordinary shares (excluding 3,768,776 ordinary shares issued but unvested upon the Listing and 9,889,772 ordinary shares issued and reserved for employees but not yet granted as of June 30, 2023 under the Pre-IPO Share Incentive Schemes), (ii) 293,709,341 Preferred Shares as of June 30, 2023, and (iii) 22,909,800 Offer Shares to be issued upon the completion of the Global Offering, assuming that the Global Offering had been completed on June 30, 2023 but does not take into account of any shares which may be allotted and issued by the Company pursuant to the exercise of the Over-allotment Option or the exercise of any options may be granted under the Pre-IPO Share Option Scheme or any shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors as described in "Share Capital" in this prospectus.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK$108.1 million (assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$43.00), which accounts for approximately 11.0% of the gross proceeds from the Global Offering. We estimate the listing expenses to consist of approximately HK$41.4 million in underwriting fees and HK$66.7 million in non-underwriting fees (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately HK$41.0 million and other fees and expenses of approximately HK$25.7 million). Among the total listing expenses, approximately HK$44.5 million will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the Global Offering, and the remaining approximately HK$63.6 million will be expensed in our consolidated statements of comprehensive loss.

FUTURE PLANS AND USE OF PROCEEDS

Based on the Offer Price of HK$43.00, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming that the Over-allotment Option is not exercised, we estimate that we will receive net proceeds of approximately HK$877.0 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 45% of the net proceeds, or HK$394.7 million, is expected to be used on research and development to continue building and enhancing our product pipeline as well as team expansion for supporting our R&D initiatives;
- Approximately 20% of the net proceeds, or HK$175.4 million, is expected to be used for enhancing our manufacturing, testing and verification capabilities;
- Approximately 20% of the net proceeds, or HK$175.4 million, is expected to be used for enhancing our sales and marketing efforts;
- Approximately 5% of the net proceeds, or HK$43.9 million, is expected to be used for exploring potential strategic partnerships or alliance opportunities; and
- Approximately 10% of the net proceeds, or HK$87.7 million, is expected to be used for working capital and for general corporate purposes to support our business operation and growth.

See "Future Plans and Use of Proceeds."

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2023, being the end date of the periods reported on in the Accountant's Report in Appendix I to this document, and there is no event since June 30, 2023 that would materially affect the information as set out in the Accountant's Report in Appendix I to this document.

DIVIDEND POLICY

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. We are a holding company incorporated in the Cayman Islands. For our cash requirements, including any payment of dividends to our shareholders, we rely upon payments from our operating entities. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that any of our PRC subsidiaries makes will have to be first applied to make up for its historically accumulated losses, after which it will be obliged to allocate 10% of its net profit to its statutory common reserve fund until such fund has reached more than 50% of its registered capital. We will, therefore, only be able to declare dividends after: (i) our PRC subsidiaries' historically accumulated losses have been made up for; and (ii) our PRC subsidiaries have allocated sufficient net profit to their statutory common reserve fund as described above.

IMPACT OF THE COVID-19 PANDEMIC

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus disease 2019 (the "COVID-19") outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. The COVID-19 virus continued to spread rapidly worldwide in 2022, including where we have business operations and where our customers, suppliers and business partners are located. To contain the virus spread within our office premises and manufacturing facilities and protect the well-being of our employees, we adopted various mitigation measures, such as remote working, social distancing and mask wearing, and other site-specific precautionary measures.

Although our offices and manufacturing facilities were able to stay open throughout the pandemic, we experienced certain disruptions and inconvenience in our operations as a result of employee health and safety concerns, travel restrictions, and other actions and restrictions mandated by governmental authorities. On the supply end, our suppliers experienced disruptions and temporary shutdowns, and for a period of time could not meet their contractual obligations toward us. We were able to mitigate such impact as we had previously purchased and stored certain raw materials and key components, which mainly include FPGA and semiconductor chips, in preparation for the anticipated disruptions and were able to find substitute suppliers in China and the United States. As such, our production and delivery were not disrupted during the Track Record Period. However, our efforts to mitigate the impacts from the COVID-19 pandemic resulted in heightened costs in procuring certain raw materials and components used in our production. For example, expedited fees were required while procuring certain raw materials and components during the supply shortage period. The additional expedited fees amounted to approximately RMB0.6 million, RMB2.4 million, RMB50.7 million and RMB5.2 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively.

The supply crunch of semiconductor chips from late 2021 to the second half of 2022 due to a global supply shortage contributed significantly to an increase in the procurement costs of raw materials and consumables in 2022. We recorded heightened procurement costs primarily for power management chips, amplifiers and gallium nitride drivers. In relation to the procurement of power management chips, we incurred expedited fees of approximately RMB1.1 million and RMB33.8 million in 2021 and 2022, respectively. As a result, the average procurement costs for semiconductor chips increased from approximately RMB1,100 per unit in 2021 to approximately RMB2,100 per unit in 2022, which subsequently decreased to approximately RMB740 per unit in the six months ended June 30, 2023. For instance, the average procurement cost per unit of power management chips increased from approximately RMB7 in 2021 to approximately RMB15 in 2022, which subsequently decreased to approximately RMB5 in the six months ended June 30, 2023. See "Financial Information — Description of Key Components of Our Results of Operations — Cost of Sales." In addition, as the pandemic impacted the performance of the end-markets of our products, our production volume did not scale up as anticipated.

As the COVID-19 pandemic has since subsided, we do not anticipate further adverse impact on our business and financial performance.

RECENT DEVELOPMENTS

Recent Development in Our Business Operations

Our business footprint continued to expand subsequent to the Track Record Period. Our design wins for mass production of LiDAR products increased from 58 vehicle models as of June 30, 2023 to 62 vehicle models as of the Latest Practicable Date. We had achieved SOP for 24 vehicle models with 12 customers as of the Latest Practicable Date, representing a substantial increase from 13 vehicle models with nine customers as of June 30, 2023. We believe we have strong potential for revenue growth as we gradually achieve SOP for the remaining design-win vehicle models.

The following table sets forth a breakdown of the average selling prices by product category for the nine months ended September 30, 2022 and 2023:

	Nine months ended September 30,	
	2022	2023
	(RMB in thousands per unit/project)	
Products		
— For ADAS	4.8	3.5
— For robotics and others	12.3	11.2
Solutions	566.8	581.9
Services and others	4,001.5	6,201.0

Our financial performance continues to improve significantly as we expand rapidly. Our revenue increased by 62.0% from RMB365.8 million in the nine months ended September 30, 2022 to RMB592.6 million in the same period in 2023, primarily driven by the increase in our sales volume of LiDAR products. In the ten months ended October 31, 2023, our sales volume of LiDAR products and LiDAR products for ADAS applications were approximately 136,000 units and approximately 121,700 units, respectively, significantly increasing from approximately 40,700 units and 24,400 units in the same period in 2022, respectively. In October 2023 alone, our sales volume of LiDAR products for ADAS applications was over 28,000 units.

In addition, our gross profit increased significantly from RMB8.4 million in the nine months ended September 30, 2022 to RMB35.7 million in the same period in 2023. As a result, our gross margin improved to 6.0% in the nine months ended September 30, 2023 from 2.3% in the same period in 2022, with the gross margin for the third quarter of 2023 having achieved 8.7%. In particular, the gross margin of products for ADAS improved from negative 79.5% in the third quarter of 2022 to negative 7.7% in the same period in 2023. The improvement in our overall gross margin was attributable to greater operational efficiency and economies of scale we enjoyed, as we continued to ramp up our production, despite the general decline in the average selling price of our LiDAR products for ADAS applications from approximately RMB4,800 per unit for the nine months ended September 30, 2022 to approximately RMB3,500 per unit for the same period in 2023. For example, the utilization rate of our Honghualing factory improved from 24.8% in June 2023 to 67.1% in October 2023. We plan to continue to ramp up production and expand production capacity through our self-operated factories and our associate, Luxsense, in the future. In addition, the high-priced semiconductor chips we procured in the first three quarters of 2022 had been used up as of September 2023.

The foregoing selected unaudited financial data in relation to our revenue in the nine months ended September 30, 2023 is derived from our unaudited interim condensed consolidated financial information for the nine months ended September 30, 2023. Our unaudited interim condensed consolidated financial information for the nine months ended September 30, 2023 has been reviewed by our Reporting Accountant in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

Meanwhile, we expect to record a substantial amount of net loss and net operating cash outflow in 2023, as we continue to invest in expanding our production volume, R&D activities as well as sales and marketing activities.

Recent PRC Regulatory Developments

On February 17, 2023, the CSRC released 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) (the "Trial

Measures") and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, Domestic Enterprises (as defined in the Trial Measures) that seek to offer and list securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC. See "Regulatory Overview — Regulations on M&A and Overseas Listings." We are required to file with the CSRC in accordance with the Trial Measures after our application for listing is initially submitted. On July 5, 2023, we submitted initial filing documents to the CSRC, and the CSRC published the notification on our completion of the required filing procedures on November 9, 2023 for this offering.

Recent U.S. Regulatory Developments

On November 28, 2023, certain members of the United States House of Representative's Select Committee on Strategic Competition Between the United States and the Chinese Communist Party sent a letter to the Secretaries of the U.S. Departments of Treasury, Commerce, and Defense requesting that those agencies conduct an investigation of all PRC LiDAR technology companies to determine whether their activities justify inclusion on the following lists: (i) Defense Department's Chinese Military Companies List, which includes companies with connections to the Chinese military operating directly or indirectly in the U.S. ("Chinese Military Companies List"); (ii) the Commerce Department's Bureau of Industry and Security's Entity List ("BIS Entity List"), which includes businesses, research institutions, government and private organizations that are engaged in activities contrary to U.S. national security and/or foreign policy interests that are subject to additional export/reexport license requirements; and (iii) the Treasury Department's Non-Specially Designated National Chinese Military-Industrial Complex Companies List ("NS-CMIC List"), which includes companies identified as operating in the PRC defense and related materiel sector or the surveillance technology sector or those owned or controlled by such entities, and generally prohibits U.S. persons from purchasing or selling publicly traded securities of such companies, collectively, the "**Relevant Lists**".

The November 28, 2023 letter also "urged" the Commerce Department to investigate "whether specific U.S. LiDAR technologies should be subject to export controls to the PRC."

As of the Latest Practicable Date, we had not been added to any of the Relevant Lists, nor had there been any changes to the scope of U.S. export controls solely as a result of this request. There remain substantial uncertainties as to the potential impact of the actions called for in the November 28, 2023 letter on our business and/or investments in our Shares. For details, see "Risk Factors — Risks Related to Our Business and Industry — The current tensions in international trade and rising political tensions, particularly those between the United States and China, may materially and adversely impact our business, financial condition and results of operations."

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"**2020 Suteng ESOP Plan**"	the employee share incentive scheme adopted by Shenzhen Suteng on December 28, 2020, which was terminated on October 31, 2021
"**Accountant's Report**"	the accountant's report from the reporting accountant of our Group, the text of which is set out in Appendix I to this document
"**affiliate**"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**AFRC**"	the Accounting and Financial Reporting Council of Hong Kong
"**Audit Committee**"	the audit committee of our Company
"**Beijing Surui**"	Beijing Surui Consulting Services Co., Ltd. (北京速銳諮詢服務有限公司), a company incorporated under the laws of the PRC on June 4, 2021, and an indirectly wholly-owned subsidiary of the Company
"**BlackPearl**"	BlackPearl Global Limited, a company incorporated under the laws of the BVI, which is held as to (i) 99.9% by BlackPearl Investment Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of a trust, with Dr. Qiu and Sunton Global as the beneficiaries, and (ii) 0.1% by Sunton Global, which is in turn wholly owned by Dr. Qiu and one of the Founder Entities
"**Board**"	the board of Directors
"**Board Committee(s)**"	the board committees of our Company, namely the Audit Committee, Remuneration Committee, and Nomination Committee
"**Business Day**" or "**business day**"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"**BVI**"	the British Virgin Islands
"**Cainiao**"	Cainiao Smart Logistics Investment Limited, a company incorporated under the laws of the BVI on September 24, 2015, and one of the Pre-IPO Investors

"**Cayman Companies Act**" or "**Companies Act**"	the Companies Act (As Revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
"**Capital Market Intermediaries**"	the capital market intermediaries as named in the section headed "Directors and Parties Involved in the Global Offering" of this document
"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC
"**China**" or "**Mainland China**" or "**the PRC**"	the People's Republic of China for the purpose of this document and for geographical reference only, except where the context requires, references in this document to "China", "Mainland China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
"**CIC**" or "**Industry Consultant**"	China Insights Industry Consultancy Limited, the industry consultant of our Company
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies (WUMP) Ordinance**" or "**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"	the 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**" or "**our Company**"	RoboSense Technology Co., Ltd (速騰聚創科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on June 23, 2021
"**Compliance Advisor**"	has the meaning ascribed to it under the Listing Rules
"**Concert Party Confirmation**"	the concert party confirmation dated April 21, 2023 executed by Dr. Qiu, Dr. Zhu and Mr. Liu to confirm that they have been parties acting in concert in exercising shareholders' rights of the Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier)
"**connected transaction(s)**"	has the meaning ascribed to it under the Listing Rules
"**CSRC**"	China Securities Regulatory Commission (中國證券監督管理委員會)
"**Designated Bank**"	HKSCC Participant's Designated Bank under FINI

"**Director(s)**"	the director(s) of our Company
"**Dr. Qiu**"	Qiu Chunxin (邱純鑫), our co-founder, chairman of the Board, executive Director and chief executive officer
"**Dr. Zhu**"	Zhu Xiaorui (朱曉蕊), our co-founder, non-executive Director and scientific advisor
"**electronic application instruction(s)**"	instruction(s) given by a HKSCC Participant electronically via HKSCC's FINI system to HKSCC, being one of the methods to apply for the Offer Shares
"**Emerald Forest**"	Emerald Forest International Limited, a company incorporated under the laws of the BVI, which is held as to (i) 99.9% by Emerald Forest Investment Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of a trust, with Dr. Zhu and Emerald Forest Holding as the beneficiaries, and (ii) 0.1% by Emerald Forest Holding, which is in turn wholly owned by Dr. Zhu and one of the Founder Entities
"**Emerald Forest Holding**"	Emerald Forest Holding Limited, a company incorporated under the laws of the BVI, which is wholly owned by Dr. Zhu and one of the Founder Entities
"**EIT Law**"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
"**ESOP Holding Entities**"	Robust, Ruby and Hoping Dream
"**Exchange Participant(s)**"	a person: (a) who, in accordance with the Hong Kong Listing Rules, 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**"	means the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"**FINI**" or "**Fast Interface for New Issuance**"	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listing of securities
"**Founder(s)**"	Dr. Qiu, Dr. Zhu and Mr. Liu, our co-founders

"**Founder Entities**"	Sunton Global, BlackPearl, Emerald Forest Holding, Emerald Forest, Realsense and Sixsense
"**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**" or "**our Group**" or "**the Group**" or "**we**" or "**us**" or "**our**"	our Company and subsidiaries from time to time
"**Hong Kong Share Registrar**"	Tricor Investor Services Limited
"**HK$**" or "**HKD**" or "**Hong Kong dollars**"	Hong Kong dollars, the lawful currency of Hong Kong
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the **IPO App** or the designated website at **www.hkeipo.hk**
"**HK eIPO White Form Service Provider**"	the **HK eIPO White Form** service provider designated by our Company as specified in the **IPO App** and on the designated website at **www.hkeipo.hk**
"**HKSCC**"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
"**HKSCC EIPO channel**"	the arrangement in these HKSCC Operational Procedures for instructions to be given electronically to HKSCC by Participants via FINI for applications to be made on their behalf for new issue shares and for the payment of application moneys, and for those instructions to be acted upon
"**HKSCC Nominees**"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"**HKSCC Operational Procedures**"	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of the systems established, operated and/or otherwise provided by or through HKSCC (including FINI and CCASS) 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**" or "**HK**"	the Hong Kong Special Administrative Region of the PRC
"**Hong Kong Offer Shares**"	the 2,291,000 Shares initially offered by our Company (subject to reallocation) pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed "The Structure of the Global Offering" in this document)
"**Hong Kong Public Offering**"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "The Structure of the Global Offering" in this document) at the Offer Price (plus brokerage, SFC transaction levies, Stock Exchange trading fees and AFRC transaction levies), on and subject to the terms and conditions described in this Prospectus as further described in "The Structure of the Global Offering — the Hong Kong Public Offering" in this document
"**Hong Kong Suteng**"	Hong Kong Suteng Innovation Technology Co. Limited (香港速騰聚創科技有限公司), a company incorporated under the laws of Hong Kong on February 7, 2018, and an indirect wholly-owned subsidiary of the Company
"**Hong Kong Underwriters**"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters" in this document
"**Hong Kong Underwriting Agreement**"	the underwriting agreement relating to the Hong Kong Public Offering dated December 22, 2023, entered into by the Company, Dr. Qiu, Mr. Liu, Sunton Global, BlackPearl, Realsense, Sixsense, the Joint Sponsors, the Overall Coordinators, and the Hong Kong Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement"
"**Hoping Dream**"	Hoping Dream International Limited, a company incorporated under the laws of the BVI on July 19, 2021, and one of the ESOP Holding Entities
"**IFRS**"	IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and interpretation issued by the International Accounting Standards Committee
"**Independent Third Party(ies)**"	any entity(ies) or person(s) who is/are not a connected person of our Company within the meaning of the Listing Rules

"**International Offering**"	the offer of the International Offer Shares by the International Underwriters outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed "The Structure of the Global Offering" in this document
"**International Offer Shares**"	the 20,618,800 Shares initially offered by our Company pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed "The Structure of the Global Offering" in this document
"**International Underwriters**"	the group of underwriters, led by the Overall Coordinators, that expects to enter into the International Underwriting Agreement to underwrite the International Offering
"**International Underwriting Agreement**"	the international underwriting agreement expect to be entered into on or around January 3, 2024 relating to the International Offering, by, among others, our Company, the Joint Sponsors and the International Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses — International Offering — International Underwriting Agreement"
"**IPO App**"	the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"**Joint Bookrunners**"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering" of this document
"**Joint Global Coordinators**"	the joint global coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" of this document
"**Joint Lead Managers**"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" of this document
"**Joint Sponsors**"	the joint sponsors as named in the section headed "Directors and Parties Involved in the Global Offering" of this document
"**Latest Practicable Date**"	December 18, 2023, being the latest practicable date prior to the date of this document for the purpose of ascertaining certain information contained in this document

"**Listing**"	the listing of the Shares on the Main Board of the Stock Exchange
"**Listing Committee**"	the Listing Committee of the Stock Exchange
"**Listing Date**"	the date, expected to be on or about Friday, January 5, 2024 on which the Shares are listed on the Main Board of the Stock Exchange and from which dealings therein are permitted to commence on the Main Board of the Stock Exchange
"**Listing Rules**"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"**Luxsense**"	Dongguan Luxsense Innovation Electronics Co., Ltd. (東莞立騰創新電子有限公司), a company incorporated under the laws of the PRC on March 2, 2022, and an entity held by Shenzhen Suteng as to 49% and Dongguan Cowell Optic Electronics Co., Ltd. (東莞高偉光學電子有限公司), an Independent Third Party, as to 51%
"**Main Board**"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"**Memorandum**" or "**Memorandum and Articles of Association**"	the eighth amended and restated memorandum and articles of association of our Company, which was conditionally adopted on December 21, 2023 and shall become effective on the Listing Date, as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
"**MOF**"	Ministry of Finance of the PRC (中華人民共和國財政部)
"**MOFCOM**"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"**M&A Rules**"	the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定)
"**Mr. Liu**"	Liu Letian (劉樂天), our co-founder, executive Director and chief technology officer
"**Mr. Qiu**"	Qiu Chunchao (邱純潮), our executive Director and executive president
"**NASDAQ**"	the NASDAQ Stock Market in the United States

"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 Company
"Offer Price"	the offer price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) at which Hong Kong Offer Shares are to be subscribed as described in the section headed "The Structure of the Global Offering" in this document
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, being Ordinary Shares, together with, where relevant, any additional Ordinary Shares which we may issue pursuant to the exercise of the Over-allotment Option
"Optixpan Semiconductors"	Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), a company incorporated under the laws of the PRC on October 16, 2016, and an indirectly wholly-owned subsidiary of the Company
"Ordinary Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of US$0.0001 each
"Overall Coordinators"	the overall coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" of this document
"Over-allotment Option"	the option we expect to grant to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) under the International Underwriting Agreement, which may require us to allot and issue up to an aggregate of 3,436,400 additional Offer Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Post-IPO Share Incentive Scheme"	the post-IPO share incentive scheme of the Company adopted and approved by the Shareholders with effect from June 29, 2023, the principal terms of which are set out in the section headed "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 3. Post-IPO Share Incentive Scheme"

"**PRC Company Law**"	the Company Law of the PRC (《中華人民共和國公司法》), enacted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, and subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018, as amended, supplemented or otherwise modified from time to time
"**PRC Legal Advisor**"	Han Kun Law Offices (漢坤律師事務所), the PRC legal advisor of our Company
"**Pre-IPO Investment(s)**"	the pre-IPO investment(s) in Shenzhen Suteng and the Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed "History, Reorganization and Corporate Structure — Pre-IPO Investments" in this document
"Pre-IPO Investors"	Smart Han Ltd, Logi Group Limited, OFC Fund I, PUHE Realwin, OFC Fund II, PUHE Intelligent, Fortune Athena, Shanghai Rui Wang, Gotrays International, Storm Era, Beiqi Huajin, Skyward Limited, AFFLUENT CAPITAL VENTURES LIMITED (豐都創投有限公司), Fortune Miner, Liaoning Haitong, Huzhou Yutong, Huzhou Yuntong, Ningbo Jumin, Kinzon Capital II, Cainiao, Changzhou Shangqi, Yangzhou Shangqi, FULL WISDOM VENTURES LIMITED (滿慧創投有限公司), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)), Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership) (深圳市康成鵬峰榮承投資合夥企業(有限合夥)), SME Development, OFC Clean Tech, Shenzhen Fuhai, Zhongruichuangzhi (Ningbo) Equity Investment Management Partnership (Limited Partnership) (中瑞創智(寧波)股權投資管理合夥企業(有限合夥)), Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership) (嘉興啟元開泰股權投資合夥企業(有限合夥)), EOE Limited, Guangzhou Ruiyi, Sinoyutong International Limited (香港盛宇國際有限公司), Flow Limited, Guangdong Innovative Lingyue Smart Manufacturing & Information Technology Investment Fund Limited Liability Partnership (廣東融創嶺岳智能製造與信息技術產業股權投資基金合夥企業(有限合夥)), Xiamen Starlight, Suzhou Chenling, Golden Link, Luxshare, Shanghai Ziyue, Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司), Golden Development, Huaxing Growth III, GREAT VIRTUOUS LIMITED, Kinzon Capital III, YF Robosence, GCF, Ningbo Zhixing Engine Equity Investment Partnership (Limited Partnership) (寧波智行引擎股權投資合夥企業(有限合夥)), Shanghai Anpeng, Guangdong Guangqi Ruiteng Equity

	Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業(有限合夥)), Wuhan Zhisu Engine Equity Investment Fund Partnership (Limited Partnership) (武漢智速引擎股權投資基金合夥企業(有限合夥)), EverestHeng, SinoRock Prosperous, Cinda Sino-Rock Investment, Excel Rise Holdings Limited, China Mobile Hebei Xiong'an, Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)), Mirae Asset Alpha Growth Fund OFC, Jurastone Tech Singularity I Ltd, Huiteng Co-stone Investment Limited, and China World Investment Limited
"**Pre-IPO Share Incentive Scheme A**"	the pre-IPO share incentive scheme of the Company adopted and approved by the then Shareholders with effect from December 30, 2021, the principal terms of which are set out in the section headed "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 1. Pre-IPO Share Incentive Scheme A"
"**Pre-IPO Share Incentive Scheme B**"	the pre-IPO share incentive scheme of the Company adopted and approved by the then Shareholders with effect from December 30, 2021, the principal terms of which are set out in the section headed "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 2. Pre-IPO Share Incentive Scheme B"
"**Preferred Share(s)**"	collectively, the Series Angel Preferred Shares, the Series Seed Preferred Shares, the Series A Preferred Shares, the Series A+ Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series D-1 Preferred Shares, the Series D-2 Preferred Shares, the Series E Preferred Shares, the Series F Preferred Shares, the Series G-1 Preferred Shares, and the Series G-2 Preferred Shares
"**Prospectus**"	this Prospectus being issued in connection with the Hong Kong Public Offering
"**province**"	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
"**QIB**"	a qualified institutional buyer within the meaning of Rule 144A
"**Realsense**"	Realsense Global Limited, a company incorporated under the laws of the BVI, which is wholly owned by Mr. Liu and one of the Founder Entities

"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Company
"Reorganization"	the offshore and onshore reorganization as set out in section headed "History, Reorganization and Corporate Structure — Reorganization and Series E Pre-IPO Investment" in this document
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RoboSense Beijing"	RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), a company incorporated under the laws of the PRC on September 2, 2021, and an indirectly wholly-owned subsidiary of the Company
"RoboSense BVI"	RoboSense Limited, a company incorporated under the laws of the BVI on June 25, 2021, and a wholly-owned subsidiary of the Company
"RoboSense HK"	RoboSense HongKong Limited, a company incorporated under the laws of Hong Kong on July 16, 2021, and an indirectly wholly-owned subsidiary of the Company
"Robust"	Robust Limited, a company incorporated under the laws of the BVI on July 19, 2021, and one of the ESOP Holding Entities
"Ruby"	Ruby International Limited, a company incorporated under the laws of the BVI on July 19, 2021, which is held as to (i) 99.9% by Ruby Group Holdings Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of a trust, with Mr. Qiu and Sunton Limited as the beneficiaries, and (ii) 0.1% by Sunton Limited, which is in turn wholly owned by Mr. Qiu and one of the ESOP Holding Entities
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAIC"	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), now known as the SAMR
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as the SAIC

"**SAT**"	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"**SCNPC**"	the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"**Securities and Futures Ordinance**" or "**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Securities Law**" or "**PRC Securities Law**"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"**Series A Preferred Shares**"	the series A preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series A+ Preferred Shares**"	the series A+ preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series Angel Preferred Shares**"	the series Angel preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series B Preferred Shares**"	the series B preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series C Preferred Shares**"	the series C preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series D Preferred Shares**"	the series D preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series D-1 Preferred Shares**"	the series D-1 preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series D-2 Preferred Shares**"	the series D-2 preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series E Pre-IPO Investment**"	the investment in the Company made by the Series E Pre-IPO Investors under a series of investment agreements in 2021, details of which are set out under the section headed "History, Reorganization and Corporate Structure — Reorganization and Series E Pre-IPO Investment"
"**Series E Pre-IPO Investor(s)**"	holder(s) of the Series E Preferred Shares
"**Series E Preferred Shares**"	the series E preferred shares of par value US$0.0001 per share in the authorized share capital of the Company

"Series F Preferred Shares"	the series F preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"Series G-1 Preferred Shares"	the series G-1 preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"Series G-2 Preferred Shares"	the series G-2 preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"Series Seed Preferred Shares"	the series Seed preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Lubo"	Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), a company incorporated under the laws of the PRC on December 4, 2018, and an indirectly wholly-owned subsidiary of the Company
"Share Incentive Schemes"	collectively, the Pre-IPO Share Incentive Scheme A, the Pre-IPO Share Incentive Scheme B and the Post-IPO Share Incentive Scheme
"Share(s)"	prior to Listing, shall mean Ordinary Share(s) and Preferred Share(s) in the share capital of our Company, and following Listing, shall mean Ordinary Share(s) in the share capital of our Company, as the case may be
"Shareholder(s)"	holder(s) of our Shares
"Shenzhen Suteng"	Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), a company incorporated under the laws of the PRC on August 28, 2014, and an indirectly wholly-owned subsidiary of the Company
"Sixsense"	Sixsense Global Limited, a company incorporated under the laws of the BVI, which is held as to (i) 99.9% by CyberStone Holdings Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of a trust, with Mr. Liu and Realsense as the beneficiaries, and (ii) 0.1% by Realsense, which is in turn wholly owned by Mr. Liu and one of the Founder Entities
"Special Regulations"	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定)
"Sponsor-OC"	the sponsor-overall coordinator as named in the section headed "Directors and Parties Involved in the Global Offering" of this document

"Stabilizing Manager"	J.P. Morgan Securities (Asia Pacific) Limited
"State Council"	the State Council of the People's Republic of China (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Sunton Global"	Sunton Global Limited, a company incorporated under the laws of the BVI, which is wholly owned by Dr. Qiu and one of the Founder Entities
"Suteng ESOP"	Shenzhen Suteng Juchuang Investment Limited Partnership (深圳市速騰聚創投資有限合夥), a limited partnership established in the PRC on August 25, 2015, which was the then employee shareholding vehicle for the 2020 Suteng ESOP Plan
"Suteng Zhizao"	Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), a company incorporated under the laws of the PRC on July 19, 2019, and an indirectly wholly-owned subsidiary of the Company
"Suteng Zhigan Technology"	RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), a company incorporated under the laws of the PRC on September 6, 2021, and an indirectly wholly-owned subsidiary of the Company
"Suzhou Xijing MEMS"	Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), a company incorporated under the laws of the PRC on November 29, 2017, and a subsidiary of the Company, which is owned as to 55% indirectly by the Company and 45% by Ms. ZHANG Xiaohong (張小紅), who is an Independent Third Party other than being the substantial shareholder of Suzhou Xijing MEMS
"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
"Tianjin Lubo"	Tianjin Lubo Shengshi Technology Co., Ltd (天津路泊盛世科技有限公司), a company incorporated under the laws of the PRC on November 9, 2022
"Track Record Period"	the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023
"Underwriters"	the Hong Kong Underwriters and the International Underwriters

"**Underwriting Agreements**"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"**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. Securities Act**"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**US$**" or "**USD**" or "**U.S. dollars**"	United States dollars, the lawful currency of the United States
"**WFOE**"	a wholly foreign-owned enterprise
"**%**"	per cent

In this document, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "subsidiary", and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document 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. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"**AD**"	advanced autonomous driving, a technology that enables vehicles to operate itself in certain or all conditions; it also refers to levels 4 and 5 autonomous driving as defined by the Society of Automotive Engineers
"**ADAS**"	advanced driver assistance systems, the groups of electronic technologies that assist drivers in driving and parking functions; it also refers to levels 1 to 3 autonomous driving as defined by the Society of Automotive Engineers
"**APD**"	avalanche photodiode, a highly sensitive semiconductor photodiode detector that exploits the photoelectric effect to convert light into electricity
"**automotive OEM**"	the original equipment manufacturer, which assembles and installs automotive parts during the construction of a new vehicle
"**automotive-grade LiDAR**"	LiDAR used in automotive applications after receiving automotive-grade certification, which must meet automotive-grade requirements in relation to reliability, stability and product quality for the automotive industry
"average production cost per unit"	equals cost of sales divided by the number of units delivered
"**beam steering**"	scanning of the laser beam, which changes the emission directions of the laser beam in a LiDAR system
"**CAGR**"	compound annual growth rate
"**channel**"	the ranging channel in the context of LiDAR, implicitly referring to a pair of transceiver modules, including one laser and one detector
"**design win**"	the number of vehicle models that choose our technology for ADAS or autonomous driving applications to be incorporated into such vehicle models
"**EEL**"	edge-emitting lasers, where the laser light propagates parallel to the wafer surface of the semiconductor chip and is reflected or coupled out at a cleaved edge
"**EV**s"	battery electric vehicles used for the carriage of passengers
"**Flash**"	in the context of Flash LiDAR, refers to the concept that every pixel in the sensor is illuminated by the laser and actively collecting light simultaneously like a camera with a flash
"**FoV**"	the field of view

"**FPGA**"	the field programmable gate arrays, which is a semiconductor device that is based around a matrix of configurable logic blocks (CLBs) connected via programmable interconnects
"**frame rate**"	the frequency at which consecutive images are captured or displayed
"Full-stack"	the capability to develop and design LiDAR hardware and its manufacturing process, and the capability to develop LiDAR perception software
"**IC**"	integrated circuit
"**ISO**"	the International Organization for Standardization, a worldwide federation of national standards bodies
"**ISO14001**"	an international standard that specifies requirements for an effective environment management system
"**ISO45001**"	an international standard that specifies requirements for an occupational health and safety management system
"**ISO9001**"	an international standard that specifies requirements for a quality management system
"**LiDAR**"	a remote sensing method that uses light to measure the distance or range of objects
"**mass production**"	a large-scale production phase that adopts automated intelligent manufacturing and engineering facilities to ensure product consistency, reduce labor costs, enhance utilization, and achieve cost-efficiency
"**MEMS**"	the micro-electromechanical system, a semiconductor product that has both mechanical and electronic components, typically on a chip
"**NEV**"	new energy vehicle
"**NIST**"	refers to the scales for reflectance and transmittance in the ultraviolet, visible, and near-infrared spectral regions (250 nm to 2500 nm) maintained by the National Institute of Standards and Technology
"**nm**"	nanometer
"**perception solution**"	visual, LiDAR or fusion solution that provides perception capabilities based on information collected from cameras, LiDARs or other sensors

"**point clouds**"	the outputs of the scanning process, which contain a large number of points that together represent the site scanned
"**real-time kinematic**"	a technique used to increase the accuracy of positions of global navigation satellite systems using a fixed base station, that wirelessly sends out correctional data to a moving receiver
"**region of interest**" or "**ROI**"	a subset of an image or a dataset identified for a particular purpose/region
"**R&D**"	research and development
"**SiPM**"	silicon photomultipliers, solid-state single-photon-sensitive devices based on SPAD implemented on common silicon substrate
"**SoC**"	systems on a chip
"**SOP**"	start of production, which signifies the transition from the development and testing phase to manufacturing and commercialization, when the product is ready for mass production and delivery
"**SPAD**"	the single-photon avalanche diode, a photodetector within the same family as photodiodes and avalanche photodiodes, while also being fundamentally linked with basic diode behaviors
"**Tier 1 supplier**"	a company that supplies parts or systems directly to automotive OEMs
"**ToF**"	the time of flight, a method for measuring the distance between a sensor and an object, based on the time difference between the emission of a signal and its return to the sensor, after being reflected by an object
"**TOPS**"	tera operations per second
"**V2X**"	communication between a vehicle and any object, such as road, traffic lights and roadside signals that may affect, or may be affected by, the vehicle
"**VCSEL**"	the vertical cavity surface emitting laser, a type of semiconductor laser diode with laser beam emission perpendicular from the top surface

This Prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this Prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may,", "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, following:

- general political and economic conditions, including those related to the PRC;
- our business prospects and our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the LiDAR industry and markets in which we operate or into which we intend to expand;
- economic and industry trends, in particular the rate of adoption of LiDAR products and solutions;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance, including revenue, expenses, and margins, and our ability to achieve or maintain future profitability;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the LiDAR industry and markets in which we operate;
- various business opportunities that we may pursue; and
- capital market developments, changes in the global economic conditions and material volatility in the global financial markets.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and elsewhere in this Prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this Prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Prospectus might not occur. All forward-looking statements contained in this Prospectus are qualified by reference to the cautionary statements set out in this section.

An investment in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our 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, financial condition and results of operations. The market price of our Shares could significantly decrease due to any of these risks, 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 document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks related to our business and industry; (ii) risks related to doing business in China; and (iii) risks related to the Global Offering. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.

We were founded in 2014 and our limited operating history makes it difficult to evaluate our future prospects, including our ability to plan for future growth and to make profit. We may encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, including the risks described in this document. If we do not address these risks successfully, our business may be harmed. Further, because we have limited historical financial data and operate in a rapidly evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market.

We have experienced rapid revenue growth and generated revenue of RMB170.9 million, RMB331.1 million and RMB530.3 million in 2020, 2021 and 2022, respectively, representing a CAGR of 76.2%. Our revenue increased from RMB237.2 million for the six months ended June 30, 2022 to RMB329.0 million for the six months ended June 30, 2023. However, there can be no assurance that we will be able to maintain our historical growth rates in future periods. Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. See "Business – Our Strategies." We intend to grow by expanding our business, increasing market penetration of our existing products and developing new ones. The management of our growth may place significant demands on our managerial, administrative, operational, financial and other resources. Moreover, growth could strain our ability to maintain stable manufacturing capacity and reliable service levels for our customers. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. If we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline, investors' perceptions of our business and prospects may be adversely affected and the market price of our Shares could decline.

We have a history of net losses, which may continue in the future.

We incurred a net loss of RMB220.6 million, RMB1,654.5 million, RMB2,086.1 million and RMB768.3 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. As we only recently commenced commercialization of our solid-state LiDAR, we may continue to incur operating and net losses. Even if we are able to successfully manufacture and deliver LiDAR products on a commercial scale, there can be no assurance that they will be commercially successful. Our potential profitability is also dependent on external factors such as our customers' commercial success, the market's perception of autonomous driving and adoption of LiDAR products and the regulatory environment, all of which are out of our control.

We intend to continue to expend significant funds to support our growth and further develop our business, as we:

- continue to increase the market share of our LiDAR products and solutions;
- expand our research and development function;
- expand our manufacturing capabilities to produce our LiDAR products;
- enhance our customer service capabilities; and
- increase our sales and marketing activities and develop our distribution infrastructure.

As we will incur costs and expenses from these efforts before we receive incremental revenue from the sales of our LiDAR products and solutions, we may continue to experience net losses in the foreseeable future. Additionally, we may find that these efforts are more expensive than we currently anticipate, or that these efforts may not result in revenue, which would further increase our losses.

We have recorded net operating cash outflow in the past, which may reoccur in the future.

We had net operating cash outflow of RMB75.2 million, RMB180.5 million, RMB523.1 million and RMB273.8 million in 2020, 2021, and 2022 and the six months ended June 30, 2023, respectively. We cannot assure you that we will be able to maintain robust cash flow from operating activities in the future. If we encounter long-term and continual net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, results of operations and financial position may be materially and adversely affected.

We recorded net current liabilities and net liabilities.

We recorded net current liabilities of RMB4,564.7 million as of December 31, 2022, compared to our net current assets of RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB5,238.0 million in the current portion of financial instruments issued to investors, (ii) an increase of RMB909.3 million in other payables and accruals, and (iii) an increase of RMB152.9 million in trade payables, partially offset by (i) an increase of RMB1,443.8 million in cash and cash equivalents, (ii) an increase of RMB307.9 million in financial assets at fair value through profit or loss and (iii) an increase of RMB150.5 million in inventories. In addition, our net liabilities increased from RMB951.9 million as of December 31, 2020 to RMB2,635.9 million as of December 31, 2021, mainly attributable to our net loss of RMB1,654.5 million in 2021. Our net liabilities further increased from RMB2,635.9 million as of December 31, 2021 to RMB5,037.3 million as of December 31, 2022, mainly attributable to our net loss of RMB2,086.1 million in 2022. Our net liabilities further increased from RMB5,037.3 million as of December 31, 2022 to RMB5,852.3 million as of June 30, 2023, primarily due to our net loss of RMB768.3 million, and the currency translation loss of RMB210.8 million in the six months ended June 30, 2023. We cannot assure you that we will not have net current liabilities or net liabilities in the future, which would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities. We may not have sufficient cash from operating activities or may need to obtain additional financing, which may not be available on commercially acceptable terms, or at all. Failure to manage such risks may materially and adversely affect our business, financial condition and results of operations.

The failure to innovate our technology or develop new products to adapt to changing customer needs could harm our growth.

Our future growth depends on penetrating new markets, adapting existing products and solutions to new applications and customer requirements, and introducing new products that achieve market acceptance. To accomplish these goals, we plan to incur substantial research and development costs as part of our continuous efforts to design, develop, manufacture and commercialize new products and enhance existing products and solutions. Our research and development expenses were RMB81.5 million, RMB133.0 million, RMB305.9 million and RMB246.4 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, and are likely to grow in the future. However, our research and development efforts are subject to the potential need for more capital and may not yield successful results, and our new products may not achieve market acceptance, create additional revenue or become profitable.

We are pursuing opportunities in the LiDAR industry which is undergoing rapid technological changes. While we intend to continue to invest substantial resources in our solid-state LiDAR technology development, rapid technological changes and advancements, such as existing and future sensor-related technologies that are alternative to LiDAR applicable to automotive, robotics and other industries could adversely affect market adoption of our products. A swift change in the technologies that our customers prefer would significantly affect our business prospects. Our future success will depend on our ability to make timely investments in the right market opportunities, to continuously innovate and develop new capabilities for our product offerings, and to commercialize new products. Failure to adapt to the rapidly evolving technology environment could damage our relationships with customers and lead them to seek alternative sources of supply. If we are unable to devote adequate resources to develop products or cannot otherwise successfully develop products that meet customer requirements on a timely basis or that remain competitive with technological alternatives, our products could lose market share, our revenue will decline, we may continue to experience operating losses and our business and prospects will be adversely affected.

Continued pricing pressures from our customers, many of whom possess significant bargaining power, may result in lower than anticipated revenue and margins, which may materially and adversely affect our business prospects and results of operations.

During the Track Record Period, we have reduced the price of our products to increase or maintain our market share, and may need to continue to do so in the future. In the case of our solid-state LiDAR products and solutions, certain of our automotive OEMs and Tier 1 suppliers may stipulate price reduction in the agreement with us over the period of production. Many of our current and target customers, particularly automotive OEMs, possess significant bargaining power over their suppliers, including us, because they are large corporations with substantial negotiating power, stringent product standards and potential competitive internal solutions. The automotive component supply industry is highly competitive, serves a limited number of customers and has a high fixed cost base. The growing competition among established players and new market entrants in the industry further exacerbates the pricing pressures we face. As such, we may face continued pricing pressure from automotive OEMs and other major customers to reduce the price of our products. If we are unable to sell our products to these customers at desirable prices, our business, results of operations and financial condition will be adversely affected. Pricing pressures beyond our expectations may further intensify as automotive OEMs and Tier 1 suppliers pursue restructuring, consolidation and cost-cutting initiatives.

In addition, the average selling prices of our products generally declined throughout the Track Record Period, which contributed to the fluctuations in our gross margin during the Track Record Period. The average selling prices of our products may continue to decline as our customers seek to commercialize autonomous systems at prices low enough to achieve market acceptance. Moreover, there has been a general declining trend in the prices of EVs in China, which we do no expect to have material and adverse impact on the average selling price and gross margins of our products and services in the near future, primarily because (i) we have reached agreement with certain design-win customers on the future pricing with an annual price reduction ranging from 1% to 5%, and we do not expect future pricing agreements with other customers to materially deviate from such terms, and (ii) the selling prices offered to our major customers during the Track Record Period generally remained relatively stable since their respective SOP achieved in the past, despite the backdrop of the general declining trend in the prices of EVs in China. However, if the prices of EVs continue their downward trend, we cannot assure you that such price downward trend will not impact the average selling price(s) of our LiDAR products for ADAS applications and our overall profit margin in the long run. If we are unable to generate sufficient production cost savings in the future to offset price reductions or introduce new products with higher sale prices or gross margins, our gross margin and profitability would be adversely affected. Since we have different product lines with varying gross margins, even if we are able to improve utilization of our manufacturing facilities, we may not be able to improve our overall gross margin position.

Moreover, as we began mass production in 2021, the mass-produced products are typically priced at a lower unit price than their respective prototypes, which may also impact our overall margins.

We are susceptible to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs, adversely affect our profitability and delay deliveries of our products to customers.

Our inventories primarily comprise (i) raw materials, (ii) work-in-progress, and (iii) finished goods. We depend on third-party suppliers to provide individual components such as optical components, special electronics and structural components for our products and we expect to continue to do so for future products. Any shortages or delay in the supply of our raw materials and key components, in particular semiconductor chips, whether by specific vendors or by the chip industry generally, could result in occasional price adjustments or cause delays in our production and delivery to customers.

As we have a limited number of suppliers, some of whom are specialty suppliers providing components that are only available from a handful of suppliers worldwide (or in some cases a sole supplier), off-the-shelf components may not be viable substitutes. If these specialty suppliers become unable to deliver the required components, we may not be able to procure these components from another supplier at comparable prices or at all. We are therefore subject to the risk of shortages and long lead times in the supply of these components and the risk that our suppliers discontinue or modify their products. We procured certain electrical raw materials from sole suppliers, the procurement amount of which was RMB49.8 million, RMB106.3 million, RMB193.2 million and RMB56.3 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively.

We have a global supply chain, and as a result, the health epidemics and outbreaks may adversely affect our ability to source components in a timely or cost-effective manner from third-party suppliers due to, among other things, work stoppages or interruptions. For example, semiconductor chips are a key component of our products. Our inventories increased from RMB53.6 million as of December 31, 2020 to RMB138.6 million as of December 31, 2021, and further increased to RMB289.1 million as of December 31, 2022. Such increase was driven by the increase in production and sales volume throughout the Track Record Period. In light of the expected ramp up in production and sales of our products, we stocked up on certain raw materials and key components for our production, despite the overall price hike for semiconductor chips due to the global shortage. This resulted in an increase in manufacturing cost per unit for our LiDAR products, which affected our gross profit margin adversely in 2022. Subsequently, our inventories decreased to RMB272.0 million as of June 30, 2023. We cannot assure you that such raw materials and key components shortages or delays will not occur in the future which may adversely affect our results of operations and financial condition. Any disruptions to chips suppliers could materially and adversely affect our ability to manufacture our products. For details of our procurement of semiconductor chips and the global chip supply shortage, see "Business — Suppliers — Raw Materials and Components."

We may in the future experience component shortages and price fluctuations of certain key components and materials, and the predictability of the availability and pricing of these components may be limited. Component shortages or pricing fluctuations could be material in the future. In the event of a component shortage, supply interruption or material pricing increase by suppliers of these components, we may not be able to develop alternative sources in a timely manner or at all in the case of limited sources. Developing alternative sources of supply for these components may be time-consuming, difficult, and costly, and we may not be able to source these components on terms that are acceptable to us, or at all, which may increase our production costs and undermine our ability to fill customer orders in a timely manner. The loss of any supplier for any reason could lead to design changes, production delays and potential loss of access to important technologies, any of which could result in quality issues, delays and disruptions in deliveries, negative publicity and damage to our brand. In addition, our suppliers may fail to comply with applicable laws and regulations, or they may be involved in product liability claims or incidents of negative publicity. This could cause delays in shipment of our products and could adversely affect our relationships with customers.

If we are unable to keep up with demand for our products because of failing to obtain the materials and components needed to successfully manufacture and deliver our products in a timely manner, our business could be materially impaired, and market acceptance for our products could be adversely affected.

As the LiDAR industry in which we operate is new and rapidly evolving, we are subject to intense competition and it is difficult to forecast adoption rates and demand for our products. If market adoption of LiDAR does not continue to grow according to expectations, it could materially and adversely affect our business prospects and results of operations.

The industries we operate in are characterized by fierce competition, rapid technological evolution, changes in customer demands and preferences, frequent introduction of new products and services incorporating new technologies and the emergence of new industry standards and practices. We are pursuing opportunities in the LiDAR industry, which is new, competitive and rapidly evolving. Our future success will depend upon our ability to develop and introduce a variety of new capabilities and innovations to our existing product offerings, as well as introduce a variety of new product offerings, to address the changing needs of the markets. Although we believe that LiDAR is the future and indispensable to the development of autonomous vehicles and other adjacent markets, LiDAR's market adoption remains uncertain, and it is difficult for us to predict the timing and size of our opportunities. In addition, significant developments in alternative non-LiDAR sensor technologies, such as cameras, ultrasound radars and millimeter radars may materially and adversely affect our business and prospects in ways we cannot currently anticipate. Competition among providers of sensing solutions based on LiDAR and other modalities may increase substantially in ADAS and AD applications in the future. If commercialization of LiDAR products is not successful, or not as successful as we or the market expects, or if other sensing modalities are preferred by automotive OEMs, regulators and safety organizations or other market participants, our business prospects and results of operations will be materially and adversely affected.

Furthermore, regulatory, safety or reliability developments in autonomous driving, many of which are beyond our control, could cause delays or impair commercial adoption of our technologies. Any lack of commercial success, or discontinuation or of business could reduce our sales and adversely affect our profitability.

In addition to developing products to be used in the automotive industry, we are also targeting the deployment of our products in other sectors such as robotics. Our comprehensive suite of mechanical LiDAR serves this purpose as it can be widely applied across different non-automotive industrial markets. However, there is no guarantee that our LiDAR products can be adopted in different markets. Furthermore, we face immense competition from LiDAR competitors that also excel in mechanical LiDAR technology.

Our future financial performance will depend on our ability to make timely investments in the right market opportunities. If one or more of these markets experience a shift in customer demand, our products may not compete as effectively, if at all. Given the evolving nature of the markets in which we operate, there might be differences between our estimate and the actual demand for our products or the future growth of the markets in which we operate. If demand does not develop or if we cannot accurately forecast customer demand, our business, results of operations and financial condition will be adversely affected.

There is no guarantee that our automotive OEM customers will purchase our products and solutions in any certain quantity or at any certain price even after we obtain design wins, and the period of time from product design to mass production is long and we are subject to the risks of termination or postponement of contracts or unsuccessful implementation.

We generally do not have contracts with automotive OEM customers when we obtain design wins that require them to purchase our products and solutions in any certain quantity or at any certain price, and our sales could be less than we forecast if a vehicle model for which we obtain the design win is unsuccessful, including for reasons unrelated to our products and solutions, if an automotive OEM decides to discontinue or reduce production of a vehicle model or the use of our products and solutions in a vehicle model, or if we face downward pricing pressure. As a result, obtaining design wins is not a guarantee of revenue. In connection with the design wins, we typically receive preliminary estimates from automotive OEMs of their anticipated production volumes for the vehicle models. For example, we have received estimated projections from automotive OEMs of more than 10,000,000 units for the next few years. These estimates are non-binding and may be revised significantly by the automotive OEMs, potentially multiple times, and may not be representative of future production volumes, which could be significantly higher or lower than estimated. Therefore, estimated projections provided by our customers are subject to market conditions and fluctuations and thus may not be an accurate indication of our expected order volume. In the past, we have experienced reduction in purchase orders received pursuant to certain design win contract, due to the relevant design win customer's changes in, or cancellation of, production plans for certain vehicle models, and such cessation of cooperation would impact our anticipation of revenue stream or inventory management. Moreover, pricing estimates are made at the time of a request for quotation by an automotive OEM, so that changing market or other conditions between the time of a request for quotation and an order for our products and solutions may require us to sell our products and solutions for a lower price than we initially expected. If we are unable to save sufficient production cost or introduce products and solutions with additional features and functionality at higher price points to offset price reductions, then our business, results of operations, and financial condition would be adversely affected.

Moreover, prospective customers, especially those in the automotive industry, generally must make significant commitments of resources to test and validate our products and confirm that such products can be integrated with other technologies and meet stringent automotive standards before including our products in any particular vehicle model. Examples of such standards include IEC 60825 Class 1 for laser safety, ISO 26262 ASIL B for automotive functional safety, regional certifications (such as CE and FCC in North America), RoHS and REACH compliance in the EU for environmental friendliness and AECQ 100 reliability test and certification standard for automotive integrated circuit chips. Our products must also pass reliability testing requirements set by various automotive manufacturers as well as other automotive-grade certifications and standards. For details of our compliance with automotive-grade certifications and standards, see "Business — Licenses, Approvals and Permits — Automotive-grade Certifications." If our products fail to suffice relevant stringent industry standards or deliver promised functions, our sales will suffer greatly. The development cycles of our products with new customers vary widely depending on the application, market, customer and the complexity of the product. These development cycles result in us investing significant resources prior to realizing any revenue from commercialization. We dedicate significant time and resources to have our products selected by automotive customers in the automotive industry. If we do not achieve a design win with respect to a particular vehicle model, we may not have an opportunity to supply our products to the automotive OEMs and Tier 1 suppliers for that vehicle model for many years. Further, we are subject to the risk that customers may cancel or postpone implementation or commercialization of their technology or vehicles, or that they will not be able to integrate their technology successfully into a larger system with other sensors. Long development cycles and product cancelations or postponements may adversely affect our business, results of operations and financial condition.

We operate in highly competitive markets. We compete against a large number of both established competitors and new market entrants, which could have substantially greater resources than us. If we fail to compete successfully, our business prospects and results of operations could be materially and adversely affected.

The LiDAR industry in which we operate is highly competitive, particularly in the automotive industry. Our future success will depend on our ability to emerge and sustain as a leader in our targeted markets by continuing to develop and manufacture LiDAR products in a timely manner and to effectively compete with existing and new competitors. There are numerous market participants, and they compete with us by offering LiDAR products. We also face competition from other LiDAR and non-LiDAR sensor developers, some of which may have significantly greater resources than we do. In the automotive market, our competitors are also working towards commercialization and advancing their mass production capabilities. Some of our competitors have achieved market adoption and strong brand recognition and may continue to improve.

In markets outside of the automotive industry, our competitors, like us, also seek to develop new LiDAR applications across different industries such as robotics. Even in these emerging markets, we face substantial competition from numerous competitors seeking to prove the value of their technology.

Increased competition may result in pricing pressure and reduced margins and may impede our ability to increase the sales of our products or cause us to lose market share, any of which will adversely affect our business, results of operations and financial condition.

Our business and financial condition could be materially and adversely affected if we lose any of our major customers or they are unable to make timely payments.

We have a number of major customers with strong purchasing power. The loss of business from such customers, whether because of lower overall demand for our products or products of our major customers, termination of existing contracts or product orders or failure to design and commercialize autonomous driving vehicles, could have a material adverse effect on our business and prospects. There is also the risk that one or more of our major customers are unable to pay our invoices or delay payments as they become due.

If we are unable to manufacture or deliver high quality products on schedule and on a large scale, our business may be materially and adversely affected.

Mass production of our LiDAR products is crucial to our future financial prospects. We have been increasing our manufacturing capacity while continuously improving cost-efficiency. In order to timely meet our customers' shipment orders, we currently adopt a self-operated and jointly-operated manufacturing model to assemble and test our products. We also engage third-party manufacturers to produce our LiDAR components. Although we have been ramping up our production capacity, we may face difficulties managing our production facilities and meeting our delivery deadlines. Additionally, while we believe the use of third-party manufacturers has its benefits, reliance on third-party manufacturers reduces our control over the production process, including reduced control over quality, product costs and product supply and timing. We may experience delays in shipments or issues concerning product quality from our third-party manufacturers. If any of our own manufacturing facilities or third-party manufacturers experiences interruptions, delays or disruptions in supplying products, including but not limited to natural disasters, health epidemics and outbreaks, work stoppages or capacity constraints, our ability to deliver products to customers would be impeded. Additionally, if any of our third-party manufacturers experience quality control problems in their manufacturing operations and our products do not meet customer or regulatory requirements, we could be required to cover the cost of repair or replacement of any defective products. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, results of operations and financial condition.

Further, if our manufacturing facilities or third-party manufacturers experience financial, operational, manufacturing capacity or other difficulties, or experience shortages in required components, or if they are otherwise unable or unwilling to continue to manufacture our products in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate manufacturers. The process would be time-consuming and could be costly and impracticable. Interruptions to supply will have an adverse effect on our ability to meet scheduled product deliveries and subsequently lead to the loss of sales.

Our results of operations may vary significantly from period to period due to the seasonality of our business and fluctuations in our operating costs.

Our results of operations may vary significantly from period to period due to many factors, including seasonal factors that may affect the demand for our LiDAR products, as impacted by the market trends of the automotive industry. Our customers in the automotive industry usually experience a decline in their own sales volumes during and following the Chinese New Year holidays, and thus can have an impact on our sales in the first quarter. Sales of LiDAR products for ADAS applications tend to increase in the second half of the year, which is generally in line with the overall automotive industry in China. In addition, sales volume of and demand for our products are subject to the timing of achieving SOP for the design-win vehicle models during a year. Our results of operations could also suffer if we do not achieve revenue consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenue.

We also expect our period-to-period results of operations to vary based on our operating costs, which we anticipate will increase significantly in future periods as we, among other things, invest more resources to design, develop, and manufacture our LiDAR products, build new manufacturing facilities, increase our sales and marketing activities, and increase our general and administrative functions to support our growing operations.

As a result of these factors, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our operating results and financial performance.

Our inventories primarily include materials for production and those for trial production or R&D activities, as well as LiDAR products that are ready for transit at our manufacturing facilities or in transit to fulfill customer orders. As of December 31, 2020, 2021 and 2022 and June 30, 2023, we had inventories of RMB53.6 million, RMB138.6 million, RMB289.1 million and RMB272.0 million, respectively. To ensure adequate inventory supply, we must forecast inventory needs and expenses, place orders sufficiently in advance with our suppliers and manufacturing partners and manufacture products based on our estimates of future demand for particular products. Our ability to accurately forecast demand for our products could be affected by many factors, including but not limited to uncertain market conditions, volatile customer demands, fierce market competition, pandemics and general economic conditions. If our LiDAR products are commercialized in autonomous driving applications, which is experiencing rapid growth in demand, we may face challenges in acquiring adequate supplies to manufacture our products and we and our manufacturing partners may not have the capacity to manufacture our products at a rate necessary to satisfy the levels of demand, which would negatively affect our revenue. This risk may be exacerbated by the fact that we may not carry or be able to obtain for our manufacturers a significant amount of inventory to satisfy short-term demand increases. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale.

Additionally, our own mismanagement of inventory could result in inventory levels in excess of customer demand, inventory write-downs and the sale of excess inventory at discounted prices, which would adversely affect our financial results, including our gross margin, and have a negative effect on our brand. We face higher risks of excessive or obsolescent inventories when we launch new products as the market reception to the products is uncertain. We assess impairment to inventories quarterly during the Track Record Period, and may make provision to write down our inventories to the net realizable value if the inventories become outdated or are damaged or their prices go down and their net realizable values are lower than the costs of the inventories. Conversely, if we underestimate customer demand for our products, we, or our manufacturing partners, may not be able to deliver products to meet our requirements, and this could result in damage to our brand and customer relationships and adversely affect our business, results of operations and financial condition.

We may be exposed to credit risk of trade and notes receivables.

As of December 31, 2020, 2021 and 2022 and June 30, 2023, the balance of our trade and notes receivables amounted to RMB70.6 million, RMB120.3 million, RMB207.0 million and RMB257.2

million, respectively. We may not be able to collect all such trade and notes receivables due to a variety of factors, some of which may be beyond our control, such as financial condition of our customers. See "Financial Information — Discussion of Certain Key Balance Sheet Items — Trade and Notes Receivables." If we fail to receive payments from our customers on a timely basis, our cash flows and financial position could be materially and adversely affected.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and operating results.

Our products and solutions are incorporated into a variety of end-products in the automotive and non-automotive industries, including vehicles, robotics and consumer electronics. The use of such end-products that incorporate our products and solutions could result in an unsafe condition, injury, or even death as a result of, among other factors, component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product-related information. These factors could result in product liability or warranty claims, and we could be named as a defendant in such claims. Particularly, as currently our largest market is in the automotive industry, the application in autonomous driving presents the risk of significant injury, including fatalities. We may be subject to claims if a customer's product using our LiDAR technology is involved in an accident and people are injured as a result. Under PRC laws, when defining the liability for accidents, it is necessary to determine the cause-and-effect relationship and take into account related factors. Given that the current legal framework for autonomous driving is largely in its early stages and relatively immature, liability associated with the use of our products is difficult to define, and any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, our customers could be subjected to claims as a result of such accidents and bring claims against us to hold us accountable. In addition, if lawmakers or governmental authorities were to determine that the use of our products in AD or certain ADAS applications increases the risk of injury, they may promulgate laws or regulations that limit the use of our products or increase our liability associated with the use of our products. Any of these events could result in damage to our brand and customer relationships and adversely affect our business, results of operations and financial condition.

We typically provide a limited-time warranty on our products. The occurrence of any material defects in our products could make us liable for damages and warranty claims. We could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Warranty, recall, product liability claims, or negative publicity may result in litigation, including class actions, the occurrence of which could be costly, lengthy and distracting and adversely affect our business and operating results.

Despite the actions we are taking to defend and protect our intellectual property, we may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products and solutions and such efforts to defend and protect our intellectual property may be costly.

The success of our products and our business depends in part on our ability to obtain patents and other intellectual property rights and maintain adequate legal protection for our products in China and other jurisdictions. We rely on a combination of patent, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, and yet all of which provide only limited protection.

We cannot assure you that any patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patents issued to us will not be challenged, invalidated or circumvented. We have filed for patents primarily in the jurisdiction of the PRC, but such protections may not be available in all countries in which we operate, or seek to operate, or in which we seek to enforce our intellectual property rights. Our currently issued patents and any patents that may be issued or registered in the future may not provide sufficiently broad protection or may not prove to be enforceable in actions against alleged infringers. We have licensed certain of our intellectual properties to third parties, which might expose us to risks of unauthorized use of our technology or the reverse engineering of our technology. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. The confidentiality procedures and contractual restrictions implemented by us may not be sufficient or effective. Moreover, others may independently develop technologies that are competitive to us or infringe our intellectual property.

Protecting against the unauthorized use of our intellectual property and other proprietary technology is expensive and difficult, particularly internationally. Our patents and proprietary technologies are the foundations of our LiDAR products and we intend to capitalize on our industry-leading patent portfolio as we continue to grow. Unauthorized parties may attempt to copy or reverse engineer our LiDAR technology or certain aspects of our solutions that we consider proprietary. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to prevent unauthorized parties from copying or reverse engineering our solutions, to determine the validity and scope of the proprietary rights of others or to block infringing products in China. Any such litigation, whether initiated by us or a third party, could result in substantial costs and diversion of management resources, either of which could adversely affect our business, operating results and financial condition. Even if we obtain favorable outcomes in litigation, we may not be able to obtain adequate remedies.

Third-party claims against us in relation to infringement of intellectual property rights, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be adversely affected.

From time to time, we may be subject to intellectual property disputes or litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights or other rights. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims, commercial claims and other assertions against us grows. Additionally, competitors in our industry and companies outside our industry also hold large numbers of patents that cover aspects of our LiDAR products, which may increase our exposure to litigation based on allegations of patent infringement or other violations of intellectual property rights. We have been involved in intellectual property disputes in the past. For example, on August 13, 2019, Velodyne Lidar, Inc. (NYSE: VLDR) (“Velodyne”) filed a patent infringement complaint against us in the United States. In July 2020, we filed a patent infringement complaint against Beijing Velodyne Laser Technology Co., Ltd in China. On September 21, 2020, we entered into the Litigation Settlement and Patent Cross-License Agreement with Velodyne to resolve all of the disputes between us and agreed on the terms of a patent cross-license and releases of liability. In September 2020, the aforementioned cases were dismissed. On April 28, 2022, Bell Semiconductor, LLC (“Bell”) filed an application with International Trade Commission for a patent infringement investigation, which named us as one of the respondents. Bell subsequently voluntarily withdrew the application on July 26, 2022. On October 13, 2022, Bell filed an application with International Trade Commission for a patent infringement investigation against Marvell Semiconductor, Inc., ("Marvell"), which named us as one of the respondents. Subsequently, Bell reached a settlement with Marvell and voluntarily withdrew the investigation against us after we clarified relevant facts. The legal proceeding ended on April 3, 2023. For details of these legal proceedings, see "Business — Legal Proceedings and Compliance — Legal Proceedings."

We may from time to time in the future become, a party to litigation and disputes related to intellectual property, our business practices, and our products. Even if we prevail in any litigation or enforcement proceeding against us, we could incur significant legal expenses defending against the claims, even those without merit. Moreover, because even claims without merit can damage our reputation or raise concerns among our clients, we may feel compelled to settle claims at a significant cost. Furthermore, the results of any such litigation, investigations and legal proceedings are inherently unpredictable and may be costly. Therefore, any claims against us, whether meritorious or not, could be time-consuming, costly, and harmful to our reputation, and could divert management's attention and require significant amounts of corporate resources.

The current tensions in international trade and rising political tensions, particularly those between the United States and China, may materially and adversely impact our business, financial condition and results of operations.

Although we are a primarily China-based company, we have operations in the U.S. and certain of our key customers are located in the U.S. and other countries outside of China. We also procure certain materials and components from U.S. suppliers, primarily including FPGAs, power management chips, amplifiers, gallium nitride, among other things, which amounted to RMB19.0 million, RMB45.7 million, RMB169.4 million and RMB64.8 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, based on our management accounts. In addition, certain of our technologies could be subject to restrictions by the U.S. government in the future. We are or may be subject to export control and import laws and regulations in the U.S. and other countries, including the U.S. Export Administration Regulations ("EAR"), U.S. Customs regulations, and various economic sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). U.S. export control laws and regulations and economic sanctions prohibit the export or reexport of certain products to U.S. embargoed or sanctioned countries, governments, and blocked persons or parties. In particular, the U.S. Government has added certain Chinese companies and institutions to the Entity List maintained by the U.S. Department of Commerce's Bureau of Industry and Security ("BIS"). The Entity List imposes licensing requirements on the export or reexport of certain products, software, and technology that are subject to the jurisdiction of the EAR, thus limiting access to parties on the Entity List to items subject to the EAR. Certain of our customers are on the Entity List. Revenue contributed by customers that were on the Entity List as of the Latest Practicable Date, as screened by us as a percentage of our total revenue, was generally decreasing during the Track Record Period in 2020, 2021 and 2022 and the six months ended June 30, 2023 from less than 20% in 2020 to less than 5% in the six months ended June 30, 2023, based on our management accounts. As advised by our legal advisor as to U.S. export controls, sanctions, customs, and foreign investment laws and regulations, our software and hardware are not subject to the EAR unless they are exported from the U.S., with the possible exception of exports to certain countries subject to U.S. sanctions. Based on such view, as we do not export our own products from the U.S. or to any U.S. sanctioned countries, our

Directors are of the view that our software and hardware are not subject to the EAR, and the imposition of the U.S. export controls did not have a material and adverse effect on our business and financial performance during the Track Record Period. While we believe that the products we provide to such customers are not subject to the EAR, if more of our customers are added to the Entity List or the U.S. government imposes more stringent restrictions, or if relevant government authorities interpret the current regulations differently from our view, our sales may be negatively affected.

Moreover, on August 9, 2023, President Biden issued an Executive Order authorizing certain notification requirements and prohibitions on certain investments in national security technologies and products in "countries of concern", including China. The scope of EO 14105 is relatively narrow and will not take effect until regulations are issued by the U.S. Treasury Department, which will not likely be until mid 2024. In connection with the issuance of EO 14105, the U.S. Treasury Department's Office of Investment Security issued an advanced notice of proposed rulemaking ("ANPRM"), providing an overview of the issues described in the EO and seeking public comments on various topics related to the implementation of EO 14105. The scope of the notified and prohibited transactions includes only "covered national security technologies and products", which is defined as "sensitive technologies and products in the semiconductors and microelectronics, quantum information technologies, and artificial intelligence sectors that are critical for the military, intelligence, surveillance, or cyber-enabled capabilities of a country of concern". As of the Latest Practicable Date, based on the scope of the proposed regulation and our Company's confirmation that our LiDAR products are intended for commercial use only, our legal advisor as to U.S. export controls, sanctions, customs, and foreign investment laws and regulations is of the view that even after it takes effect, the process is not likely to prohibit investment in our Company or the sale of our products. However, we cannot assure you if any regulations issued do not negatively affect our business operations and results of operations.

In addition, on October 7, 2022, BIS released an interim final rule imposing certain export controls on advanced computing integrated circuits ("ICs"), computer commodities that contain such ICs, and certain semiconductor manufacturing items, and to make other changes to the EAR to ensure that appropriate controls are in place for these items, including specific activities of "U.S. persons." On October 17, 2023, BIS released additional interim final rules making changes to the October 7, 2022 rule. These rules, which took effect on November 17, 2023, included expanded controls on the export of certain advanced computing and other items to China. Our purchases in respect of semiconductor chips and semiconductor chip manufacturing amounted to RMB11.4 million, RMB47.1 million, RMB265.8 million and RMB173.0 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, accounting for 8.5%, 11.9%, 26.8% and 46.6% of our total purchases, respectively, based on our management accounts. We are not currently aware of any sourcing restrictions from U.S. or non-U.S. suppliers. Furthermore, since the October 7, 2022 BIS Interim Final Rule has been in place for more than one year, as advised by our legal advisor as to U.S. export controls, sanctions, customs, and foreign investment laws and regulations, we expect that any such restrictions would have already mentioned by U.S. or non-U.S. suppliers if applicable to the products sold to the Company for use in production of LiDAR or MEMS Products. In addition, if any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions or outbound investments restrictions), or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations. Recently, there have been heightened tensions in international economic relations, such as that between the United States and China, but also as a result of the conflict in Ukraine and sanctions on Russia. These sanctions, export controls and political tensions could adversely affect us and/or our supply chain, business partners, or customers.

Our products are subject to standard import duties when imported into the U.S. In addition, as a result of certain increased tariffs imposed pursuant to Section 301 of the Trade Act of 1974 ("Section 301 tariffs") during the Trump Administration, our products are currently subject to an additional 25% tariff when imported into the U.S. By way of background, in August 2017, the Office of the U.S. Trade Representative ("USTR") initiated an investigation under Section 301 of the Trade Act of 1974 into certain alleged unreasonable or discriminatory trade practices carried out by China. In March 2018, the Trump Administration issued a report finding that several of these practices were unreasonable or discriminatory and burdened U.S. commerce. Following this announcement, the Trump Administration imposed additional tariffs on a variety of imported goods from China. These tariffs were imposed in four stages between 2018 and 2019 and ranged from 10% to 25% of the value of the imported goods. The Biden Administration has left these tariffs in place, although USTR is currently conducting a review of the Section 301 tariffs to determine whether they should remain in place or not. It is important to note that the Section 301 tariffs are paid by the U.S. importers, not our Company. While the Section 301 tariffs have been challenged by China and U.S.-based importers in international and domestic legal fora, including the World Trade Organization and U.S. Court of International Trade, it will likely take several years for these legal proceedings to be resolved. In the meantime, these Section 301 tariffs may continue to be a factor on the value and volume of our products exported to the U.S. To our Company's knowledge, we have not experienced any impact of the section 301 tariffs on sales to the United States during the past three years. However, such tariffs may have a negative impact on the competitiveness of our products in the U.S. market compared to those from other jurisdictions, as our customers in the U.S. must bear the additional tariff costs, thereby increasing their overall procurement costs of our products.

On November 28, 2023, certain members of the United States House of Representative's Select Committee on Strategic Competition Between the United States and the Chinese Communist Party sent a letter to the Secretaries of the U.S. Departments of Treasury, Commerce, and Defense requesting that those agencies conduct an investigation of all PRC LiDAR technology companies to determine whether their activities justify inclusion on the following lists: (i) Defense Department's Chinese Military Companies List, which includes companies with connections to the Chinese military operating directly or indirectly in the U.S. ("Chinese Military Companies List"); (ii) the Commerce Department's Bureau of Industry and Security's Entity List ("BIS Entity List"),which includes businesses, research institutions, government and private organizations that are engaged in activities contrary to U.S. national security and/or foreign policy interests that are subject to additional export/reexport license requirements; and (iii) the Treasury Department's Non-Specially Designated National Chinese Military-Industrial Complex Companies List ("NS-CMIC List"), which includes companies identified as operating in the PRC defense and related materiel sector or the surveillance technology sector or those owned or controlled by such entities, and generally prohibits U.S. persons from purchasing or selling publicly traded securities of such companies, collectively, the "**Relevant Lists**".

The November 28, 2023 letter also "urged" the Commerce Department to investigate whether specific U.S. LiDAR technologies should be subject to export controls to the PRC.

As of the Latest Practicable Date, we had not been added to any of the Relevant Lists, nor had there been any changes to the scope of U.S. export controls solely as a result of this request. Nevertheless, given the tense relationships between the United States and China, and evolving political and regulatory environment, as well as the preliminary nature of this letter, there remain substantial uncertainties as to the potential impacts of such letter on our business and/or investments in our Shares. In particular, we are unaware of whether and when such investigation will actually take place and whether any changes to the Relevant Lists or U.S. export controls will take place. These uncertainties entail risks that may materially and adversely affect our business and prospects, and/or your investments in our Shares. For example, if we were added to any of the Relevant Lists: (i) there may be disruptions to our supply chain and production, and we may lose suppliers and customers as a result of compliance with relevant laws and regulations, or due to over-compliance and de-risking by, or reputational and other concerns of, our counterparties, and managing these changes may involve undeterminable and possibly significant costs, thereby adversely affecting our business, results of operations and financial condition; (ii) U.S. persons may be reluctant or be prohibited from purchasing or selling those shares of the Company; and (iii) any sales of a substantial amount of our Shares by U.S. persons could cause the market price and trading volume of our Shares to be volatile or possibly lead to a decline in our share price.

Meanwhile, China has implemented, and may further implement, measures in response to the changing trade policies, treaties, tariffs and sanctions and restrictions against Chinese companies initiated by the U.S. government.

On September 19, 2020, the Ministry of Commerce of the People's Republic of China ("MOFCOM") promulgated the Regulations on the List of Unreliable Entities, or MOFCOM Order No. 4 of 2020. A working mechanism composed of relevant government agencies will be established to administer the regime of the List of Unreliable Entities. A foreign entity that is designated onto the List of Unreliable Entities may be subject to several measures, including but not limited to: (i) being restricted or prohibited from engaging in import or export activities related to China; and (ii) being restricted or prohibited from investing in China. When an enterprise, organization, or individual of China must conduct business with a designated foreign entity in special circumstances, the enterprise, organization, or individual shall submit an application to the working mechanism for approval, and only when approval is granted may such enterprise, organization, or individual conduct the corresponding transaction.

On January 9, 2021, the MOFCOM promulgated the Rules on Counteracting Unjustified Extra-Territorial Application of Foreign Legislation and Other Measures (阻斷外國法律與措施不當域外適用辦法), or MOFCOM Order No. 1 of 2021. Pursuant to MOFCOM Order No. 1 of 2021, where a citizen, legal person or other organization of China is prohibited or restricted by foreign legislation and other measures from engaging in normal economic, trade and related activities with a third nation (or region) or its citizens, legal persons or other organizations, they shall truthfully report such matters to the competent department of commerce of the State Council within 30 days. The working mechanism, with the participation of relevant departments of central government authorities, will take the following factors into account when assessing whether there exists unjustified extra-territorial application of foreign legislation and other measures: (i) whether international law or the basic principles of international relations are violated; (ii) potential impact on China's national sovereignty, security and development interests; (iii) potential impact on the legitimate rights and interests of the citizens, legal persons or other organizations of China; and

(iv) other factors that shall be taken into account. If it is determined that there exists unjustified extra-territorial application of foreign legislation and other measures, the MOFCOM may issue an injunction that the relevant foreign legislation and other measures shall not be accepted, executed, or observed. A citizen, legal person or other organization in China may apply for exemption from compliance with an injunction.

On June 10, 2021, the Standing Committee of National People's Congress, or the SCNPC, passed the Countering Foreign Sanctions Law (反外國制裁法), which became effective immediately. The Countering Foreign Sanctions Law provides a legal basis not only for the Chinese government to take action in response to foreign sanctions, but also for Chinese citizens and organizations to bring civil actions for injunctive relief or damages. Under the Countering Foreign Sanctions Law, the competent department of the State Council may place any individuals and organizations that are directly or indirectly involved in making, determining, or implementing the discriminatory restrictive measures as provided therein on the Countermeasure List. A foreign individual or organization on the Countermeasure List may be subject to one or several countermeasures, including but not limited to prohibitions or restrictions on commercial transactions, cooperation or such other activities with organizations and individuals within the territory of China. Furthermore, pursuant to the Countering Foreign Sanctions Law, any organization and individual within the territory of China shall comply with the countermeasures. Any organization or individual who fails to comply or cooperate in implementing the countermeasures may be held liable in accordance with law.

Since MOFCOM Order No. 4 of 2020, MOFCOM Order No. 1 of 2021 and the Countering Foreign Sanctions Law are newly enacted, there is a high degree of uncertainty with respect to how they will be interpreted and implemented.

On July 3, 2023, the Government of China announced that gallium and germanium, two rare minerals that are widely used in the production of semiconductors and other high technology goods, would require a license to be exported from China.

Rising political tensions could reduce levels of trade, investment, technological exchange, and other economic activities between the two major economies, which would have a material adverse effect on global economic condition and the stability of global financial markets. Any of these factors could have a material adverse effect on our, our suppliers' and our customers' business, prospects, financial condition, and results of operations.

As our business is affected by markets located overseas, tariffs and export control measures taken or to be taken by the PRC, U.S. or any other government or other trade tensions or unfavorable trade policies may affect marketability of our products. The current international trade tensions and political tensions between the United States and China, and any escalation of such tensions, may have a material negative impact on our ability to secure the supply of raw materials and key components necessary for our operations and our ability to continue to sell to global customers and further grow our customer base.

Non-compliance with above laws and regulations could subject us to adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, prospects, results of operations, financial condition and reputation.

Our business could be adversely affected by global health epidemics and outbreaks.

Potential health epidemics and outbreaks could result in a material adverse impact on our business operations. For example, measures taken to combat the COVID-19 pandemic resulted in certain disruptions and inconvenience in our operations as a result of employee health and safety concerns, travel restrictions, and other actions and restrictions mandated by governmental authorities. On the supply end, our suppliers experienced disruptions and temporary shutdowns, and for a period of time could not meet their contractual obligations to us. We were able to mitigate such impact as we had previously purchased and stored certain raw materials and key components in preparation for the anticipated disruptions and were able to find substitute suppliers in due course.

The extent to which the COVID-19 pandemic continues to impact our financial condition will depend on future developments that are highly uncertain and cannot be predicted, including new government actions or restrictions, new information that may emerge concerning the severity of COVID-19, the duration of COVID-19 and the impact of COVID-19 on economic activity. China began to modify its zero-COVID policy at the end of 2022, and most of the travel restrictions and quarantine requirements were lifted in December. Even after the COVID-19 pandemic has subsided, we may continue to experience adverse impact on our business and financial performance as a result of global economic impact, including a recession that has occurred or may occur in the future. In the event the COVID-19 pandemic materially and adversely affects our business and financial results, it may also have the effect of significantly intensifying many other risks associated with our business, liquidity and indebtedness.

The expansion into overseas markets may expose us to operational, financial and regulatory risks.

Sales to our customers outside the PRC accounted for 13.3%, 14.6%, 21.0% and 10.6% of our total revenue for 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. Expanding our global footprint and growing overseas sales is an important part of our future growth, but these efforts may not be successful. Overseas operations are subject to a number of risks, including but not limited to:

- foreign exchange control and exchange rate fluctuations;
- political and economic instability, and international terrorism;
- global or regional health crises, such as 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 risk in managing inventory;
- increased risk in collecting trade receivables;
- less effective protection of intellectual property;

- stringent consumer protection and product compliance regulations on our end customers' products;
- difficulties and costs of staffing and managing foreign operations;
- different regulatory requirements on data privacy protection; and
- changes in local tax, import and export laws and tariffs and customs duty laws in the enforcement, application or interpretation of such laws.

The occurrence of any of these risks could negatively impact our overseas expansion and consequently our business, operating results and financial condition.

Undetected defects, errors or reliability issues in our hardware or software could reduce the market adoption of our new products, damage our reputation with current or prospective customers and expose us to product liability and other claims.

Our products are highly technical and require high standards to manufacture. We have in the past and will likely in the future experience defects, errors or reliability issues at different stages of development for various reasons. During the Track Record Period, we discovered product compatibility issues with certain vehicle models resulting in waterproofing concerns during testing for mass production. Such issues have been resolved and did not have a material impact on our business operations. Nevertheless, there can be no assurance that such or other similar issues will not occur in the future. We may be unable to timely release new products, manufacture existing products or correct problems that have arisen to our customers' satisfaction. Additionally, undetected errors, defects or reliability issues, especially as new products are introduced or as new versions are released, could result in serious injury to the end users of customers incorporating our products. Defects, errors or reliability issues may also be attributed to our customers due to their negligence in using our products or failures arising from their manufacturing process, which we do not control or dictate and may be unable to determine the root cause for the issues. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by our customers. Our customers may never be able to commercialize autonomous vehicles incorporating our products. These risks are particularly prevalent in the autonomous driving market. If that is the case, we may incur significant additional development costs and product recall, repair or replacement costs. These problems may also result in claims, including class actions, against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, results of operations and financial condition.

Our business depends substantially on the efforts of our management and highly skilled personnel including research and development personnel, and our operations may be severely disrupted if we lost their services.

Our future performance depends on the services and contributions of our management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our research and development team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications, specifically in relation to attracting and retaining chip specialized engineers and technicians who are crucial to our product development. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the estimated value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based compensation expenses.

Prior to the Reorganization, we had established Suteng ESOP, a limited liability partnership established in the PRC and the then employee shareholding vehicle pursuant to the 2020 Suteng ESOP Plan. As part of the Reorganization, the 2020 Suteng ESOP Plan was terminated and replaced by the Pre-IPO Share Incentive Scheme A, pursuant to which, a total of 13,450,225 Ordinary Shares were issued to Robust, one of the ESOP Holding Entities. To attract and retain talents, the Company also adopted the Pre-IPO Share Incentive Scheme B with effect from December 30, 2021. As of the Latest Practicable Date, a total of 35,510,152 Ordinary Shares were issued to the ESOP Holding Entities to hold such Shares on trust for the participants of the Pre-IPO Share Incentive Scheme A and the Pre-IPO Share Incentive Scheme B. As of the Latest Practicable Date, the Company had granted awards, representing 35,510,152 underlying Ordinary Shares to a Director and other eligible participants pursuant to the terms of the Pre-IPO Share Incentive Scheme A and the Pre-IPO Share Incentive Scheme B. As set forth in the applicable award agreements, restricted shares held for the benefit of directors, officers and employees are subject to satisfaction of certain IPO vesting conditions and therefore, under IFRSs, the Shares underlying such awards are treated as restricted shares in substance and are accounted for as share-based compensation. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based compensation expenses would potentially dilute the shareholding of existing shareholders, and we recognized share-based compensation expenses of nil, RMB59.1 million, RMB35.1 million and RMB165.7 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, in our income statement. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the Share Incentive Schemes from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this offering.

We face risks associated with fair value changes of certain financial assets, and valuation uncertainty due to the use of unobservable inputs that require judgment and assumptions which are inherently uncertain.

As of December 31, 2020, 2021 and 2022 and June 30, 2023, the balance of our financial assets at fair value through profit or loss (current and non-current portions) was RMB80.1 million, nil, RMB337.9 million and RMB30.0 million, respectively. Such balance as of December 31, 2020 and 2021 largely represents our investments in wealth management products, which we have disposed of in 2023. As of December 31, 2020, 2021 and 2022 and June 30, 2023, the balance of our financial assets at fair value through other comprehensive income was RMB1.3 million, RMB3.1 million, RMB2.5 million and nil, respectively. We use significant unobservable inputs, mainly including assumptions of expected future cash flows and discount rate, in valuing such financial assets. The fair value change of these financial assets may significantly affect our financial position and results of operations. Accordingly, such determination requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic condition, changes in market interest rates and the stability of capital markets. Any of these factors, among other things, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. In addition, the process for determining whether an impairment of financial asset is other-than-temporary usually requires complex and subjective judgments, which could subsequently prove to have been wrong.

Fair value changes in financial instruments issued to investors and related valuation uncertainty may affect our financial condition and results of operations.

In 2020, 2021 and 2022 and the six months ended June 30, 2023, we recognized fair value changes in financial instruments issued to investors of RMB160.7 million, RMB1,487.8 million, RMB1,484.6 million and RMB339.8 million, respectively. The fair value changes in financial instruments issued to investors represent the fair value changes of the preferred shares, warrants for purchase of preferred shares, and convertible notes for conversion to preferred shares. The financial instruments issued to investors were not traded in an active market and the respective fair value is determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of our Company and the equity allocation model was adopted to determine the fair value of the financial instruments. Key valuation assumptions used to determine the fair value of the preferred shares and the convertible notes included expected future cash flows, discount rate, discount for lack of marketability, expected volatility, risk-free interest rate and terminal growth rate. See Note 31 of the Accountants' Report in Appendix I to this prospectus. Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of these financial instruments issued to investors. Further, our preferred shares will be automatically converted to equity upon the Listing. To the extent we need to revalue the preferred shares prior to the Listing, any change in fair value of these preferred shares and related valuation uncertainty could materially affect our financial position and results of operations. After the automatic conversion of all preferred shares into equity upon the Listing, we do not expect to recognize any further gains or losses on fair value changes from these preferred shares and convertible notes in the future.

We face regulation and potential liability related to privacy, data protection, information security and cybersecurity which may require significant resources and may adversely affect our business, operations and financial performance.

The PRC

Our operations subject us to laws and regulations addressing privacy and the collection, use, storage, disclosure, transfer and protection of a variety of types of data. The interpretation and application of laws, regulations and standards relating to privacy, data protection, information security and cybersecurity keep evolving and remain uncertain and may be changed in the future, which may lead to uncertainty about the scope of our responsibility in this regard. See "Regulatory Overview — Regulations on Internet Information Security and Privacy Protection."

In particular, on November 14, 2021, the Cyberspace Administration of China ("CAC") published the Draft Cyber Data Security Regulations, which provide that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or spin-off of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) listing abroad of data processors processing over one million users' personal information; (iii) listing in Hong Kong which affects or may affect national security; (iv) other data processing activities that affect or may affect national security. As of the Latest Practicable Date, the Draft Cyber Data Security Regulations had not been enacted or taken effect. Additionally, there is no timetable as to when it will come into effect. On December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the Cybersecurity Review Measures which took effect on February 15, 2022. According to the Cybersecurity Review Measures, an internet platform operator who possesses personal information of more than one million users shall apply for a cybersecurity review before listing in a foreign country, and the relevant governmental authorities may initiate a cybersecurity review if they consider relevant network products or services or data processing activities may affect national security.

As of the Latest Practicable Date, we had not been notified of being classified as a critical information infrastructure operator ("CIIO"), we had not received any inquiry, notice, warning from any PRC government authorities, and have not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by our business operations or the Listing. In addition, CCRC confirmed to us during a recent telephonic consultation that (1) the term of "listing abroad" (國外上市) under the Cybersecurity Review Measures does not apply to listing in Hong Kong, and thus we are not required to proactively submit an application for cybersecurity review for our Listing in Hong Kong; and (2) since the Draft Cyber Data Security Regulations has not become effective or been formally implemented, currently we are not required to apply for cybersecurity review under the Draft Cyber Data Security Regulations. As the definitions for terms such as "affect or may affect national security" are broad, and there remains uncertainty how these rules will be enacted and interpreted, we cannot guarantee that the Cybersecurity Review Measures and Draft Cyber Data Security Regulations will not be interpreted in a way that will adversely affect us.

The PRC government has introduced a variety of laws and regulations on cybersecurity and data security in addition to the Cybersecurity Review Measures. For instance, the PRC Cyber

Security Law came into effect on June 1, 2017. Pursuant to the PRC Cyber Security Law, network constructors, network operators, and service providers that provide services via network are required to perform certain functions related to cybersecurity protection and the strengthening of network information management through taking technical and other necessary measures to safeguard the operation of networks, responding to network security effectively, preventing illegal and criminal activities, and maintaining the integrity and confidentiality and usability of network data. Moreover, certain additional requirements are imposed on CIIOs, including that during their operations in the PRC, CIIOs should generally store the personal information and important data collected and produced within the territory of PRC and perform certain security obligations. On September 12, 2022, the CAC promulgated a series of draft amendments to the PRC Cyber Security Law, imposing more stringent legal liabilities for certain violations. Such draft amendments were released for soliciting public comments until September 29, 2022. However, as of the Latest Practicable Date, their final form, interpretation and implementation remained substantially uncertain. On September 1, 2021, the PRC Data Security Law took effect, and provides for data security and privacy obligations on entities and individuals carrying out data processing activities, including but not limited to the collection, storage, use, processing, transmission, provision, and public disclosure of data. For those data processing activities which may affect national security, the PRC Data Security Law also requires a national security review procedure. On August 16, 2021, the CAC, jointly with other PRC authorities, issued the Provisions on Management of Automotive Data Security (Trial), which took effect on October 1, 2021, or the Automotive Data Provisions. The Automotive Data Provisions regulate, among other things, the processing of auto data that include both personal information and important data involved in the process of automotive design, production, sales, use, operation and maintenance. There exists great uncertainty regarding interpretations and implementations of the PRC Data Security Law, the Automotive Data Provisions and other applicable laws and rules for those laws are recently issued. As of the Latest Practicable Date, we were in compliance with the currently effective and applicable PRC laws on cybersecurity and data security in all material respects. Those laws do not have a material adverse impact on our business or offshore listing plan. However, we cannot preclude the possibility that new laws, regulations or rules published in the future will impose additional compliance requirements on us, will subject us to the cybersecurity or national security review in relation to our operations, or will require us to change our business practices or incur additional operating expenses, which may have material and negative impacts on our business, financial condition and prospects and the value of our products.

Since privacy, data protection, information security and cybersecurity regimes are evolving, uncertain and complex, we may need to constantly update or enhance our compliance measures, which require implementation costs. The compliance measures we adopt may prove ineffective. Any failure by us to comply with current and future regulatory or customer-driven privacy, data protection and information security requirements, or to prevent or mitigate security breaches, cybersecurity attacks, or improper access to, use of, or disclosure of data, or any security issues or cyber-attacks affecting us, could result in significant liability, costs, and a material loss of revenue resulting from the adverse impact on our reputation and brand, loss of proprietary information and data, disruption to our business and relationships, and diminished ability to retain or attract customers and business partners. Such events may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity, and could cause customers and business partners to lose trust in us, which could have an adverse effect on our reputation and business.

The U.S., European Union and Other Jurisdictions

Personal privacy and information security are significant issues in the United States and the other jurisdictions in which we operate or make our products and solutions available. The legislative and regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Our handling of data is subject to a variety of foreign laws and regulations, including regulation by various foreign government agencies, such as the U.S. Federal Trade Commission ("FTC").

In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws as imposing standards for the online collection, use and dissemination of data. At the state level, lawmakers continue to pass new laws concerning privacy and data security. Particularly notable in this regard is the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020. Although we are working to comply with those federal and state laws and regulations that apply to us, those laws and regulations are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another.

Many other foreign countries and governmental bodies, including the European Union, the United Kingdom and other relevant jurisdictions, have laws and regulations concerning the collection and use of Personal Identifiable Information obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States. Within the European Union, legislators have adopted the General Data Protection Regulation, or GDPR, effective May 2018 which may impose additional obligations and risks upon our business and which may increase substantially the penalties to which we could be subject in the event of any non-compliance.

We may incur substantial expenses in complying with the obligations imposed by the governments of the foreign jurisdictions in which we do business or seek to do business and we may be required to make significant changes in our business operations, all of which may adversely impact our revenue and our business overall. Any failure or perceived failure by us to comply with the U.S. federal or state or other foreign laws or regulations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of PII or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse impact on our reputation and business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely impact our business. We also expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States, the European Union and other jurisdictions, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws and regulations, industry standards, contractual obligations and other obligations may require us to incur additional costs and restrict our business operations.

We are subject to, and must remain in compliance with, numerous laws and governmental regulations concerning the manufacturing, use, distribution and sale of our products. Some of our customers also require that we comply with their own unique requirements relating to these matters.

We manufacture and sell LiDAR products that contain components and materials that are subject to government regulations in both the locations where we manufacture and assemble our products and the locations where we sell our products. Since we operate on a global basis, this is a complex process that requires continuous monitoring of regulations and an ongoing compliance process to ensure that we and our suppliers are in compliance with existing and new regulations in each market where we operate. For details of our internal control measures to monitor and ensure compliance, see "Business — Risk Management and Internal Control — Compliance Risk Management." Among other types of regulations, safety regulations play an important role in our operations. These regulations often impose stringent compliance and reporting requirements and are subject to rapid evolvement due to new scientific or technological data, adverse publicity regarding the industry recalls and safety risks of autonomous driving. If there is an unanticipated new regulation that significantly impacts the manufacturing, use, distribution and sale of our products, that regulation could materially and adversely affect our business, results of operations and financial condition. If we are not currently in compliance with existing regulations, or if we fail to adhere to new regulations or fail to continually monitor updates to such regulations, we may incur costs in remedying our non-compliance and it may disrupt our operations. Some of our customers also require that we comply with their own unique requirements relating to these matters. In such circumstances, we may also be subject to litigation, lose customers, suffer negative publicity and our business, results of operations and financial condition could be adversely affected. In addition, we have no control over our products being resold or used by our customers in jurisdictions where our products are deemed incompliant with relevant laws and regulations, which could result in damage to our brand and adversely affect our business, results of operations and financial condition.

Certain of our operating subsidiaries may be required to obtain a series of licenses or permits or make additional filings or registrations.

In order to operate our business, we need to obtain a series of licenses, permits and approvals, make filings or complete registrations according to relevant PRC laws and regulations. For example, we are required by the PRC laws and regulations to obtain certain approvals and permits and follow other procedural requirements for our construction projects, fire control and environmental protection. Such laws and regulations include the Administrative Measures for the Approval and Recordation of Enterprise Investment Projects (企業投資項目核准和備案管理辦法), the PRC Construction Law (中華人民共和國建築法), the PRC Urban and Rural Planning Law (中華人民共和國城鄉規劃法), Administrative Measures on Construction Permits for Construction Projects (建築工程施工許可管理辦法) and the Administrative Regulations on the Environmental Protection of Construction Projects (建設項目環境保護管理條例). Failure to fully comply with these laws or regulations may subject us to fines or suspension of our construction projects or fail to locate desirable alternatives for such construction projects. For the permits or approvals we obtained or procedures we completed based on our understanding that are or may be subject to higher standard requirements from relevant governmental authorities, we shall meet such requirements before such construction projects are put into service.

Due to the historical legacy of the relevant lands, we have not obtained construction permits or completed as-built acceptance filings for certain of our construction projects. In this regard, we have conducted several inquiries and interviews with the competent governmental authorities which confirmed that, (i) practically we are not required to obtain such approvals or permits or fulfill such procedures; and (ii) the failure to do so will not result in penalties against us. The risk of the above confirmations being challenged by higher level authorities is remote, on the basis that: (i) according to the relevant applicable laws and the functions and responsibilities of the interviewed governmental authorities as published on their official websites, the interviewed governmental authorities are the competent authorities for the approval and supervision of the relevant procedures with respect to the construction projects; (ii) the interviewed officials were informed of the information about us and our construction projects during the interviews and confirmed that they are the competent authorities for the approval and supervision of the relevant procedures with respect to the construction projects; and (iii) we had not received any challenge from higher level governmental authorities as of the Latest Practicable Date. Based on such interviews, our PRC Legal Advisor is of the view that relevant governmental authorities will not impose administrative penalty on us due to the failure to obtain construction permits or complete as-built acceptance filings. In the event that relevant laws and regulations change, we may be subject to additional regulatory requirements and may incur extra compliance costs, which may adversely affect our business, financial condition and results of operations. As of the Latest Practicable Date, we were in the process of working with the regulators to obtain the required permits and make the relevant filings.

In addition, for the purpose of conducting research and development in the ordinary course of our business, we are cooperating with a service provider with surveying and mapping qualifications. Such service provider would independently collect the point clouds and other information required for our research and development and process the collected data in compliance with relevant regulations, ensuring that the processed data does not involve surveying and mapping geoinformation, personal information, important data or other data subject to administrative supervision. We only collect compliantly processed data from certain service provider for research and development purposes. However, if our cooperation with such service provider cannot continue or we cannot reach cooperation with other qualified service providers in the market, we may be subject to the requirement of obtaining a surveying and mapping qualification certificate and complying with the state's surveying and mapping criteria. There is no assurance that we will be able to meet such criteria in a timely manner or at all, and our research and development activities might be affected, any of which may materially and adversely affect our business, financial condition and results of operations. Given the significant amount of discretion held by relevant PRC authorities in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our control, we cannot guarantee you that we have obtained or will be able to obtain and maintain all requisite licenses, permits, filings and registrations.

Our leased property interests may be defective and our right to lease the properties affected by such defects may be challenged, which could cause significant disruption to our business. In addition, failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.

We lease properties for our offices, dormitories and manufacturing facilities. Our Shiyan factory in Shenzhen, which primarily produced our mechanical LiDAR products during the Track Record Period, has been mortgaged by the property owner for mortgage loan prior to our occupation.

As a result, there are uncertainties to the continuous operation of such manufacturing facility and we may be forced to relocate our affected operations, if the mortgagee chose to auction off the underlying property and recover any outstanding amount from the property owners. In the event of relocation, Luxsense, in which we own a 49% equity interest, possesses available facilities capable of accommodating our required production capacity. These facilities can be leased to us upon demand at commercially reasonable prices. We believe the impact of such relocation on our business and financial performance to be minimal. Nevertheless, we may incur additional expenses during the relocation process. The ownership certificates or other similar proof of two of our leased properties have not been provided to us by the relevant lessors. Such leased properties are used as dormitory and office. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. As a result, we may face challenges from the legal owners of the properties or other third parties, and may be forced to vacate the relevant properties and relocate our offices. We may incur additional expenses during the process, and our business, financial condition and results of operations may be negatively affected. As of the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. Additionally, we have not registered 13 of our lease agreements with the relevant governmental authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant governmental authority executed leases. As advised by our PRC Legal Advisors, failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe.

There is no assurance that we will be able to extend or renew our leases upon expiration of the current term on commercially reasonable terms or at all, and our rights to use these leased properties may be negatively affected by prior encumbrances on these properties. In any such events, we may be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

Our employees or other third parties may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of laws, fraud or other improper activities. Examples could include the failure to comply with our policies and procedures or with regulatory requirements relating to environmental, health or safety matters, bribery of foreign government officials, import-export controls, lobbying or similar activities, and any other applicable laws or regulations. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, reputation and results of operations.

Changes in automotive safety regulations may cast significant uncertainties on our operations and financial prospects.

Government regulations have imposed stringent requirements on vehicle safety in general and in the context of autonomous driving. For example, the PRC government issued the Administrative Norms for Road Testing and Demonstrative Application of Intelligent and Connected Vehicles (Trial Implementation) (智能網聯汽車道路測試與示範應用管理規範(試行)) on July 27, 2021, which came into effect on September 1, 2021. It requires that any entity planning to conduct a road testing and demonstrative application of autonomous driving vehicles shall provide a statement on its safety and a temporary license plate for the tested vehicle. On the local level, the government of Shenzhen issued the Regulations of Shenzhen Special Economic Zone on the Administration of Intelligent and Connected Vehicles (深圳經濟特區智能網聯汽車管理條例) on June 30, 2022. The regulation governs every major phase of an autonomous driving vehicle from its development to marketing, including the vehicle's road testing, access registration, use management, transport, traffic accidents and legal liabilities.

While we believe increasing automotive safety standards will present a market opportunity for our products, government safety regulations are subject to changes based on a number of factors that are out of our control, including new technologies, adverse publicity regarding industry recalls and safety risks of autonomous driving, accidents involving our products, domestic and foreign political situations, and litigation relating to our products and our competitors' products. Changes in government regulations, as well as changes or evolution in court interpretation of those regulations, especially with respect to the autonomous driving industry could adversely affect our business. If government priorities shift and we are unable to adapt to changing regulations or to court interpretations of those regulations, our business may be materially and adversely affected.

We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including investors in this offering, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

Adverse conditions in the automotive industry or the global economy could have adverse effects on our results of operations.

While we make our strategic plans based on the assumption that the markets we are targeting will grow, our business is dependent in large part on, and directly affected by, business cycles and other factors affecting the global automobile industry and global economy. Automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, consumer confidence, fuel costs, fuel availability, environmental impact, governmental incentives and regulatory requirements, and political volatility, especially in energy-producing countries and growth markets. In addition, automotive production and sales can be affected by the ability of our customers to continue operating in response to challenging economic conditions, labor relations issues, regulatory requirements, trade agreements and other factors. The volume of automotive production in China and the rest of the world has fluctuated, sometimes significantly, from year to year, and we expect such fluctuations to give rise to fluctuations in the demand for our products. Any significant adverse change in any of these factors may result in a reduction in automotive sales and production by our customers and could have a material adverse effect on our business, results of operations and financial condition.

Changes in international trade policies and rising political tensions may adversely impact our business and results of operations.

We are susceptible to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. China's political relationships with foreign countries and regions may affect the prospects of our relationships with third parties, such as business partners, suppliers and future customers. There can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Any tensions and political concerns between China and the relevant foreign countries or regions may cause a decline in the demand for our future products and adversely affect our business, financial condition, results of operations, cash flow and prospects. Rising trade and political tensions could reduce levels of trades, investments, technological exchanges and other economic activities between China and other countries and regions, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies.

If our customers are not confident in our long-term prospects, or if we are subject to any negative publicity, our business prospects, operating results, financial condition and our ability to access capital may suffer materially.

We have yet to fully develop and commercialize our products and solutions, and the successful commercialization of our products and solutions depends in part on our customers and potential customers committing to use our products and solutions in their own products. Customers may be less likely to purchase our products if they are not convinced that our business will succeed or that our service and support and other operations will continue in the long term. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed. If we are unable to establish and maintain confidence in our long-term business prospects among customers, prospective customers, suppliers and other third parties within our industry, or are subject to negative publicity, then our business, results of operations, financial condition and access to capital may suffer materially. In addition, we are unable to control how our customers deploy and use our products, which may subject us to negative publicity.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. Insurance companies in China do not currently offer as extensive an array of insurance products, such as those related to autonomous driving, as insurance companies in other more developed economies do. Regarding the allocation of product liability between us and the automotive or robotics manufacturer in the event of an accident resulting in injuries or fatalities involving a customer using our LiDAR product, it is difficult to quantify and must be determined on a case-by-case basis, taking into consideration whether there is a causal relationship between the accident and our product. See "Risk Factors — Risks Related to Our Business and Industry — We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and operating results." As of the Latest Practicable Date, we had not obtained any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring against these risks and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical for our business. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

In addition, we are in the process of purchasing product liability insurance, in particular evaluating product liability insurance plans from providers and searching for a suitable insurance provider for such insurance. As LiDAR is a relatively new type of technology, the insurance policies offered by insurance companies are still in development. We may not have sufficient insurance coverage for all future claims on our products. Any product liability claims brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing continuing coverage, could harm our reputation in the industry and could reduce revenue. Product liability claims in excess of our insurance coverage would be paid out of cash reserve, harming our financial condition and adversely affecting our results of operations. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any product liability claims and did not recall any products due to material defects.

We are subject to risks associated with strategic alliances or acquisitions.

We have entered into and 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 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.

From time to time, we may also undertake acquisitions to add new products and technologies, acquire talent, gain new sales channels or enter into new markets or sales territories. In addition to possible stockholder approval, we may need approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations, which could result in increased delay and costs, and may disrupt our business strategy if we fail to do so. Furthermore, acquisitions and the subsequent integration of new assets, businesses, key personnel, customers, vendors and suppliers 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. Moreover, the costs of identifying and consummating acquisitions may be significant.

As a company with limited operating history, we have limited experience with acquisitions and the integration of acquired technology, personnel and corporate culture. Failure to successfully identify, complete, manage and integrate acquisitions could materially and adversely affect our business, financial condition and results of operations and could cause the trading price of our Shares to decline.

We are subject to cybersecurity risks to our LiDAR products and solutions and customer data processed by us or third-party vendors or suppliers, and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business.

We are at risk for interruptions, outages and breaches of operational systems, including business, financial, accounting, research and development, data processing or manufacturing processes, owned by us or third-party vendors or suppliers. Cybersecurity incidents could materially disrupt our operational systems, result in loss of intellectual property, trade secrets or other proprietary or competitively sensitive information. Additionally, cybersecurity incidents could compromise certain information of our customers, employees, suppliers or others; jeopardize the security of our facilities; or affect the performance of our products and the integrated software in our LiDAR solutions.

A cyber incident could be caused by disasters, insiders or malicious third parties using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery or other forms of deception. The techniques used by cyber attackers change frequently and may be difficult to detect for long periods of time. Although we have taken measures designed to protect us against intellectual property theft, data breaches and other cyber incidents, such measures will require updates and improvements, and we cannot guarantee that such measures will be adequate to detect, prevent or mitigate cyber incidents. The implementation, maintenance and improvement of these measures require significant management time, support and cost.

Moreover, there are inherent risks associated with developing, improving, expanding and updating our current systems. These risks may affect our ability to manage our data and inventory, procure parts or supplies, or produce, sell, deliver and service our solutions, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that the systems upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary information or intellectual property could be compromised or misappropriated and our reputation may be adversely affected. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions. A significant cyber incident could impact our production capability, harm our reputation, cause us to breach our contracts with other parties or subject us to regulatory actions or litigation, any of which could materially and adversely affect our business, results of operations and financial condition.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, global pandemics and interruptions by man-made problems, such as network security breaches, computer viruses or terrorism. Material disruptions of our business or information systems resulting from these events could adversely affect our operating results.

A significant natural disaster, such as an earthquake, fire, flood or pandemic, occurring at our headquarters, one of our manufacturing facilities or where a customer is located could adversely affect our business, operating results and financial condition. Further, if a natural disaster or man-made problem were to affect our suppliers, it could adversely affect the ability of our customers to use our products and solutions. In addition, natural disasters and acts of terrorism could cause disruptions in our or our customers' businesses, national economies or the world economy as a whole, as was the case in the past several years due to the COVID-19 pandemic. We also rely on information technology systems to communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our research and development activities or lengthy interruptions in manufacturing, any of which could adversely affect our business, operating results and financial condition.

We may be subject to stricter laws and regulations, including labor laws and regulations, and to potential legal proceedings in the ordinary course of business, which may materially and adversely affect our business, results of operations and financial condition.

Laws, rules and regulations applicable to us may become more stringent. Pursuant to the PRC Labor Contract Law, as amended, or the Labor Contract Law, and its implementation rules, employers are subject to various requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) and its implementation rules may limit our ability to make those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. In addition, under the PRC Social Insurance Law (中華人民共和國社會保險法) and the Administrative Measures on Housing Fund (住房公積金管理條例), employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing funds, and employers are required, together with their employees or separately, to pay the contributions to social insurance and housing funds for their employees. The relevant government agencies may examine whether an employer has made adequate payments of the requisite statutory employee benefits, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. If the relevant PRC authorities determine that we shall make supplemental contributions, that we are not in compliance with labor laws and regulations, or that we are subject to fines or other legal sanctions, such as order of timely rectification, our business, financial condition and results of operations may be adversely affected. China's overall economy and the average wage have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to our consumers who pay for our services, our business, results of operations and financial condition may be materially and adversely affected.

During the ordinary course of our business, we have been and will continue to be subject to legal or administrative proceedings and claims. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims, commercial claims, and other assertions against us may grow. In addition, we could face material legal claims for breach of contract, product liability, fraud, tort or breach of warranty. Defending a lawsuit, regardless of its merit, could be costly and may divert management's attention and adversely affect the market's perception of us and our products.

RISKS RELATED TO DOING BUSINESS IN CHINA

Changes in China's or global economic, political or social conditions or government policies could have a material and adverse effect on our business and operations.

Substantially all of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

While the Chinese economy has experienced significant growth over the past decades, there can be no assurance that the growth would be maintained or equitable across sectors. The Chinese government has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy, but may not have the same effect on us.

In addition, the global economic, political and social conditions are evolving rapidly and are subject to uncertainties. For example, health epidemics have caused significant downward pressure for the global economy. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. 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. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures may have a significant impact on the targeted countries, markets and/or entities. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. As a result, we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

We are subject to PRC laws and regulations that could require us to modify our current business practices and incur increased costs.

We are subject to extensive national, provincial and local governmental regulations, policies and controls, covering, among others and in addition to specific industry-related regulations, the following aspects: (i) consumer protection and product liability; (ii) cybersecurity, data security and protection of personal information; (iii) security laws and regulations; (iv) establishment of or changes in shareholder of foreign investment enterprises; (v) foreign exchange; and (vi) taxes, duties and fees.

The liabilities, costs, obligations and requirements associated with these laws and regulations may cause interruptions to our operations or impact our financial position and results of operations. Failure to comply with the relevant laws and regulations in our operations may result in various penalties, including, among others, the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities. Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with capital raising activities.

PRC laws and regulations in relation to overseas issuance and listing of shares have been evolving. As a result, we may be required to make filings with or report to the CSRC or other PRC governmental authorities for our capital raising activities. Any failure or perceived failure to make filings, report or comply with other applicable laws and regulations would have a material adverse effect on our capital raising activities and result in negative publicity and legal proceedings or regulatory actions against us.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in

Accordance with the Law (關於依法從嚴打擊證券違法活動的意見), which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released 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) (the "Trial Measures") and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, Domestic Enterprises (as defined in the Trial Measures) that seek to offer and list securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC. See "Regulatory Overview — Regulations on M&A and Overseas Listings." We are required to file with the CSRC in accordance with the Trial Measures after our application for listing is initially submitted. On July 5, 2023, we submitted initial filing documents to the CSRC, and the CSRC published the notification on our completion of the required filing procedures on November 9, 2023 for this offering.

In addition, according to the Trial Measures, any future issuance or offering after our listing may also be subject to filing or report procedures of the CSRC and we are also required to report certain material matters to the CSRC after our listing. Any failure to perform such filing or reporting procedures would subject us to administrative penalties by the CSRC which could harm our reputation and may adversely affect our results of operations or financial condition.

Furthermore, on February 24, 2023, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Confidentiality Provisions"), which also came into effect on March 31, 2023. Pursuant to the Confidentiality Provisions, any future inspection or investigation conducted by overseas securities regulators or the relevant competent authorities on our PRC domestic companies with respect to our overseas issuance and offering shall be carried out in a manner that is in compliance with PRC laws and regulations.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in the PRC are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in the PRC given the different levels of economic development in different locations. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties.

During the Track Record Period, we were not in strict compliance with the contribution requirements in relation to our employees because we did not make social insurance and housing provident fund contributions in full amount and engaged third-party agencies to pay social insurance premium and housing provident funds for certain of our employees. Our PRC Legal Advisor has advised us that, under PRC laws and regulations, we might be subject to late fees and fines for not being in strict compliance with such contribution requirements. If any competent government authority is of the view that the social insurance payments we made for our employees do not satisfy the requirements under relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day, accruing from when the social insurance contribution was due. If we fail to pay the unpaid amount or the late fee, we may be subject to a fine ranging between one to three times of the total unpaid amount of the social insurance contribution. Accordingly, the maximum penalties that might have been imposed on the Group in that regard would be three times the total unpaid amount of social insurance contributions as of the end of the Track Record Period. Our PRC Legal Advisor has also advised us that, in the event that we fail to pay the housing provident fund in full amount, the housing provident fund administrative center will order us to pay the amount within a prescribed time limit. If we fail to do so upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for compulsory enforcement. As of the Latest Practicable Date, we had not received any notification from the relevant PRC regulatory authorities requiring us to pay shortfalls or late payments with respect to the social insurance and/or housing funds, nor had we been subject to any related administrative penalties. Given that we have obtained (i) a letter of confirmation from the competent authorities and the enterprise credit reports of the relevant PRC subsidiaries, confirming that we had not been penalized for violating the laws and regulations for social insurance and housing provident fund during the Track Record Period; and (ii) relevant confirmation during our interviews with the relevant competent authorities, confirming that, as of the date of the interviews, the registration and contribution of social insurance and housing provident fund of the relevant PRC subsidiaries are recorded in the official systems in normal status, and that the competent authorities would not normally take the initiative to investigate and penalize enterprises in such normal status, our PRC Legal Advisor is of the view, with respect to the certain PRC subsidiaries with certain number of employees, that the risk of the competent authorities requiring us to pay shortfalls with respect to the social insurance and housing funds and/or take the initiative to impose penalties on us is relatively remote.

We cannot assure you that we will not receive any complaint or demand for social insurance or housing provident fund contribution from our employees, or that the relevant PRC authorities will not require us to make additional social insurance and housing provident fund contributions. As a result, our financial condition and results of operations could be adversely affected.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.

The conversion of RMB into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People's Bank of China. It is difficult to predict how market forces or government policies may impact the exchange rate between RMB, Hong Kong dollars, U.S. dollars or other currencies in the future. The value of RMB against Hong Kong dollars, U.S. dollars and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange and monetary policies, among other things. We cannot assure you that RMB will not appreciate or depreciate significantly in value against Hong Kong dollars and U.S. dollars in the future. In 2020, 2021 and 2022 and the six months ended June 30, 2023, we had net foreign exchange losses of

RMB0.3 million, RMB0.7 million, RMB45.1 million and RMB32.2 million, respectively. The foreign exchange losses we incurred in 2022 and the six months ended June 30, 2023 were mainly in relation to an RMB-denominated intragroup borrowing by RoboSense HK to Shenzhen Suteng. The functional currency of RoboSense HK is U.S. dollars. In 2022, we recognized losses from currency translation of foreign operations of RMB1.9 million and currency translation losses from functional currency to presentation currency of RMB296.7 million in other comprehensive income. The currency translation losses from functional currency to presentation currency of RMB296.7 million in 2022 were mainly attributable to (i) gains of translating the Company's financial statements from functional currency to presentation currency of our Group, which amounted to RMB60.4 million, and (ii) losses from the elimination of inter-company balances, such as investments in subsidiaries, which amounted to RMB357.1 million.

Any significant appreciation or depreciation of RMB may materially and adversely affect our revenue, earnings and financial position, and the value of, and any dividends payable on, our Shares. For example, to the extent that we need to convert Hong Kong dollars and U.S. dollars we receive into RMB to pay our operating expenses, appreciation of RMB against Hong Kong dollars and U.S. dollars would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against Hong Kong dollars and U.S. dollars may significantly reduce the Hong Kong dollar or the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our Shares.

We have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

Governmental regulation of currency conversion may limit our ability to utilize our revenue effectively and affect the value of your investment.

The PRC government imposes regulations on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in RMB. Under our current corporate structure, our Company in the Cayman Islands may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade-and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our wholly foreign-owned subsidiaries in China are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. But approval from or registration with appropriate government authorities or delegated banks is required where RMB is to be converted into foreign currencies and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Additional restrictions on the convertibility of the RMB into foreign currencies may be imposed in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demand, we may not be able to pay dividends in foreign currencies to our shareholders.

PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

PRC regulations and rules concerning mergers and acquisitions including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds famous trademarks or PRC time-honored brands.

In addition, the Establishment of Security Review System Pertaining to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於建立外國投資者併購境內企業安全審查制度的通知) issued by General Office of the State Council that became effective in March 2011 specifies that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review led by the MOFCOM and the NDRC, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. These laws and regulations are continually evolving as the newly enacted Foreign Investment Law (外商投資法) took effect in 2020. On December 19, 2020, the Measures for the Security Review for Foreign Investment (外商投資安全審查辦法) was jointly issued by the NDRC and the MOFCOM and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment (外商投資安全審查辦法) specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts or other relevant government agencies, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our wholly foreign-owned subsidiaries in China to liability or penalties, limit our ability to inject capital into these subsidiaries, limit these subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or SAFE Circular 75, required PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), or SAFE Circular 37, in July 2014, which replaced SAFE Circular 75. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. In February 2015, SAFE issued the Circular of the SAFE on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on 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), or SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents' investment in a "special purpose vehicle" pursuant to SAFE Circular 37, except that those PRC residents who have failed to comply with SAFE Circular 37 will remain within the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch.

We have requested PRC residents who we know hold direct or indirect interest in our Company to make the necessary applications, filings and amendments as required under SAFE Circular 37 and other related rules. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules. The failure or inability of our

PRC resident shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, restrict our cross-border investment activities, limit the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (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), issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted restricted shares, restricted share units or options are subject to these regulations upon our listing. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under PRC law.

Our business benefits from certain government grants, financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries or consolidated affiliated entities as part of their efforts to encourage the development of local businesses. In 2020, 2021 and 2022 and the six months ended June 30, 2023, we recognized RMB6.7 million, RMB9.6 million, RMB24.1 million and RMB10.4 million of income from government grants in consolidated statements of comprehensive loss, respectively. In addition, several COVID-19 related government policies, such as relief of social security and waiver of toll charges, the exact magnitude of which cannot be quantified, have also contributed to the improvement of our financial performance during the Track Record Period. However, the timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. We cannot assure you of the continued availability of the government incentives currently enjoyed by our PRC subsidiaries or consolidated affiliated entities. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the EIT Law, and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation, or the SAT, issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. If the PRC tax authorities determine that we should be classified as a PRC resident enterprise for PRC tax purposes, our global income will be subject to income tax at a uniform rate of 25%, which may have a material adverse effect on our financial condition and results of operations. Notwithstanding the foregoing provision, the EIT Law also provides that, if a PRC resident enterprise directly invests in another PRC resident enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company with indirect ownership interests in PRC resident enterprises through intermediary holding companies.

Moreover, if the PRC tax authorities determine that our Company is a PRC resident enterprise for PRC enterprise income tax purposes, gains realized on the sale or other disposal of our Shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises, or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. Any such tax may reduce the returns on your investment in our Shares.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, and heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

The SAT has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) issued in December 2009, or SAT Circular 698, the Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises (關於非居民企業所得稅管理若干問題的公告) issued in March 2011, or SAT Circular 24, and the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) issued in February 2015, or SAT Circular 7. Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, referring to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise, by disposing of equity interest in an overseas holding company, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. Nevertheless, the indirect transfer falling into the safe harbor available under SAT Circular 7 may not be subject to PRC tax and the scope of the safe harbor includes qualified group restructuring as specifically set out in SAT Circular 7, public market trading and tax treaty exemptions.

In October 2017, the SAT released the Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告), or SAT Public Notice 37, effective from December 2017. SAT Public Notice 37 replaced a series of important circulars, including but not limited to SAT Circular 698, and revised the rules governing the administration of withholding tax on China-source income derived by a non-resident enterprise. SAT Public Notice 37 provides for certain key changes to the current withholding regime, for example, the withholding obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually made rather than on the date of the resolution that declared the dividends.

Under SAT Circular 7 and SAT Public Notice 37, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC income tax from the transfer price if the indirect transfer is subject to the PRC enterprise income tax. If the withholding agent fails to do so, the transferor should report to and pay the tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under SAT Circular 7 and SAT Public Notice 37, according to the applicable law, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with SAT Circular 7.

However, as there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our Company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Company and other non-resident enterprises in our group may be subject to filing obligations or may be taxed if our Company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our Company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our Company and other non-resident enterprises in our group should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-PRC residents were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors' investments in us. We have conducted acquisition transactions in the past and may conduct additional acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

RISKS RELATED TO THE GLOBAL OFFERING

There has been no prior public market for our Shares prior to the Global Offering, and you may not be able to resell our Shares at or above the price you pay, or at all.

Prior to the completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price may not be indicative of the price at which our Shares will be traded following the completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price of our Shares may be volatile which could result in substantial losses to you.

In addition, the trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and substantial shareholders, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our substantial shareholders are subject to certain lock-up periods beginning on their respective effective date which in any event shall not be later than the Listing Date. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the Offer Price of our Shares is higher than the net tangible book value per Share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this document, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

We have no experience operating as a public company.

We have no experience conducting our operations as a public company. After we become a public company, we may face enhanced administrative and compliance requirements, which may result in substantial costs.

In addition, since we are becoming a public company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a public company, our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

Facts, forecasts and statistics in this prospectus relating to the general economy and the industry that we operate in may not be fully reliable.

This document, particularly the sections headed "Business" and "Industry Overview," contains information and statistics relating to our industry. Such information and statistics have been derived from different official government publications, available sources from public market research and other sources from independent suppliers, and from an independent industry report prepared by China Insights Consultancy. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. The information from official government sources has not been independently verified by us, the Underwriters, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering (excluding China Insights Consultancy), and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Companies Act and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. See "Summary of Cayman Islands Company Law and Taxation — 6. Protection of Minorities" in Appendix III to this document.

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or our majority Shareholder, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands. However, we conduct substantially all of our operations in China and most of our assets are located in China. In addition, most of our directors and senior executive officers reside within China for at least a significant portion of the time and most of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or our management residing in China. It may also be difficult for you to enforce in Chinese courts the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. On January 9, 2021, the MOFCOM promulgated the Measures for Blocking Improper Extraterritorial Application of Foreign Laws and Measures (《阻斷外國法律與措施不當域外適用辦法》), or Order No. 1, with immediate effect. Under Order No. 1, if a citizen, legal person or other organization of China is prohibited or restricted by foreign legislation and other measures from engaging in normal economic, trade and related activities with a third state (or region) or its citizens, legal persons or other organizations, the citizen, legal person or other organization shall truthfully report such matters to the MOFCOM within 30 days. Upon assessment and confirmation that there exists unjustified extra-territorial application of foreign legislation and other measures, the MOFCOM will issue a prohibition order to prevent the relevant foreign legislation and other measures from being accepted, executed, or observed, but such a citizen, legal person or other organization may apply to the MOFCOM for an exemption from compliance with such prohibition order. However, since Order No. 1 is relatively new, its enforcement involves uncertainty in practice.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a foreign court.

There will be a time gap of several business days between pricing and trading of our Shares offered in the Global Offering. Holders of our Shares are subject to the risk that trading prices of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Shares is determined at HK$43.00. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be several Hong Kong business days after their initial sale at the Offer Price. As a result, investors may not be able to sell or deal in our Shares before they commence trading. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time trading begins.

Forward-looking information in this document is subject to risks and uncertainties.

This document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

In preparation for the Listing, the Company has applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, the Company must have sufficient management presence in Hong Kong, which normally means that at least two executive Directors must be ordinarily resident in Hong Kong.

Our Group's headquarters are located in Mainland China, and our principal business operations are mainly located, managed and conducted in Mainland China. Our executive Directors and all other members of the senior management team are located in Mainland China, and they manage our Group's business operations from Mainland China. Our Directors consider that the appointment of executive Directors who will be ordinarily residents in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company and the Shareholders as a whole. Accordingly, our Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Listing Rules.

Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules, subject to the Company adopting the following arrangements to maintain regular and effective communications with the Stock Exchange in line with Guidance Letter HKEX-GL9-09:

1. our Company has appointed Mr. Qiu Chunchao, our executive Director, and Ms. Lau Yee Wa, one of the joint company secretaries of the Company, as the authorized representatives for the purpose of Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. As and when the Stock Exchange wishes to contact our Directors on any matters, each of these authorized representatives will have the means to contact all of the Directors promptly at all times;

2. pursuant to Rule 3.20 of the Listing Rules, our Company has provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number, fax number (where available) and/or e-mail address) to facilitate communication with the Stock Exchange;

3. each Director who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period; and

4. pursuant to Rules 3A.19 of the Listing Rules, the Company has appointed Maxa Capital Limited as its Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules, who will act as an additional channel of communication with the Stock Exchange.

WAIVER IN RESPECT OF THE CHANGE OF FINANCIAL YEAR END

Pursuant to Rule 8.21 of the Listing Rules, the Stock Exchange will not normally consider an application for listing from a new applicant which has changed the period of its financial year during the latest complete financial year (being twelve months) immediately preceding the proposed date of issue of the listing document.

As our Company has adopted June 30 as the financial year end date when it was incorporated, and on June 29, 2023, has changed the financial year end date to December 31, we have applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 8.21 of the Listing Rules, and the waiver has been granted by the Stock Exchange.

The financial year end of our Company was changed with the view to allowing our Company to align our financial year to be coterminous with that of our major operating subsidiaries, thereby facilitating the preparation of the consolidated financial statements of the Company and enhancing efficiency in the long run. To the best of knowledge, information and belief of our Directors, our Company would be able to satisfy all requirements under Rule 8.05(3) of the Listing Rules before and after the change of financial year end, and such change does not materially affect the presentation of the financial information or result in any omission from this document of material information concerning our Group or that would otherwise be relevant to assessment of our Company's suitability for listing. Nothing has come to the attention of the Joint Sponsors that would cause them to cast doubt on the reasonableness of the Director's view as stated above.

WAIVER IN RESPECT OF PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into and are expected to continue with certain transactions after the Listing which will constitute partially continuing connected transactions under Chapter 14A of Listing Rules. We have applied for, and the Hong Kong Stock Exchange has granted us, waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in the section headed "Connected Transactions — Partially Exempt Continuing Connected Transactions."

WAIVER IN RESPECT OF ACQUISITION AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' report to be included in a prospectus must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the prospectus.

As part of the Reorganization, Beijing Surui was incorporated under the laws of the PRC in June 2021 and it has not commenced any business operation since its incorporation. According to the unaudited financial statements of Beijing Surui, (i) the total assets of Beijing Surui amounted to approximately RMB38,053 and RMB101,910 as of December 31, 2022 and June 30, 2023, respectively, (ii) Beijing Surui recorded nil revenue for the financial year ended December 31, 2022 and the six months ended June 30, 2023, and (iii) Beijing Surui recorded a net profit of approximately RMB48 and RMB65 for the financial year ended December 31, 2022 and the six months ended June 30, 2023. As part of the Reorganization, on September 1, 2023, RoboSense Beijing entered into equity transfer agreements with each of Dr. Qiu, Dr. Zhu, Mr. Liu, Mr. Qiu, and eight other individuals, pursuant to which RoboSense Beijing acquired the entire equity interest of

Beijing Surui (the "**Acquisition**"). The Acquisition was completed on September 22, 2023. Upon completion of the Acquisition, Beijing Surui became a subsidiary of the Company. Please refer to "History, Reorganization and Corporate Structure — Reorganization and Series E Pre-IPO Investment" for further details.

Conditions for granting the waiver and its scope in respect of the Acquisition

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Acquisition on the following grounds:

The percentage ratios of the Acquisition are all less than 5% by reference to the most recent fiscal year of the Track Record Period

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Acquisition are all less than 5% by reference to the most recent fiscal year of the Track Record Period.

Accordingly, we do not expect the Acquisition to result in any significant changes to its financial position since June 30, 2023, and all information that is reasonably necessary for potential investors to make an informed assessment of the Company's activities or financial position will be included in the Prospectus. As such, the Company considers that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

Historical financial information is not available and would be unduly burdensome to obtain or prepare

The Company confirms that Beijing Surui in respect of the Acquisition does not have available historical financial information which is readily available for disclosure in this document in accordance with the Listing Rules. It would require considerable time and resources for the Company and the reporting accountants to fully familiarize with the management accounting policies of Beijing Surui, to bring them in conformity with our Group's accounting policies and standards and compile the necessary financial information and supporting documents for disclosure in the Prospectus. As such, we believe that it would be impractical and unduly burdensome for the Company to prepare and disclose the audited historical financial information of Beijing Surui as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, having considered the Acquisition to be immaterial and that the Company does not expect the Acquisition to have any material effect on its business, financial condition or operations, the Company believes that it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of Beijing Surui during the Track Record Period in the Prospectus. As the Company does not expect the Acquisition to result in any material changes to its financial position after the Track Record Period, the Company does not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interests of the investors.

Alternative disclosure of the Acquisition in the prospectus

We have provided alternative information about the Acquisition in the Prospectus. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that our Directors consider to be material, including, for example, descriptions of (a) the background information of Beijing Surui and the transferors, including a statement as to whether the transferors and its ultimate beneficial owner are Independent Third Parties, (b) basis of the consideration of the Acquisition, (c) reasons of the Acquisition, and (d) the assets, revenue, profit/loss of Beijing Surui for the financial year immediately prior to the Acquisition. Since the relevant percentage ratios of the Acquisition are less than 5% by reference to the most recent audited fiscal year of the Track Record Period, the Company believes the current disclosure is adequate for potential investors to form an informed assessment of the Company.

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 with regard to our Group. Our 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 that there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

This Prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this Prospectus contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 2,291,000 Offer Shares and the International Offering of initially 20,618,800 Offer Shares (subject, in each case, to reallocation on the basis as set out in the section headed "The Structure of the Global Offering").

The 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 Sponsor-OC, 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 affiliates or 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 subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Prospectus or that the information in this Prospectus is correct as of any subsequent time.

See "The Structure of the Global Offering" for details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

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 acquisition of Hong Kong Offer Shares to, confirm that he/she 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 or the general distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, 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 in which 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.

UNDERWRITING

The Listing 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 under the terms of the Hong Kong Underwriting Agreement. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Wednesday, January 3, 2024.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the listing of, and permission to deal in, (a) our Shares in issue (including the Ordinary Shares to be converted from Preferred Shares); (b) the Shares to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option); and (c) the Shares to be issued pursuant to the Post-IPO Share Incentive Scheme.

No part of our Share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future. All Offer Shares will be registered on the Hong Kong register of member in order to enable them to be traded on the Stock Exchange.

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, the Shares on the Stock Exchange is 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 our Company by the Stock Exchange.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on the Stock Exchange are expected to commence on Friday, January 5, 2024. Our Shares will be traded in board lots of 100 Shares. The stock code of our Shares will be 2498.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed "The Structure of the Global Offering". Assuming that the Over-allotment Option is exercised in full, our Company may be required to issue up to an aggregate of 3,436,400 additional Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the 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 HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable our Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

All Offer Shares will be registered on our Hong Kong register of members. Dealings in our Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

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 or disposing of, or dealing in, our Shares or exercising any rights attaching to our Shares. We emphasize that none of us, the Joint Sponsors, the Sponsor-OC, 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, advisers, agents or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, our Shares or your exercise of any rights attaching to our Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this document contains translations of RMB into Hong Kong dollars, of Hong Kong dollars into RMB, of RMB into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates.

Unless otherwise specified, amounts denominated in Hong Kong dollars and RMB have been translated, for the purpose of illustration only, into U.S. dollars in this document at the following exchange rates:

USD1.00: HKD7.8114

USD1.00: RMB7.1123

HKD1.00: RMB0.9105

No representation is made that any amounts in RMB, HKD or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

ROUNDING

Certain amounts and percentage figures included in this document 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. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

LANGUAGE

If there is any inconsistency between this English Prospectus and the Chinese translation of this Prospectus, this English Prospectus shall prevail. If there is any inconsistency between the names of any of the entities mentioned in this Prospectus which are not in the English language and their English translations, the names in their respective original language shall prevail.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Qiu Chunxin (邱純鑫)	A904, Zhongtai Building Zhongguan Garden Xili Town Nanshan District Shenzhen, PRC	Chinese
Mr. Liu Letian (劉樂天)	Room 3102, Building 5 Hai'an Court Xin'an Street Bao'an District Shenzhen, PRC	Chinese
Mr. Qiu Chunchao (邱純潮)	03B, Block 4, Phase 2 Sangtaidan Huafu Nanshan District Shenzhen, PRC	Chinese
Non-executive Director		
Dr. Zhu Xiaorui (朱曉蕊)	B2-1803, Phase I Swan Lake Garden Nanshan District Shenzhen, PRC	Chinese
Independent non-executive Directors		
Mr. Feng Jianfeng (馮劍峰)	Flat C UG, No 45C Seabird Lane Beach Village Discovery Bay, Lantau New Territories, Hong Kong	Chinese
Dr. Lu Cewu (盧策吾)	Room 1501, No. 13 Lane 58, Jinggu Middle Road Shanghai, PRC	Chinese
Mr. Ng Yuk Keung (吳育強)	Flat E, 3/F Block 6 69 Siu Lek Yuen Road, Castello Sha Tin, New Territories Hong Kong	Chinese

For more information on our Directors, see "Directors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**J.P. Morgan Securities (Far East) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
	China Renaissance Securities (Hong Kong) Limited Units 8107-08, Level 81 International Commerce Center 1 Austin Road West Kowloon, Hong Kong
Sponsor-Overall Coordinator	**J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
Overall Coordinators and Joint Global Coordinators	**J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
	China Renaissance Securities (Hong Kong) Limited Units 8107-08, Level 81 International Commerce Center 1 Austin Road West Kowloon, Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
	Essence International Securities (Hong Kong) Limited 39/F, One Exchange Square Central, Hong Kong
	Fosun International Securities Limited Suite 2101-2105 21/F Champion Tower 3 Garden Road Central, Hong Kong

Joint Bookrunners	**J.P. Morgan Securities (Asia Pacific) Limited** *(in relation to the Hong Kong Public Offering)* 28/F, Chater House 8 Connaught Road Central Hong Kong
	J.P. Morgan Securities plc *(in relation to the International Offering)* 25 Bank Street Canary Wharf London E14 5JP United Kingdom
	China Renaissance Securities (Hong Kong) Limited Units 8107-08, Level 81 International Commerce Center 1 Austin Road West Kowloon, Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
	Essence International Securities (Hong Kong) Limited 39/F, One Exchange Square Central, Hong Kong
	Fosun International Securities Limited Suite 2101-2105 21/F Champion Tower 3 Garden Road Central, Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong

Joint Lead Managers	**J.P. Morgan Securities (Asia Pacific) Limited** *(in relation to the Hong Kong Public Offering)* 28/F, Chater House 8 Connaught Road Central Hong Kong
	J.P. Morgan Securities plc *(in relation to the International Offering)* 25 Bank Street Canary Wharf London E14 5JP United Kingdom
	China Renaissance Securities (Hong Kong) Limited Units 8107-08, Level 81 International Commerce Center 1 Austin Road West Kowloon, Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
	Essence International Securities (Hong Kong) Limited 39/F, One Exchange Square Central, Hong Kong
	Fosun International Securities Limited Suite 2101-2105 21/F Champion Tower 3 Garden Road Central, Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 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

Capital Market Intermediaries	**J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
	China Renaissance Securities (Hong Kong) Limited Units 8107-08, Level 81 International Commerce Center 1 Austin Road West Kowloon, Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
	Essence International Securities (Hong Kong) Limited 39/F, One Exchange Square Central, Hong Kong
	Fosun International Securities Limited Suite 2101-2105 21/F Champion Tower 3 Garden Road Central, Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 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
Legal Advisors to the Company	*As to Hong Kong and U.S. laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong

As to PRC laws:
Han Kun Law Offices
20/F, Kerry Plaza Tower 3
1-1 Zhongxinsi Road
Shenzhen, PRC

As to Cayman Islands laws:
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbor Road, Wanchai
Hong Kong

As to U.S. export controls, sanctions, customs, and foreign investment laws and regulations:
Jacobson Burton Kelley PLLC
1725 I Street, NW
Suite 300
Washington,
DC 20006
U.S.

Legal Advisors to the Joint Sponsors and the Underwriters

As to Hong Kong and U.S. laws:
Latham & Watkins LLP
18/F One Exchange Square
8 Connaught Place
Central, Hong Kong

As to PRC laws:
King & Wood Mallesons
28th Floor, China Resources Tower
2666 Keyuan South Road
Nanshan District, Shenzhen
Guangdong, 518052
PRC

Reporting Accountant and Auditor

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited
10F, Block B
Jing'an International Center
88 Puji Road
Jing'an District
Shanghai, PRC

Compliance Advisor

Maxa Capital Limited
Unit 1908, Harbor Center
25 Harbor Road, Wanchai
Hong Kong

Receiving Bank

CMB Wing Lung Bank Limited

Registered Office	**Maples Corporate Services Limited** PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Head Office and Principal Place of Business in the PRC	Building 9, Zhongguan Honghualing Industry Southern District 1213 Liuxian Avenue, Taoyuan Street Nanshan District Shenzhen, PRC
Principal Place of Business in Hong Kong	5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Company's Website	www.robosense.ai/en *(Information on this website does not form part of this Prospectus)*
Joint Company Secretaries	**Mr. Lau Wing Kee (劉永基)** *Certified Public Accountant* Building 9, Zhongguan Honghualing Industry Southern District 1213 Liuxian Avenue, Taoyuan Street Nanshan District Shenzhen, PRC **Ms. Lau Yee Wa (劉綺華)** *HKCGI, CGI* 5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Authorized Representatives	**Mr. Qiu Chunchao (邱純潮)** 03B, Block 4, Phase 2 Sangtaidan Huafu Nanshan District Shenzhen, PRC **Ms. Lau Yee Wa (劉綺華)** *HKCGI, CGI* 5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Audit Committee	Mr. Ng Yuk Keung *(Chairman)* Dr. Lu Cewu Dr. Zhu Xiaorui

Remuneration Committee	Mr. Feng Jianfeng *(Chairman)* Dr. Lu Cewu Dr. Zhu Xiaorui
Nomination Committee	Dr. Qiu Chunxin *(Chairman)* Mr. Feng Jianfeng Mr. Ng Yuk Keung
Principal Share Registrar and Transfer Office in the Cayman Islands	**Maples Fund Services (Cayman) Limited** PO Box 1093 Boundary Hall, Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Hong Kong Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Bank(s)	**Bank of China (Hong Kong) Limited** 14/F, Bank of China Tower 1 Garden Road Central Hong Kong **Bank of China Limited, Shenzhen Tianan sub-branch** No. 25, Tairan 4th Road Futian District Shenzhen, PRC **China Merchants Bank, Shenzhen branch** No. 2016, Shennan Avenue Futian District Shenzhen, PRC

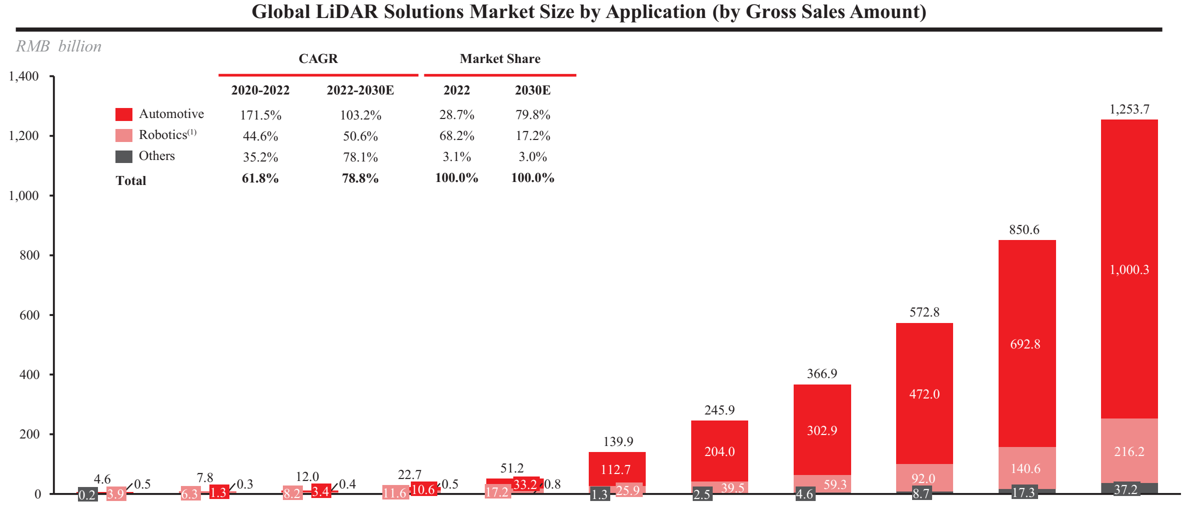
*The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Industry Consultancy Limited (the "**CIC Report**"). We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, any of the Underwriters, any of our or their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.*

Overview of the LiDAR Solutions Market

Just as the eyes are one of the most critical organs for people to perceive the world, sensors, being the "eyes" of machines, are among the most important parts to achieve intelligence. LiDAR, as a type of sensor, uses laser beams to calculate an object's variable distances from the targeted surface. LiDAR solutions, coalescing with AI perception software, are able to not only collect, but also interpret and analyze information, facilitating efficient and safe automation in various settings. As a result, LiDAR solutions are widely adopted in automotive and non-automotive industries, such as robotics, smart cities and V2X.

According to the CIC Report, the global LiDAR solutions market size was RMB12.0 billion in 2022 and is expected to grow to RMB1,253.7 billion in 2030, at a CAGR of 78.8%. Amongst the LiDAR solution application scenarios, automotive applications are expected to make up the largest share of the overall market. The following graph sets forth the total addressable market size for LiDAR solutions around the globe from the period indicated.

Global LiDAR Solutions Market Size by Application (by Gross Sales Amount)



Source: CIC Report

Note:

(1) Robotaxis and robotrucks are included in robotics.

LiDAR Hardware

LiDAR hardware can be divided into two categories according to difference in scanning methods: solid-state LiDAR and mechanical LiDAR. The table below sets forth the development status, main advantages and disadvantages and application scenarios of various types of LiDARs.

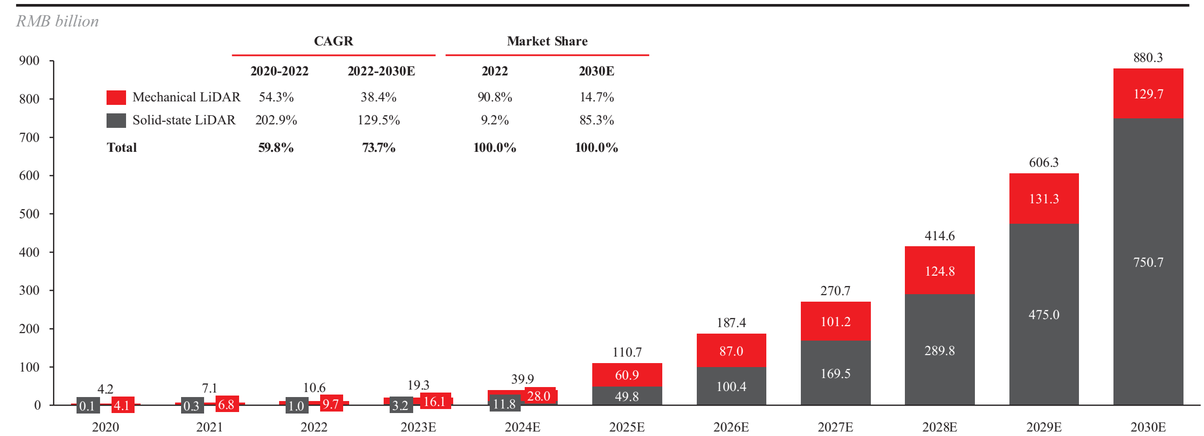
	Type	Description	Development status	Pros	Cons	Application scenarios
Solid-State LiDAR	MEMS (2D scanning)	MEMS-based mirrors reflect the laser to different angles to complete the scan	• In mass production	• Low cost • Small dimensions	• Medium FOV	• Automobiles • Robotics • Smart cities & V2X
	Flash (No scanning)	Flashing light is produced to detect the whole surrounding area at a single point in time and analyzes the information with image sensors	• Near mass production	• Small dimensions • Low cost	• Short detection range	• Automobiles • Robotics
	OPA (No scanning)	Arrays of closely spaced optical antennas radiate coherent light in a broad angular range	• In development	• Wide FOV • Small dimensions • Low cost	• Immature technology	• Automobiles
Mechanical LiDAR	Mechanical rotating LiDAR (1D scanning)	The laser generators are arranged vertically and perform scanning through 360-degree physical rotation to fully cover the surrounding environment	• In mass production	• 360° FOV • Detailed mapping of environment	• Large dimensions • High cost	• Robotics • Smart cities & V2X
	Rotating mirror (1D scanning)	The transmitter emits laser light to irradiate the mirror surface, and the mirror surface continuously rotates to complete the scanning work	• In mass production	• Detailed mapping of environment	• Large dimensions • High cost • Medium FOV	• Automobiles • Robotics • Smart cities & V2X
	Dispersive prisms (2D scanning)	Dispersive prisms rotate around the same axis to generate flower-like scanning patterns	• In mass production	• Detailed mapping of environment	• Large dimensions • High cost • Narrow FOV	• Automobiles • Robotics • Smart cities & V2X

Source: CIC Report

Since all mechanical LiDARs contain rotating mechanisms, their structures are complex, bulky, costly, and less reliable in extreme environments, which are the main obstacles to their widespread application. In contrast, solid-state LiDARs are more reliable, smaller in size, and more economical. They can meet customers' needs for perception performance and satisfy stringent automotive-grade requirements. As a result, solid-state LiDARs are expected to replace mechanical LiDARs in many application scenarios and become the mainstream LiDAR in the future, accounting for 85.3% market share in 2030, according to the CIC Report. The target markets of both solid-state LiDARs and mechanical LiDARs mainly include automotive, robotics and smart cities markets. The price range of solid-state LiDARs is typically lower than US$1,000 according to CIC. The mechanical LiDARs (excluding LiDARs with fewer than 16 channels) have a wider price range of US$500 to US$20,000, depending on the structure and performance, according to the same source.

Based on performance and capabilities, LiDARs can also be categorized into high-end and low-end products. High-end LiDARs offer imaging capabilities with an equivalent of 16 channels or more, providing superior imaging quality. These LiDARs are typically suitable for applications in open or semi-open environments with higher perception performance demands, such as autonomous delivery robots, commercial cleaning robots and unmanned inspection robots. The price of high-end LiDARs is typically over US$500 according to CIC. On the other hand, low-end LiDARs, with fewer than 16 channels, offer lower resolution and are suitable for use in closed environments with less demanding perception requirements, such as household cleaning robots. Single-line LiDARs account for more than 95% of low-end LiDAR shipments, and is typically priced at a few tens of dollars, according to the same source. In other words, the high-end and low-end LiDARs have very different target markets with significant price gap.

Global LiDAR Hardware Market Size by LiDAR Type (by Gross Sales Amount)

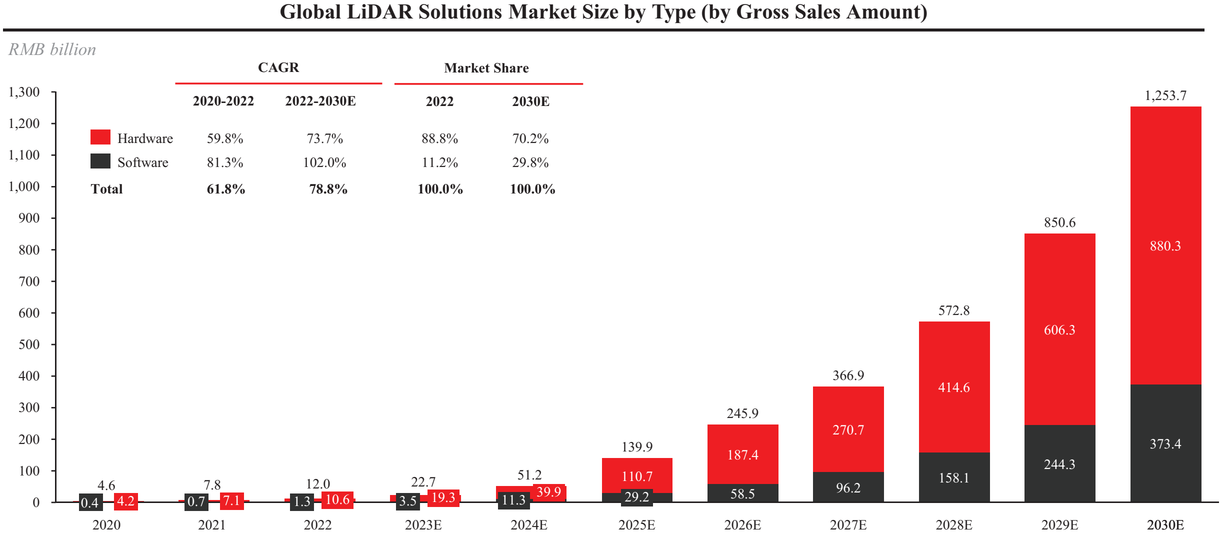


Source: CIC Report

Intelligent Perception Software

Intelligent perception software collects and identifies point cloud information, which can be further combined with data collected by visual sensors to assist the perception system in decision-making through data analysis and processing. Advanced perception software that integrates deep learning technology will continuously evolve and enhance the perception capabilities of LiDAR solutions. The continuous advancement of software technology enables LiDAR solutions to analyze the surrounding environment using lower computing power as well as to be customized to specific needs of customers. According to the CIC Report, the market share of perception software in the global LiDAR solutions market is expected to increase from 11.2% in 2022 to 29.8% in 2030.

Global LiDAR Solutions Market Size by Type (by Gross Sales Amount)



Source: CIC Report

Overview of the Automotive LiDAR Solutions Market

According to the CIC Report, the main driver of growth in the LiDAR solutions market is the automotive industry, which comprises the market for automotive-grade LiDAR solutions that have achieved mass production, currently dominated by ADAS applications. It is expected to experience explosive growth and constitute 79.8% of the total LiDAR solutions market in 2030, due to the increasing market demand for autonomous vehicles.

Driving Factors for Adoption of Autonomous Driving

- ***Safer and more relaxing driving experience.*** Human driver errors cause about 90% of traffic accidents. Vehicles with ADAS can achieve higher safety ratings and reduce the complexity of driving. In most circumstances, advanced autonomous vehicles can even allow human drivers to "hands off" the steering wheel and "eyes off" the road. Instead of constantly and intensively focusing on the road, human drivers may choose to delegate part or all driving tasks to vehicles and have a more relaxing driving experience.

- ***Improved efficiency.*** Deploying autonomous driving technology can significantly reduce the costs associated with human drivers. It also allows the vehicles to stay on the road for an extended period of time, hence improving overall transportation capacity and efficiency.

- ***Government support.*** Autonomous driving also provides social benefits, such as improving traffic and reducing congestion. Governments across different countries are thus supporting the development of autonomous driving technology. For example, China's National Development and Reform Commission has set a goal for 2025, by which time the country should achieve mass production of vehicles featuring Level 3 self-driving capabilities. Furthermore, in the U.S., the Department of Transportation released the Automated Vehicles Comprehensive Plan which clarified the direction of development of autonomous vehicles in the U.S.

Classification of Driving Automation

Autonomous driving is classified into various levels, based on the degree of automation, as defined by The Society of Automotive Engineers ("SAE"). Currently, LiDAR companies' core target customers include automotive OEMs engaging in the development of L1 to L3 vehicles. As autonomous driving technology advances, it is expected that more automotive OEMs will also develop L4 and L5 vehicles. Market leaders in the LiDAR industry are in the better position to capture these market opportunities.

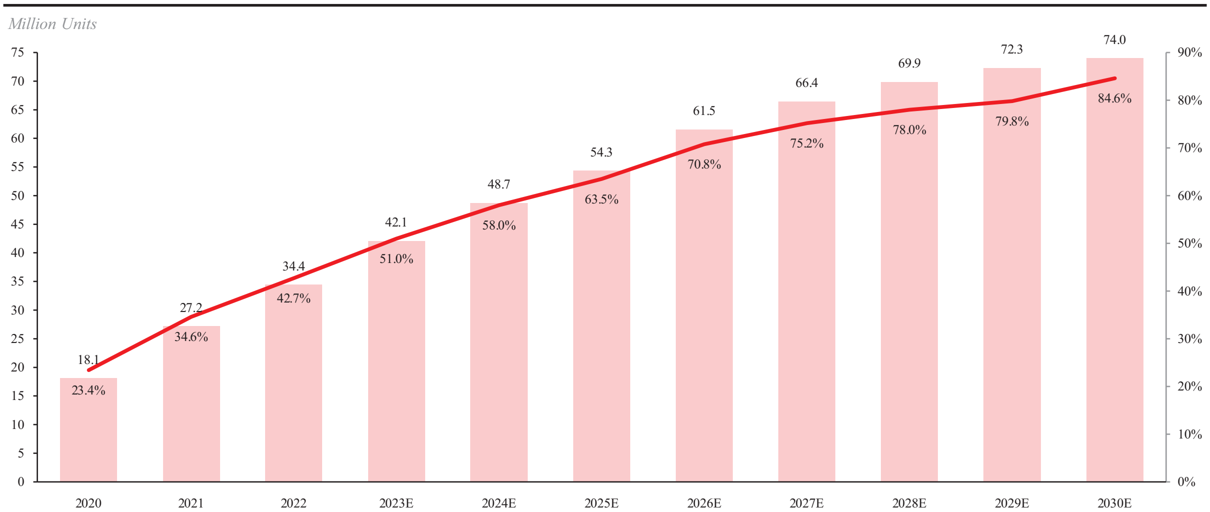
	Advanced Driver Assistance Systems (ADAS)			Advanced Autonomous Driving (AD)	
Level	**L1**	**L2**	**L3**	**L4**	**L5**
	Driver assistance	**Partial autonomy**	**Conditional autonomy**	**High autonomy**	**Full autonomy**
Definition	• Vehicles provide either steering or braking & acceleration support	• Vehicles provide steering and braking & acceleration support simultaneously	• Driverless in certain conditions but human driver must take back control when the system requests	• Driverless in certain conditions. The vehicle system will not require human driver to take over driving	• Driverless in all conditions
Example features	• Lane-centering support • Adaptive cruise control	• Lane centering and adaptive cruise control at the same time	• Traffic jam assist • Highway assist • Auto parking	• Local driverless taxi (pedals/steering wheel may or may not be installed)	• Same features as L4 but in all conditions

Source: SAE, CIC Report

Global Autonomous Vehicles Market

According to the CIC Report, the penetration rate of autonomous vehicles is expected to experience tremendous growth, from 42.7% in 2022 to 84.6% in 2030. This will translate to 74.0 million autonomous vehicles in 2030.

Global Vehicles Shipments of Autonomous Vehicles and Corresponding Penetration Rates



Source: CIC Report

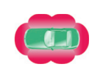
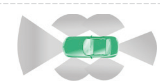
Autonomous Vehicles Market in China

According to the China Association of Automobile Manufacturers and the CIC Report, the total vehicle sales volume in China increased from 25.3 million units in 2020 to 26.9 million units in 2022, ranking first in the world in 2022. Autonomous driving in China has experienced a rapid development. ADAS-related features have also become increasingly popular among consumers in China. According to the CIC Report, autonomous vehicles refer to automobiles designed with autonomous driving capabilities. The penetration rate of autonomous vehicles in China increased from 27.5% in 2020 to 52.6% in 2022, and is expected to further increase to 92.9% in 2030. Hence, Chinese automotive OEMs have been proactively bolstering their hardware capabilities to meet the demands for ADAS vehicles.

Adoption of LiDAR Solutions in the Automotive Market

Perception system is one of the indispensable components of autonomous driving. The major sensors for autonomous driving perception include LiDARs, cameras, ultrasonic radars and millimeter-wave radars which are considered to be complimentary to each other. The table below sets forth an overview of and the performance comparison between these four types of sensors in the automotive market.

Comparison between LiDARs, millimeter-wave radars, ultrasound radars, and cameras

	Level of technology	Price, 2022	Global market size, 2022	Market share**	Adoption rate, 2022	Precision	Resolution	Adaptability	Key players	Automotive application examples	Future trends
 LiDARs	Primarily applied in **L2-L5**	$500 ~ $20,000	$0.5 billion*	~2%	◔	●	◕	◕	See "– Competitive Landscape – Automotive Market"		As autonomous driving technology advances, the adoption rate of LiDARs and the number of LiDARs per vehicle are expected to increase rapidly.
 Millimeter-wave radars	Primarily applied in **L2-L5**	$50 ~ $150	~$3.5 billion	~15%	◔	◑	◑	●	Mainly Tier 1 suppliers		The development of autonomous driving technology will lead to a gradual increase in the adoption rate of millimeter-wave radars.
 Ultrasound radars	Extensively applied in **L1-L5**	$10 ~ $15	~$3.5 billion	~15%	◕	●	◔	◑	Mainly Tier 1 suppliers and some Tier 2 suppliers		The adoption rate of ultrasonic radars is expected to steadily increase with the development of autonomous driving technology.
 Cameras	Extensively applied in **L1-L5**	$25 ~ $100	~$15.4 billion	~68%	◕	◑	●	◑	Mainly Tier 1 suppliers		As autonomous driving advances, the adoption rate of cameras is expected to steadily increase, and the number of cameras per vehicle is expected to increase obviously.

**Exchange rate = 6.7RMB/Dollar*
***The market share of a sensor is calculated by its market size divided by the sum of the market sizes of the four sensors in the table*

Low ◔ — High ●

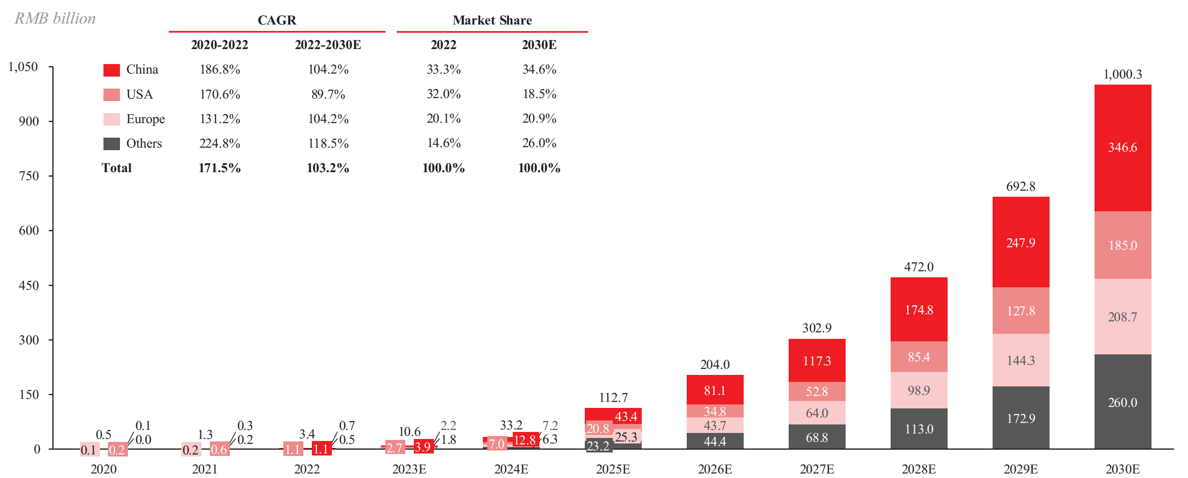
Source: ICV Tank, CIC

Currently, cameras are the most widely used sensors in the automotive perception market, with a market share of approximately 68% in 2022. This is primarily attributable to their mature technology and lower sensor costs per unit. Ultrasonic radars and millimeter-wave radars have lower market shares due to their lower adoption rates. Compared with the aforementioned sensors, LiDARs are in the relatively early stage of development, hence having a smaller market share. As autonomous driving technology advances, LiDAR's adoption rate and market share are expected to significantly increase.

While cameras, ultrasound radars and millimeter-wave radars have a long history in the automotive industry, they have various known disadvantages that have impeded autonomous driving technology development. For example, cameras may be easily blinded by extreme lighting conditions. Ultrasound radars are unable to detect the size and shape of obstacles. Millimeter-wave radars cannot capture high-resolution 3D image information. Consequently, autonomous vehicles solely dependent on cameras, ultrasound radars or millimeter-wave radars suffer from high false positive and false negative rates, causing accidents. On the other hand, LiDAR maintains high sensing performance even in extreme lighting conditions and can realize high accuracy at long-range. Hence LiDAR has gained remarkable momentum in the automotive industry as a significant enhancement to existing perception solutions.

According to the CIC Report, the market size for LiDAR solutions in the automotive market was RMB3.4 billion in 2022, and is expected to grow at a CAGR of 103.2% to RMB1,000.3 billion by 2030. Fueled by welcoming government policies and rapid development of autonomous driving technology, China is expected to be the most active and prominent market in the global automotive LiDAR solutions market, accounting for about 34.6% of the global market in 2030, with a CAGR of 104.2% from 2022 to 2030.

Global Automotive LiDAR Solutions Market Size by Region (by Gross Sales Amount)



Source: CIC Report

Drivers of Demand for LiDAR Solutions in the Automotive Market

- ***Enhanced Perception Performance.*** As autonomous driving technology advances, consumers have increasingly high demands for travel safety and comfort. To satisfy the scenario adaptability and precision control requirements of higher levels of autonomous driving, the requirements for sensing accuracy become increasingly critical for automotive OEMs and Tier 1 suppliers. This can be achieved by more precise 3D environmental perception information provided by LiDAR solutions and data fusion by integrating with intelligent perception software and other sensors such as cameras. Such LiDAR solutions can combine information derived from disparate sensors through advanced software, further improving the perception performance in extreme driving conditions.

- ***Automotive-Grade Reliability.*** Obtaining automotive-grade certifications, such as IATF16949, AEC-Q100, ISO 16750 and meeting various requirements from automotive OEMs and Tier 1 suppliers are necessary for automotive mass production of LiDAR. These have been a critical hurdle for many LiDAR companies in the past as they failed to conform to the stringent requirements related to reliability, stability, or product quality for the automotive industry. With advancement in technology, there are currently more automotive-grade LiDAR solutions in the market and a large number of automotive OEMs and Tier 1 suppliers have adopted or will soon adopt LiDAR solutions to achieve higher-level autonomous driving.

- ***Lower Cost and Smaller Size.*** Apart from performance concerns mentioned above, automotive OEMs and Tier 1 suppliers were also reluctant to incorporate conventional LiDAR in their vehicles because they are too costly and too large to meet aesthetic requirements of cars. Attributable to the more streamlined product design and realization of LiDAR-on-chip technology, LiDAR companies can now mass produce solid-state LiDARs with lower cost and smaller size while meeting the perception performance required by customers. This improves the economic viability of LiDARs for end users, thereby driving the adoption of LiDAR solutions.

Trends of LiDAR Solutions in the Autonomous Vehicles Market

A number of automotive OEMs have unveiled vehicle models equipped with pre-installed LiDARs as part of their ADAS, offering features including automatic emergency braking and adaptive cruise control. As the costs of LiDAR solutions continue to decrease, it is expected that more vehicles in lower price ranges will also be equipped with LiDARs. Therefore, the penetration rate of LiDAR solutions in ADAS vehicles is expected to continue to increase. According to the Yole Intelligence Report and the CIC Report, during the years from 2018 to 2020, there were five vehicle models designed with pre-installed LiDARs in the market, while there were 38 vehicle models equipped with LiDARs at the Auto Shanghai 2023 in April 2023.

In addition, automotive OEMs are also expected to install more LiDARs on each vehicle to improve its environmental perception capabilities. LiDAR plays a critical role in autonomous driving. The minimum number of LiDARs for each vehicle depends on the level of autonomous driving. As the level of autonomous driving increases, the automotive industry continues to raise the requirements for the number of LiDARs in vehicles. For example, according to CAICT, the incorporation of LiDAR is deemed essential starting from L3 autonomous driving, and L5 autonomous vehicles typically require four to six LiDARs per vehicle. Therefore, automotive OEMs are inclined to equip their vehicle models with more LiDARs in preparation for future autonomous driving upgrades. In the past, most vehicle models would be equipped with only one LiDAR, but now there are over ten vehicle models that come with two or more LiDARs, and the number of LiDARs per vehicle is expected to increase in the future. Vehicle models equipped with LiDARs have showcased more robust autonomous driving capabilities and higher level of safety, leading to increasing consumer demand for LiDAR-equipped models. This trend has driven a sustained increase in the sales volume of vehicles equipped with LiDARs. Automotive OEMs will also use auxiliary blind-spot LiDARs to enhance blind-spot detection and thereby improve vehicle safety.

There is an increasing number of automotive OEMs choosing to include LiDAR as standard equipment in their vehicle models. The number of passenger vehicle models with LiDAR as a standard configuration increased from fewer than five models in 2021 to over ten models in 2023 and is expected to continue to grow in the future, according to the CIC Report. As the production costs of LiDAR continue to decrease, LiDAR will continue to penetrate vehicle models across different price ranges and become a standard configuration. In the past, only vehicle models with an MSRP exceeding RMB400,000 would offer LiDAR as an optional configuration. By 2023, several vehicle models with an MSRP around RMB200,000 now offer LiDAR as an optional or standard configuration, according to the CIC.

When more advanced autonomous, or L4 to L5 vehicles enter the market at a large scale, it is expected that LiDAR solutions that are pre-installed in the vehicles for mass production will be an essential component. Due to the more advanced sensing capabilities of LiDAR, more consumers choose to purchase vehicles equipped with LiDAR to enhance their experience and safety in autonomous driving.

Driven by the aforementioned factors, the LiDAR solutions market is expected to exhibit exponential growth in the future.

Overview of the Robotics LiDAR Solutions Market

Robotics, encompassing crucial attributes such as perception, decision-making, and execution, have been widely used in delivery service, commercial cleaning, security, industrial applications, and other scenarios.

With the ability to operate semi-autonomously or autonomously, robotics plays a vital role in assisting or even replacing humans in addressing hazardous, labor-intensive, and complex tasks. Furthermore, continuous advancements in robotics technologies have been expanding robotics applications, with pioneering companies venturing into the realm of humanoid robots. According to the International Federation of Robotics and the CIC Report, the global robot shipments increased from 18.9 million units in 2020 to 21.4 million units in 2022, and are expected to further increase to 40.6 million units in 2030.

The major sensors for robotics perception include LiDARs, cameras, ultrasonic radars and millimeter-wave radars. Due to the diverse application scenarios of robots, there are different perception requirements for each robot type, leading to different penetration rates of sensors across different application scenarios. Different sensors have their respective functions and advantages for application scenarios, and therefore generally do not substitute for each other. With the anticipated advancement in the intelligence of robotics in the future and the growing demand for environmental perception, further integration of multiple types of sensors is expected. The table below sets forth an overview of and the performance comparison between these four types of sensors in the robotics market.

Comparison between LiDARs, Millimeter-wave Radars, Ultrasound Radars and Cameras

	Price, 2022	Global Market size, 2022	Precision	Resolution	Adaptability	Key players	Robotics application examples**	Future trends
 LiDARs	$20 ~ $20,000	$1.2 billion*	●	◕	◕	See "– Competitive Landscape – Robotics Market"	LiDARs can be installed on the top as well as the front and rear of a robot	As robotics technology advances, the adoption rate of LiDARs and the number of LiDARs per robot for highly intelligent robots are expected to increase rapidly.
 Millimeter-wave radars	$20 ~ $150	N.A[(1)]	◑	◑	●	Tier 1 suppliers and industrial sensor manufacturers	Millimeter-wave radars can be installed on the front and rear of a robot	The adoption rate of millimeter-wave radars is expected to increase due to the need of object detection, and environmental perception in diverse robotics applications.
 Ultrasound radars	$3 ~ $15	N.A[(1)]	●	◔	◑	Tier 1 suppliers and industrial sensor manufacturers	Ultrasonic radars can be installed on the front, rear, and left and right sides of a robot	As robotics technology advances, the adoption of ultrasound radars is anticipated to grow continuously.
 Cameras	$20 ~ $150	N.A[(1)]	◑	●	◑	Tier 1 suppliers and industrial sensor manufacturers	Camera can be installed on the front, rear, and left and right sides of a robot	Cameras are expected to remain the high adoption rate and the integration of multiple cameras per robot are expected to increase.

**Exchange rate = 6.7RMB/Dollar*
***Take autonomous delivery robots as examples*

Low ◔ High ●

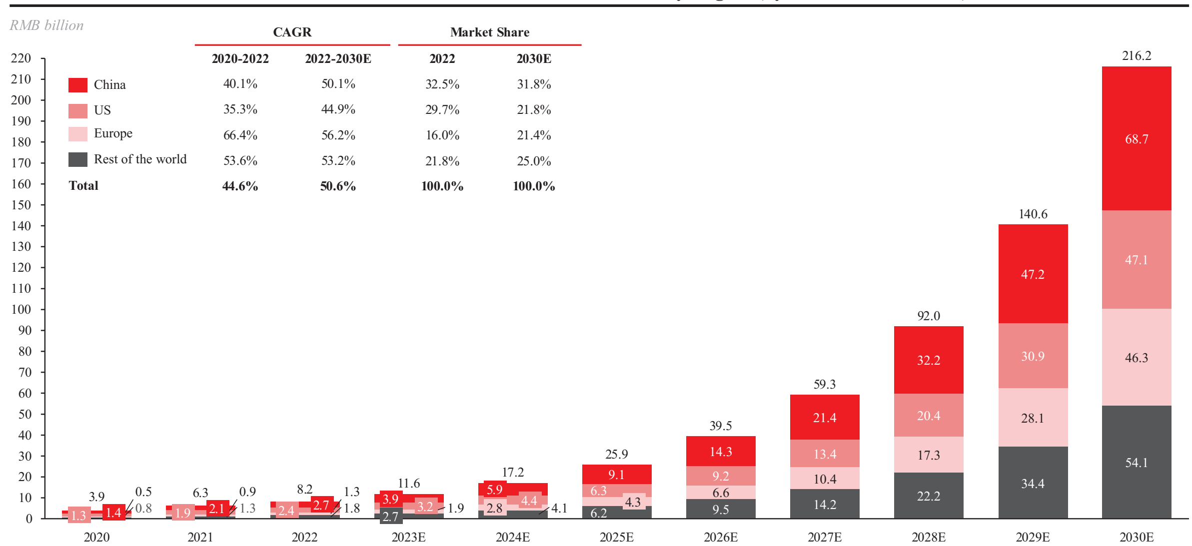
Note:

(1) Authoritative market size data for these sensors are not available, primarily due to a wide variety of robot types, and the significant differences in sensor applications among them.

Source: CIC

The adoption of robots equipped with LiDAR solutions can improve safety in the working environment while reducing labor costs. According to the CIC Report, current robotics often drive in closed and semi-open environments. They are generally equipped with 360° mechanical LiDARs, which provide the robots with environmental recognition capabilities for positioning and navigation as well as abilities to identify and avoid obstacles and realize intelligent mobility. As robotic technologies become more mature, they will be applied in open environments, where robot's environmental recognition capabilities become more important. Going forward, as solid-state LiDAR solutions can facilitate robots to understand its surroundings in an unknown environment at a lower cost than mechanical LiDAR solutions, they will drive the penetration rate of LiDAR in the robotics market. Additionally, to enhance the robustness and accuracy of a robot's perception, robots need to be equipped with more sensors to perceive their surrounding environment comprehensively. Therefore, highly intelligent robots equipped with multiple LiDARs has become a trend. Driven by the increase in the number of robots, growth of adoption rates of LiDARs among robots, and the rising number of LiDARs installed per robot, the robotics LiDAR solutions market is expected to exhibit exponential growth in the future. According to the CIC Report, the robotics LiDAR solutions market is expected to grow at a CAGR of 50.6% from RMB8.2 billion in 2022 to RMB216.2 billion by 2030. China is expected to be the largest market globally, accounting for about 31.8% of the global market in 2030.

Global LiDAR Solutions Market Size for Robotics by Region (by Gross Sales Amount)



Source: CIC Report

Drivers of Demand for LiDAR Solutions in the Robotics Market

- ***Robotics Technology Development.*** As robotics continues to evolve towards higher intelligence level, it requires more precise environmental information to support its decision-making capabilities. LiDAR solutions offer distinct advantages by providing high-precision environmental data, and enable robots to capture the detailed 3D environmental information in real time. When combined with other sensors, LiDAR solutions can improve robots' overall perception capabilities to navigate complex environments. It is anticipated that LiDAR solutions will play a significant role in future humanoid robots.

- ***Reduced Dimensions and Costs.*** With advancements in the LiDAR technology, LiDAR solutions' integration level and costs have been improving. Smaller LiDARs can enhance the flexibility and adaptability of robots, thereby expanding the robotics applications. As LiDARs' size and price continue to be optimized, their adoption rate in the robotics market is expected to continue to increase.

- ***Government Support.*** Governments in various countries have implemented policy measures to support the LiDAR and robotics industries. For instance, China's "14th Five-Year Plan for the Development of the Robotics Industry" emphasizes the significance of wide FoV LiDARs as a foundation for advancing the robotics industry. Similarly, the United States has issued the "National Robotics Initiative," and allocated substantial budgets to the research and development of robotics.

Competitive Landscape

According to the CIC Report, as measured by sales revenue in 2022, RoboSense ranked No.2 in the LiDAR solutions markets globally and in China (excluding low-end LiDARs with fewer than 16 channels), with market shares of approximately 7% and 20%, respectively. The following tables set forth the ranking of LiDAR providers in terms of sales revenue in the LiDAR solutions markets globally and in China (excluding low-end LiDARs with fewer than 16 channels):

Ranking in the world	Company	Market share	Ranking in China	Company	Market share
1	Company A	15%	1	Company A	42%
2	RoboSense	7%	2	RoboSense	20%
3	Company F	6%	3	Company F	17%

According to the CIC Report, in terms of sales volume in 2022, RoboSense ranked No. 3 in the LiDAR markets globally and in China (excluding low-end LiDARs with fewer than 16 channels), with market shares of approximately 12% and 21%, respectively. The following tables set forth the ranking of LiDAR providers in terms of sales volume in the LiDAR solutions markets globally and in China (excluding low-end LiDARs with fewer than 16 channels):

Ranking in the world	Company	Market share	Ranking in China	Company	Market share
1	Company A	17%	1	Company A	30%
2	Company F	15%	2	Company F	27%
3	RoboSense	12%	3	RoboSense	21%

Automotive Market

According to the CIC Report, RoboSense is industry leading in terms of commercialization. As of March 31, 2023, RoboSense had design wins with 21 automotive OEMs and Tier 1 suppliers for 52 vehicle models, both of which ranked first among global LiDAR providers. The following tables set forth global LiDAR providers in terms of number of design-win customers and number of design-win vehicle models as of March 31, 2023:

Ranking	Company	Number of design-win customers	Ranking	Company	Number of design-win vehicle models
1	RoboSense	21	1	RoboSense	52
2	Company A[(1)]	11	2	Company A	19
3	Company B[(2)]	5	3	Company B	10
4	Company C[(3)]	4	4	Company C	5
5	Company D[(4)]	4	5	Company D	4
	Others	15		Others	20
	Total	**60**		**Total**	**110**

RoboSense had achieved SOP for seven design-win customers as of March 31, 2023, ranking No. 1 globally, according to the CIC Report. The following table sets forth the ranking of global LiDAR providers in terms of the number of design-win customers for whom they have achieved LiDAR SOP:

Ranking	Company	Design-win customers for whom Company has achieved SOP	Market share
1	RoboSense	7	43.8%
2	Company B	4	25.0%
3	Company A	3	18.8%
4	Company E[(5)]	1	6.2%
5	Company F[(6)]	1	6.2%
	Total	**16**	**100.0%**

Notes:

The identities of peer companies are presented in code names. Even though Companies A to C are listed companies, the relevant data was not directly extracted from their respective public filings, and was compiled by CIC based on last available public filings together with subsequent news articles, press releases, other public sources, and interviews with industry experts as part of the data compilation methodology of CIC. Accordingly, we did not have consent from these companies as of the Latest Practicable Date and unauthorized disclosure may cause potential disputes.

(1) Company A is a LiDAR company headquartered in China that specializes in the development and production of LiDAR products for automotive and other industries. Established in 2014, Company A has established strong relationships with OEMs, autonomous vehicle, and robotics companies worldwide. Company A is listed on NASDAQ.

(2) Company B is an automotive supplier headquartered in France that provides a wide range of parts and accessories for vehicles. Established in 1923, Company B started selling LiDAR products for the automotive industry in 2016. Company B is listed on Euronext Paris.

(3) Company C is a LiDAR company headquartered in the U.S. that specializes in the development and production of LiDAR products and associated perception software for automotive and other industries. Established in 2012, Company C is committed to be an automotive technology company to enable safety and autonomous capabilities. Company C is listed on NASDAQ.

(4) Company D is a company headquartered in China that provides a broad range of products and services across various industries, including LiDAR products for the automotive industry. Established in 1987, Company D is a leading global provider of information and communications technology infrastructure and smart devices.

(5) Company E is a LiDAR company headquartered in China that specializes in the development and production of LiDAR products. Established in 2016, LiDAR products of Company E can be applied to the automobiles, robotics, and other fields.

(6) Company F is a LiDAR company headquartered in the U.S. that specializes in the development and production of LiDAR products for automotive and other industries. Established in 2016, LiDAR products of Company F can be applied to automobiles, smart transportation, and other fields.

The development of automotive LiDAR solutions, from research to mass production, is a time-consuming process that demands significant investments and a pool of skilled professionals. Since it is less economically reasonable for automotive OEMs to develop their own LiDAR solutions, a vast majority of automotive OEMs have chosen to procure LiDAR solutions from LiDAR companies. The potential competition from automotive OEMs is limited, and its impact on LiDAR product demand for LiDAR companies is minimal, according to the CIC Report.

Advanced autonomous driving, which refers to L4/L5 vehicles, represents the autonomous vehicles that are capable of traveling without the intervention of a human driver. According to the CIC Report, governments are gradually making policies and regulations with respect to the deployment of advanced autonomous vehicles. For example, in November 2022, China introduced regulations allowing L3/L4 autonomous vehicles to undergo pilot testing and operate on the roads in designated areas. To date, there are no mass-produced L4/L5 vehicles available in the market, according to the CIC Report. However, certain vehicles equipped with LiDAR solutions hold the potential for upgrading to L4/L5 vehicles through software updates in future after applicable laws or regulations come into effect. According to CIC, solid-state LiDAR is expected to be the mainstream technology to serve advanced autonomous driving applications in the future relative to mechanical LiDAR, as they offer multiple advantages stemming from the absence of mechanical rotating components of mechanical LiDARs, including (i) higher reliability as they are less prone to mechanical wear, (ii) compact design resulting in smaller size, and (iii) cost reduction potential through the application and iteration of semiconductor technology.

Robotics Market

There are two major types of LiDAR providers in the robotics market: providers of low-end LiDARs and providers of high-end LiDARs. Providers of low-end LiDARs primarily offer LiDARs with fewer than 16 channels. These low-end LiDARs typically have lower resolution and lower prices, making them suitable for robots which operate in closed environments. On the other hand, providers of high-end LiDARs focus on providing LiDAR products with 16 channels or more. These high-end LiDARs can provide higher-resolution information and better imaging quality, and hence are well-suited for robots with advanced intelligence level, which are able to operate in semi-open or open environments. It is expected that high-end LiDARs will have stronger growth than low-end LiDARs.

Among the providers of high-end LiDARs in the robotics market, RoboSense ranked No. 1 in terms of sales volume in 2022 globally, with a market share of approximately 18%. Comparatively, the No. 2 to No. 5 players in aggregate held a market share of 49%, according to the CIC Report. The following table sets forth the ranking of providers of high-end LiDARs in the global robotics market in terms of sales volume in 2022:

Ranking	Company	Sales volume
1	RoboSense	18%
2	Company E	17%
3	Company A	15%
4	Company G[(1)]	10%
5	Company H[(2)]	7%

Notes:

The identities of peer companies are presented in code names. The relevant data was not directly extracted from their respective public filings, and was compiled by CIC based on last available public filings together with subsequent news articles, press releases, other public sources, and interviews with industry experts as part of the data compilation methodology of CIC. Accordingly, we did not have consent from these companies as of the Latest Practicable Date and unauthorized disclosure may cause potential disputes.

(1) Company G is a LiDAR company headquartered in U.S. that specializes in the development and production of LiDAR products for autonomous vehicles, robotics and other applications. Established in 1983, Company G started developing LiDAR technology in 2005.

(2) Company H is a LiDAR company headquartered in U.S. that specializes in the development and production of LiDAR products for automotive, industrial, robotics and smart infrastructure industries. Established in 2015, Company H is listed on the NYSE.

Technology

According to the CIC Report, as of March 31, 2023, RoboSense is the only LiDAR company that has concurrently achieved (i) mass production of LiDAR hardware, (ii) commercialization of proprietary chip technologies on signal processing, transmitter and receiver as well as scanning systems and (iii) commercialization of perception software. The following table sets forth progress of LiDAR hardware, proprietary chip technologies and perception software for the same LiDAR providers as above:

Company	Development Status of LiDAR Hardware	Proprietary Chips on			Proprietary Perception Software		
		Signal Processing System	Transmitter and Receiver	Scanning System	LiDAR Perception	Visual Perception	Fusion Technology
RoboSense	SOP	●	●	●	●	●	●
Company A	SOP	●	●	○	●	○	○
Company B	SOP	◐	◐	○	●	○	○
Company C	Sample	◐	◐	○	◐	○	○
Company D	Sample	◐	U	U	U	U	U
Company E	SOP	●	◐	○	●	○	○
Company F	SOP	●	◐	○	●	○	○

● *Commercialized* ◐ *In development* ○ *No products available* *U: Unknown*

Source: CIC Report

Key Success Factors

- ***Balance among Key Indicators.*** Performance, reliability and cost are the three main factors customers usually consider when choosing LiDAR solutions. The perception performance of the LiDAR solution must meet customers' requirements with respect to detection range, ranging accuracy, reflectance and FOV. In addition, automotive-grade reliability is one of the prerequisite requirements for the LiDARs to be used by automotive OEMs and Tier 1 suppliers for mass production. As such, LiDAR solutions that have passed multiple rounds of reliability verification by domestic and overseas automotive OEMs have significant competitive advantages. In addition to performance and reliability, customers are also pursuing low-cost solutions. Therefore, LiDAR companies use various chip technologies, including 2D scanning chips and SoC chips to improve integration, reduce number of components required, and simplify production process to achieve the optimal balance among performance, reliability, and cost.

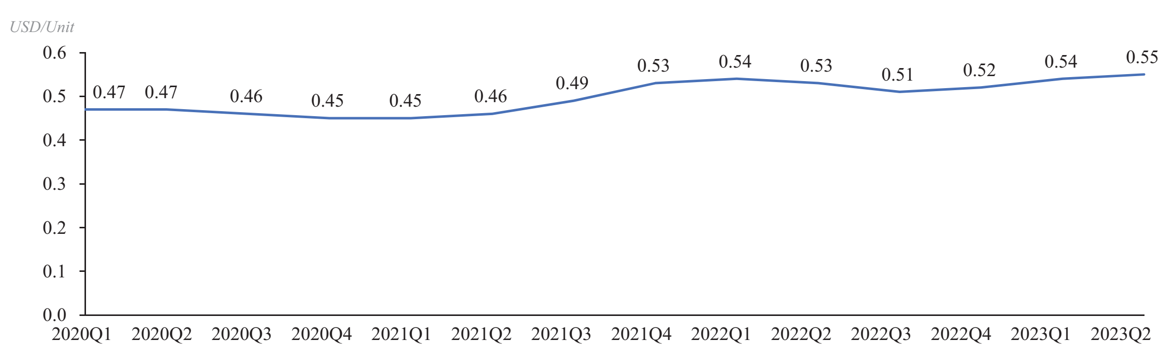
- ***Customizable Solutions.*** Due to the different needs of customers, in addition to providing products with various specifications, LiDAR companies are also actively developing and improving intelligent perception software to provide customized LiDAR solutions that can satisfy unique customer demands. Since customers have increasingly high requirements for perception performance, solutions solely using LiDAR as a sensor may fail to meet the needs of all customers in the long run. Thus, some LiDAR companies are also developing visual perception software and using multi-sensor fusion technology, which enable sensors such as LiDAR and cameras to complement each other, in order to provide better intelligent perception solutions. Therefore, customers would be able to select products or solutions most suitable for their own needs, maximizing the application value of intelligent sensing solutions.

- ***Product Iterability.*** To achieve cost-efficient, long-term and stable business partnerships, customers will evaluate not only the specifications of LiDAR providers' existing LiDAR solutions, but also their ability to upgrade products iteratively, when selecting business partners. Customers prefer to establish collaborations with LiDAR companies that can improve the perception capabilities of their LiDAR solutions while maintaining product adaptability, since this will greatly reduce the customers' R&D expenditures for switching to upgraded LiDAR products.

Price Trend of Semiconductor Chips

Semiconductor chips are essential raw materials for LiDAR hardware. The following graph sets forth the historical price trend of global semiconductor chips from the first quarter of 2020 to the second quarter of 2023.

Average Selling Price of Global Semiconductor Chips (by quarter)



Source: WSTS, CIC Report

In previous years, there was a global chip shortage, mainly due to the COVID-19 pandemic. The COVID-19 pandemic led to the suspension of operations at chip foundries, and thus a substantial decline in chip production capacity. As a result, semiconductor chip prices increased significantly from US$0.46 per unit in the second quarter of 2021 to US$0.52 per unit in the fourth quarter of 2022, according to World Semiconductor Trade Statistics (WSTS) and the CIC Report.

According to the same source, semiconductor chip prices further increased to US$0.55 in the second quarter of 2023, mainly due to the increase in prices of discrete devices, which are not the key type of chips that RoboSense consumes and utilizes. The difference between the trend of the global semiconductor chip price and the chip cost of RoboSense was mainly because the global semiconductor chip price is a generalized trend of all types of chips whilst chips that RoboSense actually procures and uses only represents a small part among all, of which the price trend might not be closely correlated with the general price trend of global semiconductor chips due to distinct demand and supply compositions. In particular:

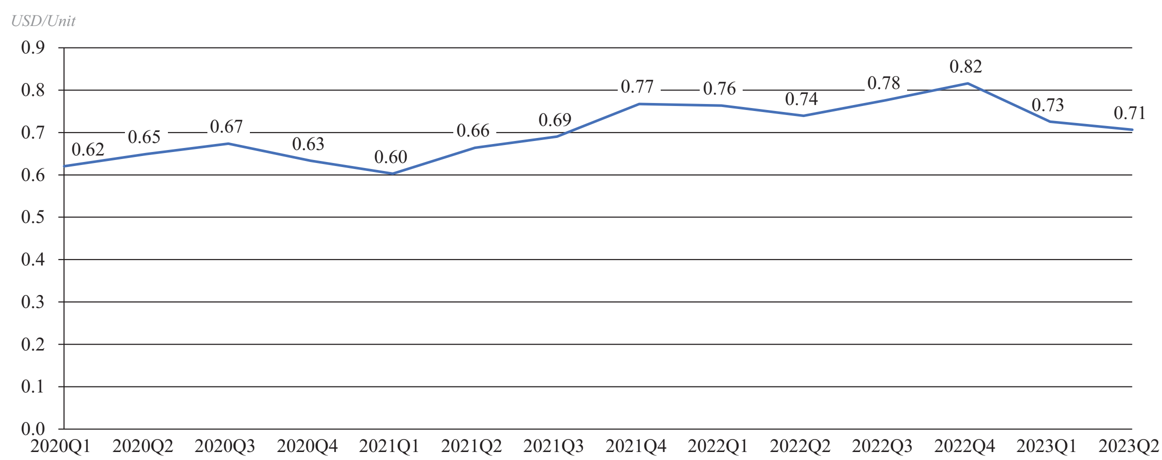
(i) power management chips and FPGAs, which are the key types of chips that RoboSense consumes and utilizes, accounted for only approximately 5.5% and 5.8% of global semiconductor chips in terms of sales revenue in 2022 and the first half of 2023, respectively, according to the CIC Report;

(ii) the global semiconductor chip price data in the above chart represented the selling prices of the manufacturers, and did not consider any freight charges or additional fees to distributors. In particular, during supply shortage, distributors charged a higher markup and require additional expedited fees, resulting in much higher price premium eventually paid by RoboSense relative to the ex-factory price of the semiconductor chips imported from overseas market during the period; and

(iii) the semiconductor chip prices varied across different countries.

According to China Customs, the average selling price of imported integrated circuits in China decreased by 13.4% from the fourth quarter of 2022 to the second quarter of 2023. The following graph sets forth the historical average selling price trend of imported integrated circuits in China from the first quarter of 2020 to the second quarter of 2023.

Average Selling Price of Imported Integrated Circuit in China (by quarter)



Source: General Administration of Customs of the People's Republic of China, China Insights Consultancy

According to General Administration of Customs of the People's Republic of China, and the CIC Report, the average selling price of imported integrated circuits in China started to normalize since late 2022, decreasing from US$0.82 in the fourth quarter of 2022 to US$0.71 in the second quarter of 2023.

According to the CIC Report, during the global supply shortage of power management chips and FPGA in previous years, those chips experienced a significant price surge. In particular, the costs of certain power management chips increased by around a hundred times compared to those prior to the shortage. Now, the supply shortage of power management chips and FPGA has been eased, and their costs have returned to normal levels before the chip shortage.

SOURCE OF INFORMATION

We commissioned CIC, an independent market research consulting firm that is principally engaged in the provision of market research consultancy services, to conduct a detailed study of the LiDAR solutions market in China.

During the preparation of the CIC Report, CIC performed both primary and secondary research, and obtained knowledge, statistics, information, and industry insights on the industry trends of the LiDAR solutions market in China. Primary research involved discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports, and available data based on CIC's own research database.

The CIC Report was compiled and the expected growth in China's LiDAR solutions market was estimated based on the following assumptions and factors: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period, (ii) the Chinese economy is expected to grow steadily during the forecast period, and (iii) there will be no extreme unforeseen events, including regulations and government policies, which may materially affect the market during the forecast period. The reliability of the CIC Report may be affected by the accuracy of the foregoing assumptions and factors. For the avoidance of doubt, impacts of the COVID-19 outbreak have been taken into account when compiling information in the CIC Report.

CIC is an independent market research and consulting firm. We have agreed to pay a fee of USD80,000 to CIC in connection with the preparation of the CIC Report for the Global Offering. We have extracted certain information from the CIC Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information," and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industries where we operate. Our Directors confirm that to the best of their knowledge, and after making reasonable enquiries, there has been no adverse change in the industry since the date of the CIC Report which may qualify, contradict or have an impact on the information set out in this document.

OVERVIEW

Our history can be traced back to August 2014, when our Founders, Dr. Qiu, Dr. Zhu and Mr. Liu, co-founded Shenzhen Suteng, a wholly-owned subsidiary of our Company with a strategy on the development of LiDAR technology for automobiles and robots. For detailed biographies of our Founders, Dr. Qiu, Dr. Zhu and Mr. Liu, see "Directors and Senior Management".

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on June 23, 2021. As part of the Reorganization, our Company became the ultimate holding company of our Group. See "Reorganization and Series E Pre-IPO Investment" below for details.

Over the years, we have evolved into a global leader in the LiDAR and perception solutions market. As of March 31, 2023, we had served the largest number of automotive OEMs and Tier 1 suppliers, obtained the most design wins and achieved SOP for the highest number of vehicle models as compared with other LiDAR companies around the world, according to CIC.

OUR KEY MILESTONES

The table below shows the key milestones in the history of our Group:

Year	Milestone
2014	Shenzhen Suteng was incorporated.
2016	We completed the development of mechanical LiDAR products and mastered the core technology of LiDAR.
	We launched RS-LiDAR-16, the first LiDAR product for robotics and others.
2017	We launched our perception software, RS-LiDAR-Perception, and announced the new generation smart solid-state LiDAR in the PRC, the RS-LiDAR-M1pre.
2019	We launched M1, our first LiDAR product for ADAS.
	We launched Ruby Series.
2021	We started mass production and delivery of M1 to the North American new energy vehicle manufacturer in June 2021. It was the first global automotive-grade production and delivery of the second-generation smart solid-state LiDAR.
2022	We released the automotive-grade solid-state blind spot LiDAR, E1.
	We began mass production of M1 Plus.
2023	As of the Latest Practicable Date, we had earned design wins for mass production of LiDAR products for 62 vehicle models, and achieved SOP for 24 vehicle models with 12 customers.

OUR MAJOR SUBSIDIARIES

During the Track Record Period, the following subsidiaries made a material contribution to our results of operation and financial position:

Name of subsidiary	Place of incorporation	Date of incorporation	Registered/issued share capital	Shareholding	Principal business activities
Shenzhen Suteng	PRC	August 28, 2014	RMB540,344,000	100%	Manufacturing and sales of LiDAR products
RoboSense HK	Hong Kong	July 16, 2021	HKD10,000	100%	Investment holding[(1)]

Note:

(1) RoboSense HK is an investment holding company and has no business operation since its incorporation.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY AND OUR MAJOR SUBSIDIARIES

Shareholding Changes of Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 23, 2021 as the holding company of our Group. The initial authorized share capital of our Company was US$50,000 divided into 500,000,000 Shares with a par value of US$0.0001. For subsequent major shareholding changes of our Company as part of the Reorganization and Pre-IPO Investments, see "— Reorganization and Series E Pre-IPO Investment" and "Pre-IPO Investments" below.

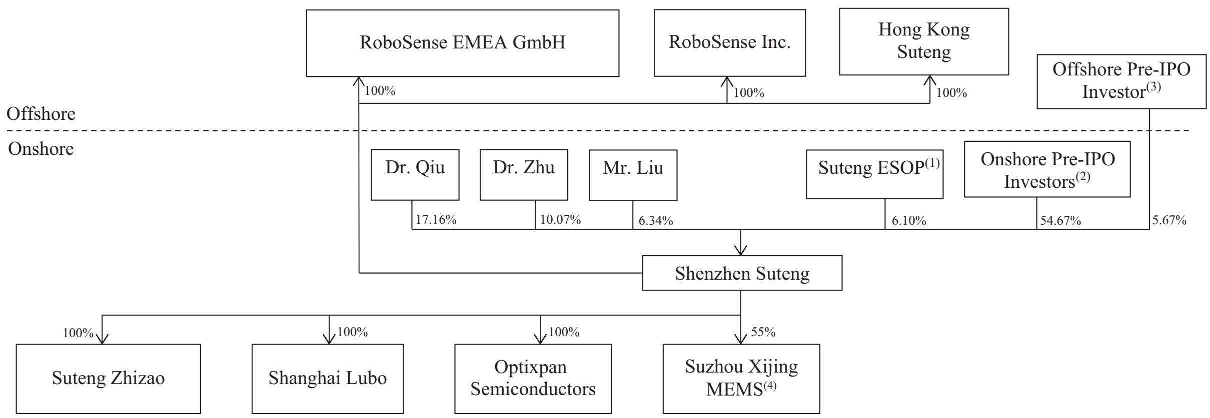
Shareholding Changes of Our Major Subsidiaries

For details of the changes in shareholding in our major subsidiaries, see "Reorganization and Series E Pre-IPO Investment" and "Pre-IPO Investments" below and "A. Further information about our Group — 3. Changes in the share capital of our subsidiaries" in Appendix IV to this document.

REORGANIZATION AND SERIES E PRE-IPO INVESTMENT

In preparation of the Listing, we underwent the Reorganization, pursuant to which our Company became the holding company and listing vehicle of our Group. During the Reorganization, the Group also conducted Series E Pre-IPO Investment.

The following chart sets out the shareholding and corporate structure of our Group immediately before the Reorganization:



Notes:

(1) Suteng ESOP was the then employee shareholding vehicle pursuant to the 2020 Suteng ESOP Plan (which was terminated in the course of the Reorganization and was then replaced by Pre-IPO Share Incentive Scheme A), and was held by Dr. Qiu, Mr. Liu and Mr. Qiu as limited partners as to 11.26%, 2.50% and 26.50%, respectively, and the remaining interest was held by 43 employees as limited partners, and none of which held 10% or more of the interest therein and are Independent Third Parties. The general partner of Suteng ESOP was Dr. Qiu.

(2) "Onshore Pre-IPO Investors" refers to the 32 onshore Pre-IPO Investors of Pre-IPO Investments from Series Angel to Series D+, which remained as shareholders of Shenzhen Suteng immediately before the Reorganization. See "Pre-IPO Investments — Information about our Major Pre-IPO Investors" and "Capitalization of our Company" below for details of the background of such Pre-IPO Investors.

(3) "Offshore Pre-IPO Investor" refers to Kinzon Capital II (as defined below), one of the Pre-IPO Investors. See "Pre-IPO Investments —Information about our Major Pre-IPO Investors" below for details of the background of Kinzon Capital II (as defined below).

(4) The remaining 45% equity interest of Suzhou Xijing MEMS is held by Ms. ZHANG Xiaohong (張小紅), who is an Independent Third Party other than being the substantial shareholder of Suzhou Xijing MEMS.

The Reorganization involved the following steps:

1. Setting up of offshore structure

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 23, 2021. The initial authorized share capital of our Company was US$50,000 divided into 500,000,000 Shares with a par value of US$0.0001. Upon incorporation, our Company issued one Share to the initial subscriber, which was subsequently transferred to BlackPearl on the same day. On the same day, our Company allotted (i) 51,467,682 Shares to BlackPearl, (ii) 30,204,176 Shares to Emerald Forest, and (iii) 19,010,571 Shares to Sixsense, each being one of our Founder Entities.

On June 25, 2021, RoboSense BVI was incorporated in the BVI as a wholly-owned subsidiary of our Company.

On July 16, 2021, RoboSense HK was incorporated in Hong Kong as a wholly-owned subsidiary of RoboSense BVI.

2. Capital Reduction of Shenzhen Suteng and Series E Pre-IPO Investment

In order to reflect the shareholding structure of Shenzhen Suteng immediately before the Reorganization and to conduct Series E Pre-IPO Investment, (i) on August 31, 2021, our Company, RoboSense BVI, RoboSense HK, the Founders, the Founder Entities and Luxshare (as defined below, which is one of the Series E Pre-IPO Investors) entered into a convertible note subscription agreement, pursuant to which Luxshare subscribed for convertible notes which were subsequently converted to 10,000,000 Series E Preferred Shares on December 31, 2021; (ii) on November 19, 2021, our Company, RoboSense BVI, RoboSense HK, the Founders, the Founder Entities, the Offshore Pre-IPO Investor, each of the Onshore Pre-IPO Investors (and their respective offshore investment holding entities), and the Series E Pre-IPO Investors, namely Shanghai Ziyue (as defined below), Luxshare (as defined below), Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司), GOLDEN LINK WORLDWIDE LIMITED ("**Golden Link**"), Xiamen Starlight Equity Investment Partnership (L.P.) (廈門星韶股權投資合夥企業(有限合夥)) ("**Xiamen Starlight**") and Suzhou Chenling Investment Partnership (Limited Partnership) (蘇州晨嶺投資合夥企業(有限合夥))("**Suzhou Chenling**"), among others, entered into a share and warrant purchase agreement, pursuant to which a total of 35,510,152 Ordinary Shares, 7,949,650 Series Angel Preferred Shares, 2,269,732 Series Seed Preferred Shares, 6,495,271 Series A Preferred Shares, 3,031,525 Series B Preferred Shares, 1,634,886 Series D Preferred Shares, 858,306 Series D-1 Preferred Shares, 11,444,146 Series D-2 Preferred Shares, 10,000,000 Series E Preferred Shares and warrants to purchase an aggregate of 164,334,428 Preferred Shares were issued; and (iii) on November 19, 2021, our Company and the relevant Founder Entities, entered into separate share transfer agreements with each of Xiamen Starlight, Suzhou Chenling and Golden Link, pursuant to which a total of 3,600,000 Shares were transferred from the relevant Founder Entities to such Series E Pre-IPO Investors, which were then re-designated as Series D-2 Preferred Shares on January 19, 2022 (collectively "**Series E Pre-IPO Investment Agreements**").

On December 28, 2021, the Onshore Pre-IPO Investors and Suteng ESOP completed the reduction and withdrawal of their contribution in the registered capital of RMB9,891,402, representing approximately 60.77% equity interest in Shenzhen Suteng and the registered capital of Shenzhen Suteng was reduced from RMB16,276,365 to RMB6,384,963 (the "**Capital Reduction**"). Upon completion of the Capital Reduction, Shenzhen Suteng was held by Dr. Qiu, Dr. Zhu, Mr. Liu and Kinzon Capital II (as defined below) as to approximately 43.73%, 25.67%, 16.15% and 14.45%, respectively.

3. Issuance of Shares to ESOP Holding Entities and Termination of the 2020 Suteng ESOP Plan

On October 31, 2021, our Company terminated the 2020 Suteng ESOP Plan and replaced the same with the Pre-IPO Share Incentive Scheme A on December 31, 2021, and pursuant to the Pre-IPO Share Incentive Scheme A, our Company issued 13,450,225 Shares and 4,849,401 Shares to Robust and Ruby, respectively. Robust and Ruby are ESOP Holding Entities of Shares underlying Pre-IPO Share Incentive Scheme A.

On the same day, our Company issued 10,326,316 Shares and 6,884,210 Shares to Hoping Dream, the ESOP Holding Entity of Shares underlying the Pre-IPO Share Incentive Scheme B and ACME NEW VENTURES GROUP LIMITED (鼎新創投集團有限公司) ("**ACME New Ventures**"), a then holding entity of certain Shares underlying the Pre-IPO Share Incentive Scheme B, respectively. The Shares issued to ACME New Ventures were subsequently repurchased and canceled by our Company on October 27, 2022 pursuant to the terms of the Pre-IPO Share Incentive Scheme B. On May 4, 2023, our Company issued 6,884,210 Shares to Hoping Dream.

For details of the principal terms and conditions of the Share Incentive Schemes, see "Statutory and General Information — D. Share Incentive Schemes" in Appendix IV to this document.

4. Acquisition of Shenzhen Suteng and Beijing Surui

On January 13, 2022, RoboSense HK acquired 100% equity interest in Shenzhen Suteng from Dr. Qiu, Dr. Zhu, Mr. Liu and Kinzon Capital II (as defined below) at a total consideration of RMB19,706,400, which was determined with reference to an independent valuation report of Shenzhen Suteng. Upon completion of the acquisition, Shenzhen Suteng became an indirect wholly-owned subsidiary of our Company.

On September 22, 2023, RoboSense Beijing acquired 100% equity interest in Beijing Surui from the Dr. Qiu, Dr. Zhu, Mr. Liu, Mr. Qiu, and eight other individuals (the "**Transferors**") at a total consideration of RMB119,000, being the amount of registered capital of Beijing Surui. To the best of the knowledge, information and belief of our Directors, save as disclosed above, the Transferors are Independent Third Parties. Upon completion of such acquisition, Beijing Surui became an indirect wholly-owned subsidiary of our Company. Since the acquisition of Beijing Surui is conducted after the Track Record Period, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing rules in relation to the Acquisition. See "Waivers from Strict Compliance with the Listing Rules — Waiver in Respect of Acquisition after the Track Record Period" for further details.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisor confirmed that (i) the establishment of our subsidiaries in the PRC and their subsequent shareholding changes have complied with the relevant PRC laws and regulations in all material respects; and (ii) all necessary approvals, permits and licenses required under the PRC laws and regulations in connection with the Reorganization have been obtained; and (iii) the Reorganization has complied with all applicable PRC laws and regulations in all material respects.

PRE-IPO INVESTMENTS

1. Overview

Between November 2014 and April 2023, we completed a series of Pre-IPO Investments at the onshore level in Shenzhen Suteng and at the offshore level in our Company.

Details of the Pre-IPO Investments are summarized below.

No.	Pre-IPO Investment	Date of investment agreement(s)	Payment timing of consideration[(1)]	Amount of registered capital of Shenzhen Suteng subscribed for or transferred under the agreement	Amount of consideration[(2)]	Post-money valuation[(4)] (approximate)
1.	Series Angel	November 2014	July 2015	RMB25,000	RMB2 million	RMB10 million
2.	Series Seed	August 2015	September 2015	RMB16,667	RMB10 million	RMB100 million
		October 2015	January 2016	RMB8,333	RMB5 million	
3.	Series A	March 2016	April 2016	RMB842,105	RMB13.5 million	RMB180 million
4.	Series A+	October 2016	November 2016	RMB554,017	RMB20 million	RMB400 million
5.	Series B	July 2017	September 2017	RMB1,231,149	RMB57.125 million	RMB571 million
6.	Transfers of equity interest in 2018	April 2018	May 2018	RMB1,188,695	RMB61.5 million	N/A[(5)]
7.	Series C	August 2018	October 2019	RMB3,287,693	RMB248.982 million	RMB1,217 million
8.	Transfers of equity interest in 2020	December 2019	February 2020	RMB704,796	RMB80 million	N/A[(5)]
9.	Series D	October 2020	December 2020	RMB545,502	RMB123 million	RMB3,500 million
10.	Series D+	January 2021	March 2021	RMB1,085,017	RMB229.72 million	RMB3,670 million

(prior to the Reorganization)

(after the Reorganization)

No.	Pre-IPO Investment	Date of investment agreement(s)	Payment date of consideration[(1)]	Total number of shares of the Company subscribed for or transferred under the investment agreement	Amount of consideration	Post-money valuation[(4)] (approximate)	Cost per share	Discount to the Offer Price[(3)]
11.	Series E	August 2021	October 2021	10,000,000 Series E Preferred Shares	RMB200 million	RMB6,540 million	RMB20.00	48.92%
		November 2021	February 2022	17,000,000 Series E Preferred Shares	RMB340 million		RMB20.00	48.92%
12.	Series F	August 2021	November 2021	36,487,260 Series F Preferred Shares	RMB964,625,000	RMB10,525 million	RMB26.44	32.47%
		April 2022	October 2022	17,406,743 Series F Preferred Shares	RMB460,187,500		RMB26.44	32.47%
13.	Series G-1	October 2022	April 2023	11,374,415 Series G-1 Preferred Shares	RMB400 million	RMB14,400 million	RMB35.17	10.17%
14.	Series G-2	October 2022	April 2023	21,705,583 Series G-2 Preferred Shares	RMB790,585,500	RMB16,491 million	RMB36.42	6.98%

Notes:

(1) This refers to the timing of last payment made by the relevant Pre-IPO Investors in the relevant round of Pre-IPO Investment.

(2) Cost per share paid is not applicable to the Pre-IPO Investments prior to the Reorganization, which were conducted at the onshore level in Shenzhen Suteng, a PRC limited liability company that does not have a share capital.

(3) The discount to the Offer Price is calculated (i) based on the Offer Price is HK$43.00 per Share; and (ii) assuming the Preferred Share are reclassified as Ordinary Shares on a one-to-one basis.

(4) Post-money valuation refers to the sum of (i) the pre-money valuation for the corresponding round of Pre-IPO Investment and (ii) the total funds received by the Company from the corresponding round of Pre-IPO Investment. Pre-money valuation refers to the cost per newly issued share paid to the Company for the corresponding round of Pre-IPO Investment, multiplied by the issued share capital of the Company immediately prior to the corresponding round of Pre-IPO Investment.

(5) As this refers to transfer of existing shares by Pre-IPO Investors, no additional funds were received by the Company for the corresponding round.

2. Principal terms of the Pre-IPO Investments

Use of proceeds from the Pre-IPO Investments:	The gross proceeds from the Pre-IPO Investments amounted to approximately RMB3,628 million, which has been utilized in part for the development and operation of our Group's business, including without limitation, product-related research and development, acquisition of production equipment and machineries, purchase of raw materials, staff recruitment, and daily operational expenses. As of the Latest Practicable Date, an amount of approximately RMB1,850 million remained unutilized and will be used for the operation and further development of our Group's business, including research and development of new LiDAR products, chips and software, expansion of production and manufacturing capacity, and talent and staff recruitment as a supplement to the use of the proceeds from the Global Offering.
Strategic benefits the Pre-IPO Investors brought to our Company:	We are of the view that our Group can benefit from the additional capital provided by the Pre-IPO Investors' investments in Shenzhen Suteng and our Company. The Pre-IPO Investors are investors in the relevant industries and/or our business partners in the LiDAR ecosystem, and thus can provide us with their knowledge and experience, which we believe would be helpful to our Group's future development. Their investments also demonstrated their confidence in our Group's operations and served as a validation of our Group's performance, strengths and prospects.
Basis of determining the consideration paid:	The consideration for each of the Pre-IPO Investments was determined based on arm's length negotiations between our Group and each of the Pre-IPO Investors, after taking into consideration the timing of investment, and the then status of our business and operating entities.
Lock-up period:	Each of the Pre-IPO Investors has entered into a lock-up undertaking. For details, please refer to the section headed "Underwriting — Lock-up Undertakings by our existing Shareholders" in this prospectus.
Special rights of the Pre-IPO Investors:	Pursuant to the shareholders' agreement dated October 27, 2022 entered into among our Company and the Pre-IPO Investors, as amended, the

Pre-IPO Investors were granted certain special rights in relation to our Company, including, among others, divestment rights, redemption rights, pre-emptive rights, information and inspection rights, director nomination rights, consent rights, rights of first refusal, exclusivity rights, co-sale rights and anti-dilution rights, whereby the Pre-IPO Investors have the right to subscribe for additional Shares to be issued by our Company pursuant to the Global Offering so as to maintain their respective percentage of shareholding, at the Offer Price.

Each of our preferred Shareholders (other than the holders of the Series Angel Preferred Shares and the Series Seed Preferred Shares) was entitled to redeem all or part of their respective Shares if, among others, we fail to complete the Listing on or before December 31, 2024 or a later date as approved by the Shareholders.

The divestment rights and redemption rights have ceased to be exercisable immediately before the first filing of listing application by the Company with the Stock Exchange and will be automatically terminated immediately before the completion of the Global Offering, provided that such redemption rights shall be automatically restored upon the earliest of (i) the rejection of the listing application to the Stock Exchange, (ii) the withdrawal of the listing application to the Stock Exchange, or (iii) June 30, 2024 (subject to extension as mutually agreed by the Shareholders).

All other special rights will be automatically terminated immediately before the completion of the Global Offering.

3. Non-Competition Undertakings provided by the Founders and Founder Entities in favor of the Pre-IPO Investors

Each of the Founders and Founder Entities provided an undertaking in favor of the Pre-IPO Investors, pursuant to which, each of the Founders and Founder Entities undertook that during a period of two years immediately after such Founder ceases to be a director, officer, employee or a direct or indirect holder of any member of the Group, such Founder and the relevant Founder Entities held by him/her shall not, and shall cause his/her affiliates not to, directly or indirectly: (i) be employed by certain competitors of the Company ("**Company Competitors**"), the composition of which was agreed among the Pre-IPO Investors and the Company; (ii) make any form of investment in any of the Company Competitors, including, becoming the owner, shareholder, controller or creditor of the Company Competitors; (iii) conduct any business with, provide any form of consultancy service or advice or other services of whatever form to any of the Company Competitors; (iv) enter into any contract or commitment, which restricts or is likely to restrict or has adverse impact on the business of the Group; (v) compete with the Group to recruit, solicit or contact any current or potential customers, agents, suppliers and/or independent contractors of the Group (the "**Non-Competition Undertakings**"). However, the Non-Competition Undertakings shall not restrict an acquisition by any of the Founders of less than 1% of the shares of any Company Competitor, which is a publicly traded company, provided that the relevant Founder or any of his affiliates has no other relationship with such publicly traded company other than the holding of equity interests.

4. Information about our Major Pre-IPO Investors

Set out below is a description of our major Pre-IPO Investors and their respective beneficial owner(s) and background and their relationship with the Group and/or any connected person of the Company. To the best of the Company's knowledge, all the Pre-IPO Investors are Independent Third Parties.

1. BAIC

Shanghai Anpeng

Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership) (上海安鵬速鵬企業管理合夥企業(有限合夥)) ("**Shanghai Anpeng**") is a limited partnership established in the PRC. Its general partner is Shenzhen Anpeng Equity Investment Fund Management Co., Ltd. (深圳市安鵬股權投資基金管理有限公司) ("**Anpeng Management**"), which is an indirect wholly-owned subsidiary of Beijing Automotive Industry Holding Co., Ltd. (北京汽車集團有限公司) ("**BAIC Holding**"), which is ultimately wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會), and is also the controlling shareholder of BAIC Motor Corporation Limited (北京汽車股份有限公司) ("**BAIC**"), a company listed on the Main Board of the Stock Exchange (stock code: 1958), and is a passenger vehicle manufacturer in the PRC. Shanghai Anpeng is held as to 99.9% by its limited partner, Shenzhen Anpeng Venture Capital Fund Enterprise (Limited Partnership) (深圳安鵬創投基金企業(有限合夥)), which is in turn controlled by BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司) ("**BAIC Group Industrial**"), being a wholly-owned subsidiary of BAIC Holding, and as to 0.01% by Anpeng Management.

Beiqi Huajin

Zhuhai Beiqi Huajin Industry Equity Investment Fund (Limited Partnership) (珠海北汽華金產業股權投資基金(有限合夥)) ("**Beiqi Huajin**") is a limited partnership established in the PRC. Its general partner is Anpeng Management, which also holds 0.67% of the interest therein. Its other limited partners include Zhuhai Huajin Alpha II Fund Partnership (Limited Partnership) (珠海華金阿爾法二號基金合夥企業(有限合夥)) ("**Huajin Alpha**"), holding approximately 66.44% therein, and BAIC Group Industrial, holding 32.67% of the interest therein, and one other limited partner which did not hold one-third or more of the interest therein. Huajin Alpha is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Zhuhai Municipality (珠海市人民政府國有資產監督管理委員會).

2. Cainiao

Cainiao is company incorporated under the laws of BVI, primarily engaged in equity investment and investment management. Cainiao is a controlled subsidiary of Alibaba Group Holding Limited (阿里巴巴集團控股有限公司) ("**Alibaba**"), a company listed on the New York Stock Exchange (stock code: BABA) with a secondary listing on the Main Board of the Stock Exchange (stock code: 9988).

3. China Mobile

China Mobile Fund (Hebei Xiong'an) Partnership (Limited Partnership) (中移股權基金(河北雄安)合夥企業(有限合夥)) ("**China Mobile Hebei Xiong'an**") is a limited partnership established in

PRC and is mainly engaged in equity investment. The general partner of China Mobile Hebei Xiong'an is China Mobile Equity Fund Management Limited (中移股權基金管理有限公司) ("**China Mobile Equity Fund**"), the largest shareholder of which is China Mobile Capital Holdings Co., Ltd. (中移資本控股有限責任公司) ("**China Mobile Capital**"), which is a wholly-owned subsidiary of China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司) ("**China Mobile**"), a company wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC ("**SASAC**"). China Mobile Hebei Xiong'an is held by China Mobile Capital as to 43.63% and China Mobile Equity Fund as to 1.11%, and four other limited partners, none of which held one-third or more of the interest therein.

4. China Renaissance

Golden Development

Golden Development Asia Limited ("**Golden Development**") is a company incorporated under the laws of the BVI, and is held as to over 70% by Huaxing Growth Capital IV, L.P. ("**Huaxing Growth IV**"), whose general partner is Huaxing Associates IV, Ltd., which is in turn indirectly wholly owned by China Renaissance Holdings Limited ("**China Renaissance**"), a company listed on the Main Board of the Stock Exchange (stock code: 1911). Huaxing Growth IV is held by 31 limited partners, and none of them holds one-third or more of the interests therein.

Huaxing Growth III

Huaxing Growth Capital III, L.P. ("**Huaxing Growth III**") is a limited partnership established in the Cayman Islands. Its general partner is Huaxing Associates III L.P., whose general partner is Huaxing Associates GP III, Ltd., which is in turn indirectly wholly owned by China Renaissance. Huaxing Growth III is held by 50 limited partners, and none of them holds one-third or more of the interests therein.

5. China Structural Reform Fund

EverestHeng (Cayman) Limited ("**EverestHeng**") is a company incorporated under the laws of the Cayman Islands. It is wholly owned by China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司) ("**China Structural Reform Fund**") and the shares of which are held by several state-owned enterprises and ultimately indirectly held by SASAC.

6. Fortune Athena and Fortune Miner

Each of Fortune Athena Limited ("**Fortune Athena**") and Fortune Miner Limited ("**Fortune Miner**") is a company incorporated under the laws of the BVI, and is wholly owned by Ms. SU Qifeng (蘇麒鳳) who is the operation director of Gortune International Investment Holding Limited (粵民投國際投資控股有限公司), a wholly owned subsidiary of Gortune.

7. Fosun

Shanghai Rui Wang

Shanghai Rui Wang Enterprise Management Partnership (Limited Partnership) (上海銳望企業管理合夥企業(有限合夥)) ("**Shanghai Rui Wang**") is a limited partnership established in the PRC. Its general partner is Shanghai Rui Xu Management Consulting Co., Ltd. (上海銳煦管理諮詢有限公司), which is controlled by Fosun International Limited (復星國際有限公司) ("**Fosun**"), a company listed on the Main Board of the Stock Exchange (stock code: 656).

Guangzhou Ruiyi

Guangzhou Ruiyi Venture Capital Partnership (Limited Partnership) (廣州銳熠創業投資合夥企業(有限合夥)) ("**Guangzhou Ruiyi**") is a limited partnership established in the PRC. Its general manager is Shanghai Zhiying Equity Investment Management Co., Ltd. (上海智盈股權投資管理有限公司), which is in turn controlled by Fosun. It has five limited partners, none of which held one-third or more of the interest therein.

8. GCF

GCF Robotics Ltd ("**GCF**") is a company incorporated under the laws of the BVI. GCF is wholly owned by Geely Capital Fund I LP, which is in turn controlled by Zhejiang Geely Holding Group Co., Ltd. (浙江吉利控股集團有限公司) ("**Geely**"), a controlling shareholder of Geely Automobile Holdings Limited (吉利汽車控股有限公司) ("**Geely Auto**"), a company listed on the Main Board of the Stock Exchange (stock code: 175). Geely Auto and its subsidiaries are principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding.

9. Gortune

Gotrays International and Storm Era

Each of Gotrays International Limited ("**Gotrays International**") and Storm Era Limited ("**Storm Era**") is a company incorporated under the laws of BVI and is ultimately controlled by Gortune Investment Co., Ltd. (廣東民營投資股份有限公司) ("**Gortune**"), a company principally engaged in investments in new energy, life science, agriculture modernization, consumption and high-end manufacturing. Gortune is held by a total of 18 shareholders, including investment holding groups such as Infore Group Co. Ltd (盈峰集團有限公司), Zhuhai Xianfeng Yuefu Investment Partnership (Limited Partnership) (珠海賢豐粵富投資合夥企業(有限合夥)), a limited partnership ultimately wholly owned by Infund Holding Group Co. Ltd. (賢豐控股集團有限公司), and none of such shareholders held one-third or more of the interests therein.

10. Haitong

Huzhou Yuntong

Huzhou Yuntong Investment Partnership (Limited Partnership) (湖州贇通股權投資合夥企業(有限合夥)) ("**Huzhou Yuntong**") is a limited partnership incorporated established in the PRC. Its general partner is Haitong New Energy Private Equity Investment Management Co., Ltd. (海通新能源私募股權投資管理有限公司) ("**Haitong Management**"), a company ultimately controlled by Haitong Securities Co., Ltd. (海通證券股份有限公司) ("**Haitong**"), a company listed on the Main Board of the Stock Exchange (stock code: 6837) and the Shanghai Stock Exchange (stock code: 600837). Huzhou Yuntong is held by its limited partner, Shanghai HFT Fortune Asset Management Co., Ltd. (上海富誠海富通資產管理有限公司) as to 78.66%, which is the asset manager of Fucheng Hai Futong Haitong New Energy Equity No. 1 Special Asset Management Plan (富誠海富通海通新能源股權一號專項資產管理計劃). The remaining 21.34% interest of Huzhou Yuntong was held by Haitong indirectly.

Huzhou Yutong

Huzhou Yutong Investment Partnership (Limited Partnership) (湖州煜通股權投資合夥企業(有限合夥)) ("**Huzhou Yutong**") is a limited partnership established in the PRC. Its general partner is Haitong Management. Its limited partners include Daqing Oilfield Feima Co., Ltd. (大慶油田飛馬有限公司), holding 47.89% of the interest therein, and two other limited partners, none of which held one-third or more of the interest therein.

Liaoning Haitong

Liaoning Haitong New Energy and Low Carbon Industry Private Equity Fund Co., Ltd. (遼寧海通新能源低碳產業股權投資基金有限公司) ("**Liaoning Haitong**") is a company incorporated under the laws of the PRC, and is indirectly held as to 49.9% by Haitong, and as to 50.1% collectively by Liaoning Holdings (Group) Co., Ltd. (遼寧控股(集團)有限責任公司) and Liaoning Energy Investment (Group) Co., Ltd. (遼寧能源投資(集團)有限責任公司), each of which is controlled by the State-owned Assets Supervision and Administration Commission of the Liaoning Provincial Government (遼寧省人民政府國有資產監督管理委員會).

11. Kinzon

Kinzon Capital II

Kinzon Capital Venture Partners II, L.P. ("**Kinzon Capital II**") is a limited partnership established in the Cayman Islands. Its general partner is Kinzon Capital Venture GP II Co. Ltd ("**Kinzon Capital Venture GP**"), which is wholly owned by Kinzon Capital Co. Ltd ("**Kinzon Capital**"), which is ultimately wholly owned by Mr. Wang Jun (王鈞), the managing partner of Kinzon Capital, and focuses on the investment in early-stage and growth-stage companies in technology innovation. Kinzon Capital II has eight limited partners, none of which held one-third or more of the interests therein.

Kinzon Capital III

Kinzon Capital Venture Partners III, L.P. ("**Kinzon Capital III**") is a limited partnership established in the Cayman Islands. Its general partner is Kinzon Capital Venture GP. Its limited partners are Kinzon Capital Venture Team II, L.P. and TR China Holdings 10, holding 5% and 95% of the interests therein, respectively. Kinzon Capital Venture Team II, L.P. is ultimately wholly owned by Mr. Wang Jun (王鈞). TR China Holdings 10 is held by TR Capital IV, L.P. and TR Capital IV (Lux) SCSp (collectively, the "**TR Funds**") as to 74.5% and 25.5%, respectively. TR Capital IV, L.P. and TR Capital IV (Lux) SCSp are held by 91 and 38 limited partners, respectively. None of the limited partners of the TR Funds holds one-third or more of the interest in the TR Funds.

12. Luxshare

LUXSHARE LIMITED (立訊有限公司) ("**Luxshare**") is a company incorporated under the laws of Hong Kong. It is held as to 50% by Ms. WANG Laichun (王來春) and 50% by Mr. WANG Laisheng (王來勝), being the chairman and vice chairman, respectively, of Luxshare Precision Industry Co., Ltd. (立訊精密工業股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 002475) and is primarily engaged in the design and manufacturing of cable assembly and connector system for various applications.

13. Ningbo Jumin

Ningbo Jumin Investment LLP. (寧波高新區岠珉股權投資合夥企業(有限合夥)) ("**Ningbo Jumin**") is a limited partnership established in the PRC. Its general partner is Shanghai Lihan Investment Management Co., Ltd. (上海利瀚投資管理有限公司), a company wholly owned by Mr. ZHENG Ming (鄭明), and its limited partners include Mr. WANG Jiaqiang (王佳強) holding 49.50% therein and four other limited partners, none of which held one-third or more of the interest therein.

14. OFC

OFC Fund I

OFC INNOVATION ANGEL FUND I (東方富海(蕪湖)移動創新股權投資基金(有限合夥)) ("**OFC Fund I**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is OFC (Wuhu) Equity Investment Fund Management Enterprise (Limited Partnership) (東方富海(蕪湖)股權投資基金管理企業(有限合夥)) ("**OFC Management**"), which is ultimately controlled by Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司) ("**OFC**"). OFC is held by a total of 19 shareholders, including (i) Mr. Chen Wei (陳瑋), the chairman of OFC, and his controlled entities, namely Wuhu Fuhai Jiutai Investment Consulting Partnership (Limited Partnership) (蕪湖市富海久泰投資諮詢合夥企業(有限合夥)) and Wuhu Fuhai Juli Investment Consulting Partnership Enterprise (Limited Partnership) (蕪湖市富海聚利投資諮詢合夥企業(有限合夥)) as to an aggregate of approximately 48.42%, (ii) Guangdong Baolihua New Energy Co., Ltd. (廣東寶麗華新能源股份有限公司), an independent investor and the second largest shareholder of OFC as to 27.78%, and (iii) 15 other independent investors or shareholders of OFC as to 23.81%, each holding no more than 10% of the interests in OFC. OFC focuses on the investment in technology, media and telecom, green technology, new material and advanced manufacturing technology and healthcare sectors. OFC Fund I is held by OFC Management as to 12.5% and seven limited partners, none of which held one-third or more of the interest therein.

OFC Fund II

OFC INNOVATION ANGEL FUND II (富海深灣(蕪湖)移動創新股權投資基金(有限合夥)) ("**OFC Fund II**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is OFC Management. OFC Fund II is held by OFC Management as to 2.21%, OFC as to 14.71% as a limited partner, and 20 other limited partners, none of which held one-third of more of the interest therein.

OFC Clean Tech

OFC Clean Tech Growth (Limited Partnership) (深圳市東方富海成長環保投資企業(有限合夥)) ("**OFC Clean Tech**") is a limited partnership established in the PRC. Its general partner is OFC Management. OFC Clean Tech is held by OFC Management as to 10% and OFC as to 90% as limited partners.

Shenzhen Fuhai

Shenzhen Fuhai Juanyong Entrepreneurship Management Partnership (Limited Partnership) (深圳富海雋永創業管理合夥企業(有限合夥)) ("**Shenzhen Fuhai**") (formerly known as Shenzhen Gootor Equity Investment Fund Management Enterprise (Limited Partnership) (深圳股投邦股權投資基金管理企業(有限合夥))) is a limited partnership established in the PRC. Its general partner is Ganzhou

Hairongtong Investment Management Partnership (Limited Partnership) (贛州海融通投資管理合夥企業(有限合夥)) ("**Ganzhou Hairongtong**"), in which each of Ms. Diao Haitao (刁海濤), the financial director of Shenzhen Fuhai, and Mr. Diao Junhuan (刁雋桓), a partner of OFC, held 50% of the interest therein. Shenzhen Fuhai is held by Ganzhou Hairongtong as to 66.10% and OFC Management as to 33.90% as limited partners.

SME Development

SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)) ("**SME Development**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is Shenzhen OFC SME Development Fund Equity Investment Management Co., Ltd. (深圳市富海中小企業發展基金股權投資管理有限公司) ("**OFC SME Management**"), which is controlled by OFC. SME Development is held as to 1% by OFC SME Management and 10 limited partners, none of which held one-third or more of the interest therein.

15. Puhe

PUHE Realwin

PUHE Realwin Venture Capital.LP (深圳市普禾瑞贏股權投資基金合夥企業(有限合夥)) ("**PUHE Realwin**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is Shenzhen PUHE Asset Management Co., Ltd. (深圳市普禾資產管理有限公司) ("**PUHE Capital**"), a company ultimately controlled by Mr. HE Yunyue (何雲月). PUHE Capital focuses on the investment in artificial intelligence, new material, high-end equipment and healthcare sectors. PUHE Realwin is held by PUHE Capital as to 0.2%, Ms. ZHOU Nan (周南) as to 79.84% as a limited partner and three other limited partners, none of which held one-third or more of the interest therein.

PUHE Intelligent

PUHE Intelligent Venture Capital.LP (深圳市普禾智能一號投資合夥企業(有限合夥)) ("**PUHE Intelligent**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is PUHE Capital. It is held as to 0.28% and 99.72% by PUHE Capital as general partner and Ningxia Ningju Innovation Investment Co., Ltd. (寧夏寧聚創新投資管理有限公司) as limited partner, a company wholly owned by Mr. WANG Ning (王寧), respectively.

16. Shangqi Management

Changzhou Shangqi

Changzhou Shangqi Xinhui Equity Investment Fund (LLP) (常州尚頎信輝股權投資基金合夥企業(有限合夥)) ("**Changzhou Shangqi**") is a limited partnership established in the PRC. Its general partner is Shanghai Shangqi Investment Management Partnership (Limited Partnership) (上海尚頎投資管理合夥企業(有限合夥)) ("**Shangqi Management**"), which is ultimately controlled by Mr. FENG Ji (馮戟). Shangqi Management holds 0.12% of the interest in Changzhou Shangqi. Changzhou Shangqi has 15 limited partners, none of which held one-third or more of the interest therein.

Yangzhou Shangqi

Yangzhou Shangqi Sanqi Venture Capital Fund Center (Limited Partnership) (揚州尚頎三期創業投資基金中心(有限合夥) ("**Yangzhou Shangqi**"), formerly known as Yangzhou Shangqi Sanqi Auto Industry M&A Equity Investment Fund (LLP) (揚州尚頎三期汽車產業併購股權投資基金中心(有限合夥))) is a limited partnership established in the PRC, and its general partner is Shangqi Management, which holds 0.11% of the interest therein. Yangzhou Shangqi has 16 limited partners, none of them held one-third or more of the interest therein.

17. Smart Han

Smart Han Ltd ("**Smart Han**") is a company incorporated under the laws of the BVI and is wholly owned by A Han Ltd., which is ultimately wholly owned by Mr. Guo Xiaofeng (郭曉峰). Mr. Guo Xiaofeng is one of the limited partners of each of OFC Fund I and OFC Fund II, holding approximately 12.5% and 3.68% limited partnership interest therein, respectively, and is also an investor with investment experience in various industries, including software services and information technology.

18. Sino-Rock

SinoRock Prosperous

SinoRock Prosperous Global II Limited ("**SinoRock Prosperous**") is a company incorporated under the laws of the BVI and is wholly owned by Shenzhen Xinshi Xinxing Industry M&A Equity Investment Fund Partnership (Limited Partnership) (深圳信石信興產業併購股權投資基金合夥企業(有限合夥) ("**Xinshi Xinxing**"). Xinshi Xinxing is managed by Cinda Kunpeng (Shenzhen) Equity Investment Management Company Limited (信達鯤鵬(深圳)股權投資管理有限公司), which is ultimately controlled by Sino-Rock Investment Management Company Limited (漢石投資管理有限公司) ("**Sino-Rock**"), a company incorporated in Hong Kong and is primarily engaged in investment.

Cinda Sino-Rock Investment

Cinda Sino-Rock Investment Limited (信達漢石投資有限公司) ("**Cinda Sino-Rock Investment**") is a company incorporated under the laws of BVI. Cinda Sino-Rock Investment is wholly owned by Sino-Rock.

19. Xiaomi

Shanghai Ziyue Enterprise Management Consulting Partnership (Limited Partnership) (上海籽月企業管理諮詢合夥企業(有限合夥)) ("**Shanghai Ziyue**") is a limited partnership established in the PRC. Its general partner is Hubei Xiaomi YangtzeRiver Industry Investment Fund Management Co., Ltd. (湖北小米長江產業投資基金管理有限公司) ("**Xiaomi Management**"), a company ultimately controlled by Xiaomi Corporation (小米集團) ("**Xiaomi**"), a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an internet of things (IoT) platform at its core, listed on the Main Board of the Stock Exchange (stock code: 1810). Shanghai Ziyue is held as to approximately 99.59% by its limited partner, Hubei Xiaomi YangtzeRiver Industry Investment Fund Partners (湖北小米長江產業基金合夥企業(有限合夥)) ("**Hubei Fund**"). The general partner of Hubei Fund is Xiaomi Management, holding 0.08% of the interests therein. Hubei Fund has a total of

15 limited partners, including Xiaomi Inc. (小米科技有限責任公司) and Tianjin Jinxing Venture Investment Co., Ltd. (天津金星創業投資有限公司) ("**Tianjin Jinxing**"), both of which are consolidated affiliated entities of Xiaomi. Xiaomi Inc. and Tianjin Jinxing holds 16.67% and 2.83% of the interests in Hubei Fund, respectively. The largest limited partner of Hubei Fund is Zhuhai Xingge Capital Investment Co., Ltd. (珠海興格資本投資有限公司), a state-owned enterprise, which holds 17.50% of the interests therein, and none of the limited partners of Hubei Fund holds one-third or more of the interests therein.

20. Yunfeng

YF Robosence Limited ("**YF Robosence**") is a limited liability company incorporated under the laws of the BVI. YF Robosence is wholly owned by Yunfeng Fund IV, L.P., a limited partnership established under the laws of the Cayman Islands, whose general partner is Yunfeng Investment IV, Ltd. ("**Yunfeng**"), which is in turn controlled by Mr. YU Feng (虞鋒).

21. Yutong Bus

Sinoyutong International Limited (香港盛宇國際有限公司) ("**Sinoyutong**") is a company incorporated under the laws of Hong Kong and is wholly owned by Yutong Bus Co., Ltd. (宇通客車股份有限公司) ("**Yutong Bus**"), a company listed on the Shanghai Stock Exchange (stock code: 600066), and is primarily engaged in the manufacturing of buses.

5. Public float

Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), the Shares held by BlackPearl, Emerald Forest, Sixsense, Ruby and Cainiao will not be counted towards the public float of our Company. Save as disclosed above, to the best of our Directors' knowledge, information and belief, all other Shareholders of our Company are not core connected persons of our Company. Therefore, approximately 66.84% of our issued Shares (upon completion of the Global Offering and assuming the Over-allotment Option is not exercised) will be counted towards the public float of our Company according to Rule 8.08(1) of the Listing Rules.

6. Compliance with Interim Guidance and Guidance Letters

On the basis that (i) the Pre-IPO Investments were irrevocably settled more than 28 clear days before the date of first filing of the listing application, and (ii) the redemption rights and divestment rights granted to the Pre-IPO Investors have been terminated before the first filing of listing application by the Company submits with the Stock Exchange and all other special rights granted to the Pre-IPO Investors will be terminated upon completion of the Global Offering, the Joint Sponsors have confirmed that the Pre-IPO Investments are in compliance with the Interim Guidance (HKEX-GL29-12) on Pre-IPO Investments issued by the Stock Exchange on October 13, 2010 and as updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

PARTIES ACTING IN CONCERT

On April 21, 2023, our Founders, Dr. Qiu, Dr. Zhu and Mr. Liu, entered into the Concert Party Confirmation, to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of our Group and aligning their votes in the board and shareholders' meetings of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier), and that they will continue to act in concert until the earliest of the day when (1) any of Dr. Qiu, Dr. Zhu and Mr. Liu ceases to have any direct or indirect interests in our Company; (2) all of Dr. Qiu, Dr. Zhu and Mr. Liu agree in writing to terminate the acting-in-concert arrangement; or (3) our Company passes a resolution or a binding decree is made by a court to wind up or dissolve our Company.

ACQUISITION DURING THE TRACK RECORD PERIOD

On December 14, 2022, Shenzhen Suteng entered into a capital increase agreement with Dongguan Cowell Optic Electronics Co., Ltd. (東莞高偉光學電子有限公司) ("**Dongguan Cowell**"), a subsidiary of Cowell e Holdings Inc. (高偉電子控股有限公司), being a company listed on the Stock Exchange (stock code: 1415) and an Independent Third Party, pursuant to which Shenzhen Suteng agreed to inject capital of RMB49 million into Luxsense, a then wholly owned subsidiary of Dongguan Cowell. Luxsense is principally engaged in the manufacturing of modules for the Group's production line. The amount of capital contribution by Shenzhen Suteng was determined after arm's length negotiations among the parties based on the registered capital of Luxsense and the proportion of equity interest Luxsense to be acquired by Shenzhen Suteng. The payment was settled in December 2022 and the transaction was completed in February 2023. Upon completion of such capital injection, Luxsense was owned as to 49% by Shenzhen Suteng and 51% by Dongguan Cowell.

None of the applicable percentage ratios as defined under the Listing Rules in respect of the above transaction exceeds 25% which would require disclosure pursuant to Rule 4.05A of the Listing Rules. Save as the above transaction, we have not conducted any acquisitions, disposals or mergers since our inception that we consider to be material to us.

CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure (a) as at the date of this document and (b) immediately upon the completion of the Global Offering, assuming (i) the Over-allotment Option is not exercised and (ii) each Preferred Share is reclassified into one Ordinary Share immediately before the completion of the Global Offering.

Shareholders	Series of Pre-IPO Investment	Number and class of Shares held by the Shareholder	Aggregate ownership percentage as at the date of this document	Aggregate ownership percentage upon the completion of the Global Offering[1]
Founder Entities and ESOP Holding Entities				
BlackPearl[2]	—	49,367,683 Ordinary Shares	11.58%	10.99%
Emerald Forest[3]	—	29,604,176 Ordinary Shares	6.94%	6.59%
Sixsense[4]	—	18,110,571 Ordinary Shares	4.25%	4.03%
Robust[6] [8]	—	13,450,225 Ordinary Shares	3.16%	3.00%
Ruby[5] [6]	—	4,849,401 Ordinary Shares	1.14%	1.08%
Hoping Dream[6] [8]	—	17,210,526 Ordinary Shares	4.04%	3.83%

Shareholders	Series of Pre-IPO Investment	Number and class of Shares held by the Shareholder	Aggregate ownership percentage as at the date of this document	Aggregate ownership percentage upon the completion of the Global Offering[1]
Major Pre-IPO Investors				
BAIC				
Shanghai Anpeng[7] [8]	F	5,068,594 Preferred Shares	1.19%	1.13%
Beiqi Huajin[7] [8]	A+	2,269,211 Preferred Shares	0.53%	0.51%
Cainiao[7] [8]	C	47,005,063 Preferred Shares	11.03%	10.46%
China Mobile Hebei Xiong'an[7] [8]	G-2	5,170,188 Preferred Shares	1.21%	1.15%
China Renaissance				
Huaxing Growth III[7] [8]	F	7,333,386 Preferred Shares	1.72%	1.63%
Golden Development[7] [8]	F	15,361,813 Preferred Shares	3.60%	3.42%
EverestHeng[7] [8]	G-1	11,374,415 Preferred Shares	2.67%	2.53%
Fortune Athena[7] [8]	A	6,495,271 Preferred Shares	1.52%	1.45%
Fortune Miner[7] [8]	B	1,010,509 Preferred Shares	0.24%	0.22%
Fosun				
Shanghai Rui Wang[7] [8]	A, B, D	6,268,064 Preferred Shares	1.47%	1.40%
Guangzhou Ruiyi[7] [8]	D	915,297 Preferred Shares	0.21%	0.20%
GCF[7] [8]	F	7,333,386 Preferred Shares	1.72%	1.63%
Gortune				
Gotrays International[7] [8]	A, B	7,404,946 Preferred Shares	1.74%	1.65%
Storm Era[7] [8]	A, B	7,404,946 Preferred Shares	1.74%	1.65%
Haitong				
Huzhou Yutong[7] [8]	B	2,541,520 Preferred Shares	0.60%	0.57%
Huzhou Yuntong[7] [8]	B	1,815,368 Preferred Shares	0.43%	0.40%
Liaoning Haitong [7] [8]	B	2,904,586 Preferred Shares	0.68%	0.65%
Kinzon				
Kinzon Capital II[7] [8]	A+, B, D	17,002,869 Preferred Shares	3.99%	3.79%
Kinzon Capital III[7] [8]	F	2,444,462 Preferred Shares	0.57%	0.54%
Luxshare[7] [8]	E	10,000,000 Preferred Shares	2.35%	2.23%
Ningbo Jumin[7] [8]	B	5,082,984 Preferred Shares	1.19%	1.13%

Shareholders	Series of Pre-IPO Investment	Number and class of Shares held by the Shareholder	Aggregate ownership percentage as at the date of this document	Aggregate ownership percentage upon the completion of the Global Offering[1]
OFC				
OFC Fund I[7] [8]	Angel	8,045,851 Preferred Shares	1.89%	1.79%
OFC Fund II[7] [8]	Seed	4,791,340 Preferred Shares	1.12%	1.07%
OFC Clean Tech[7] [8]	D	147,140 Preferred Shares	0.03%	0.03%
Shenzhen Fuhai[7] [8]	D	858,306 Preferred Shares	0.20%	0.19%
SME Development [7] [8]	D	1,487,746 Preferred Shares	0.35%	0.33%
Puhe				
PUHE Realwin[7] [8]	Seed	4,616,424 Preferred Shares	1.08%	1.03%
PUHE Intelligent[7] [8]	Seed	8,294,235 Preferred Shares	1.95%	1.85%
Shangqi Management				
Changzhou Shangqi[7] [8]	C	1,429,373 Preferred Shares	0.34%	0.32%
Yangzhou Shangqi[7] [8]	C	3,787,830 Preferred Shares	0.89%	0.84%
Smart Han[7] [8]	Angel, Seed	6,351,246 Preferred Shares	1.49%	1.41%
Sino-Rock				
SinoRock Prosperous[7] [8]	G-2	5,687,206 Preferred Shares	1.33%	1.27%
Cinda Sino-Rock Investment[7] [8]	G-2	979,706 Preferred Shares	0.23%	0.22%
Shanghai Ziyue[7] [8]	E	10,000,000 Preferred Shares	2.35%	2.23%
YF Robosence[7][8]	F	7,565,066 Preferred Shares	1.77%	1.68%
Sinoyutong[7] [8]	D+	10,831,073 Preferred Shares	2.54%	2.41%
Other Pre-IPO Investors				
Logi Group Limited[8]	Angel, Seed	3,868,136 Preferred Shares	0.91%	0.86%
AFFLUENT CAPITAL VENTURES LIMITED (豐都創投有限公司)[8]	B	1,010,508 Preferred Shares	0.24%	0.22%
Skyward Limited[8]	B	1,010,508 Preferred Shares	0.24%	0.22%
Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥))[8]	D	1,798,356 Preferred Shares	0.42%	0.40%
Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership) (深圳市康成鵬峰榮承投資合夥企業(有限合夥))[8]	D	899,187 Preferred Shares	0.21%	0.20%

Shareholders	Series of Pre-IPO Investment	Number and class of Shares held by the Shareholder	Aggregate ownership percentage as at the date of this document	Aggregate ownership percentage upon the completion of the Global Offering[(1)]
Zhongruichuangzhi (Ningbo) Equity Investment Management Partnership (Limited Partnership) (中瑞創智(寧波)股權投資管理合夥企業(有限合夥))[(8)]	D	776,562 Preferred Shares	0.18%	0.17%
FULL WISDOM VENTURES LIMITED (滿慧創投有限公司) [(8)]	D	1,634,886 Preferred Shares	0.38%	0.36%
Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership) (嘉興啟元開泰股權投資合夥企業(有限合夥))[(8)]	D	2,452,310 Preferred Shares	0.58%	0.55%
EOE Limited [(8)]	D	858,306 Preferred Shares	0.20%	0.19%
Guangdong Innovative Lingyue Smart Manufacturing & Information Technology Investment Fund Limited Liability Partnership (廣東融創嶺岳智能製造與信息技術產業股權投資基金合夥企業(有限合夥))[(8)]	D+	2,452,310 Preferred Shares	0.58%	0.55%
Flow Limited[(8)]	D+	613,073 Preferred Shares	0.14%	0.14%
Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司) [(8)]	E	2,500,000 Preferred Shares	0.59%	0.56%
Golden Link[(8)]	D+, E	2,600,000 Preferred Shares	0.61%	0.58%
Xiamen Starlight[(8)]	D+, E	1,700,000 Preferred Shares	0.40%	0.38%
Suzhou Chenling[(8)]	D+, E	3,800,000 Preferred Shares	0.89%	0.85%
GREAT VIRTUOUS LIMITED[(8)]	F	3,782,533 Preferred Shares	0.89%	0.84%
Wuhan Zhisu Engine Equity Investment Fund Partnership (Limited Partnership) (武漢智速引擎股權投資基金合夥企業(有限合夥))[(8)]	F	366,669 Preferred Shares	0.09%	0.08%
Ningbo Zhixing Engine Equity Investment Partnership (Limited Partnership) (寧波智行引擎股權投資合夥企業(有限合夥))[(8)]	F	855,561 Preferred Shares	0.20%	0.19%
Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業(有限合夥))[(8)]	F	3,782,533 Preferred Shares	0.89%	0.84%
Excel Rise Holdings Limited[(8)]	G-2	2,585,094 Preferred Shares	0.61%	0.58%
Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥))[(8)]	G-2	2,843,603 Preferred Shares	0.67%	0.63%
Mirae Asset Alpha Growth Fund OFC[(8)]	G-2	2,018,195 Preferred Shares	0.47%	0.45%
Jurastone Tech Singularity I Ltd[(8)]	G-2	431,070 Preferred Shares	0.10%	0.10%

Shareholders	Series of Pre-IPO Investment	Number and class of Shares held by the Shareholder	Aggregate ownership percentage as at the date of this document	Aggregate ownership percentage upon the completion of the Global Offering[1]
HUITENG CO-STONE INVESTMENT LIMITED[8]	G-2	1,421,801 Preferred Shares	0.33%	0.32%
China World Investment Limited[8]	G-2	568,720 Preferred Shares	0.13%	0.13%
Public				
Public Shareholders[9]	—	22,909,800 Ordinary Shares	—	5.10%
Total		**449,211,723 Shares**	**100%**	**100%**

Notes:

(1) Assuming (i) the Over-allotment Option is not exercised and (ii) all Preferred Shares are reclassified as Ordinary Shares on a one-to-one basis immediately before the completion of the Global Offering.

(2) BlackPearl is owned as to 99.9% by BlackPearl Investment Limited and 0.1% by Sunton Global. Sunton Global is wholly owned by Dr. Qiu. BlackPearl Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Sunton Global and Dr. Qiu as beneficiaries.

(3) Emerald Forest is owned as to 99.9% by Emerald Forest Investment Limited and 0.1% by Emerald Forest Holding. Emerald Forest Holding is wholly owned by Dr. Zhu. Emerald Forest Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Emerald Forest Holding and Dr. Zhu as beneficiaries.

(4) Sixsense is owned as to 99.9% by CyberStone Holdings Limited and 0.1% by Realsense. Realsense is wholly owned by Mr. Liu. CyberStone Holdings Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Realsense and Mr. Liu as beneficiaries.

(5) Each of Dr. Qiu, Dr. Zhu and Mr. Liu entered into the Concert Party Confirmation to formalize and confirm that they have been parties acting in concert in exercising shareholders' rights of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier). See "Parties Acting in Concert" above for details of the Concert Party Confirmation.

(6) Ruby, Robust and Hoping Dream are ESOP Holding Entities, holding Shares underlying the Share Incentive Schemes. Each of Robust and Hoping Dream is indirectly controlled by Futu Trustee Limited acting as the trustee of a trust to hold the Shares on trust for the Participants of Pre-IPO Share Incentive Scheme A and Pre-IPO Share Incentive Scheme B, respectively. Ruby is indirectly controlled by TMF (Cayman) Ltd. as the trustee of a trust to hold the Shares corresponding to the awards granted to Mr. Qiu pursuant to the Pre-IPO Share Incentive Scheme A. For details, see "Statutory and General Information — D. Share Incentive Schemes" in Appendix IV to this document.

(7) See "Pre-IPO Investments — Information about our Major Pre-IPO Investors" above for the detailed background information of each of the major Pre-IPO Investors.

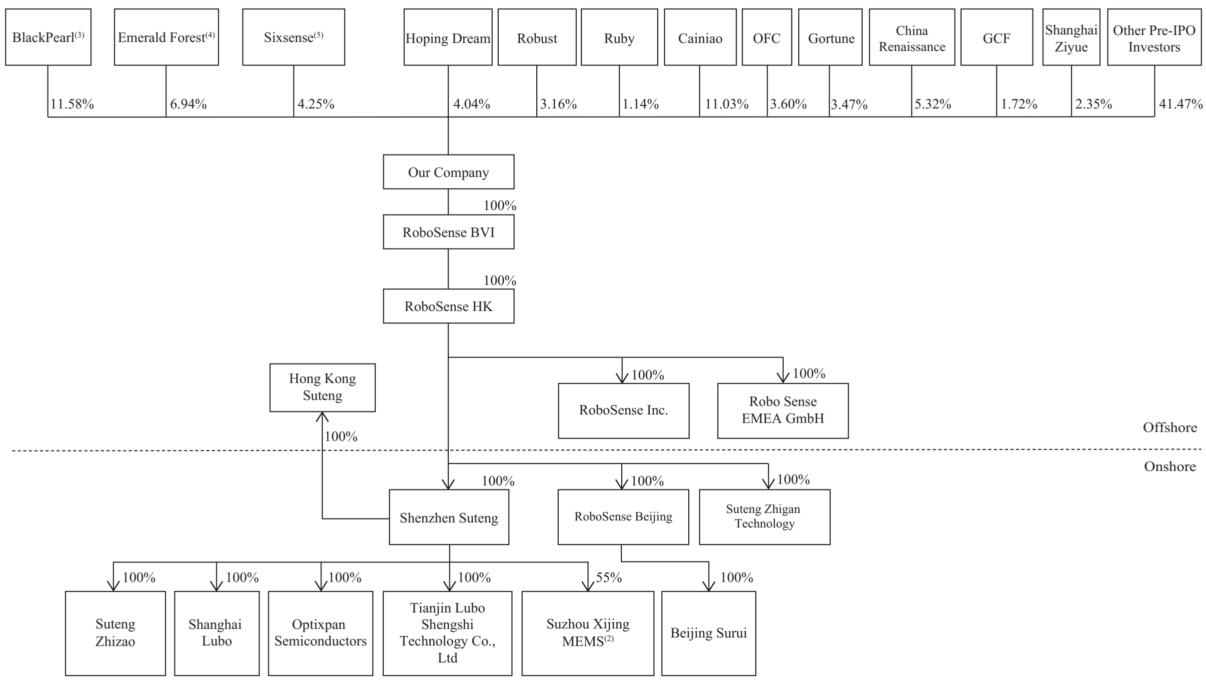
(8) To the best of the Company's knowledge, information and belief, such Shareholders are Independent Third Parties.

(9) "Public Shareholders" refer to the Shareholders who subscribe for the Offer Shares pursuant to the Global Offering.

CORPORATE STRUCTURE

The following charts illustrate our shareholding and corporate structure (1) immediately after completion of Reorganization and the Pre-IPO Investments but prior to completion of the Global Offering and (2) immediately after the completion of the Global Offering (assuming that the Over-allotment Option has not been exercised).

1. *Immediately after completion of the Reorganization and the Pre-IPO Investments but prior to the completion of the Global Offering*



(1) See "Pre-IPO Investments — Information about our Major Pre-IPO Investors" above for the detailed background information of each of the major Pre-IPO Investors and "- Capitalization of our Company" for the background information of other Shareholders.

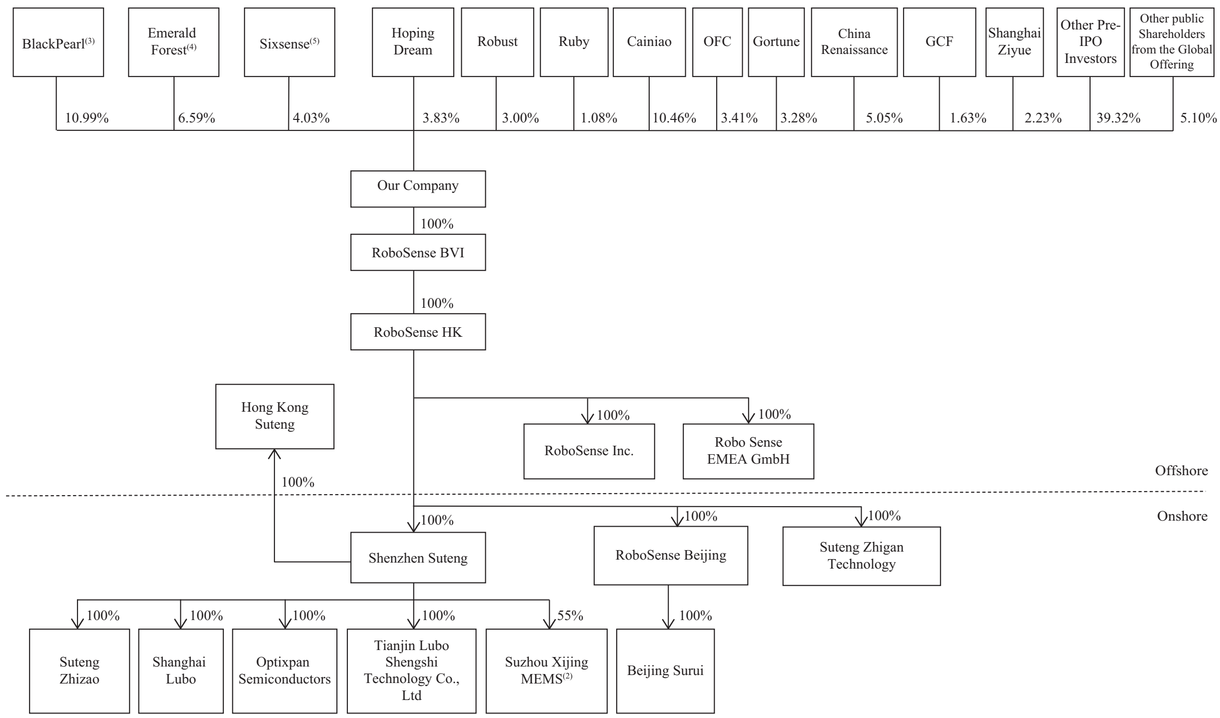
(2) The remaining 45% equity interest of Suzhou Xijing MEMS is held by Ms. ZHANG Xiaohong (張小紅), who is an Independent Third Party other than being the substantial shareholder of Suzhou Xijing MEMS.

(3) BlackPearl is owned as to 99.9% by BlackPearl Investment Limited and 0.1% by Sunton Global. Sunton Global is wholly owned by Dr. Qiu. BlackPearl Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Sunton Global and Dr. Qiu as beneficiaries.

(4) Emerald Forest is owned as to 99.9% by Emerald Forest Investment Limited and 0.1% by Emerald Forest Holding. Emerald Forest Holding is wholly owned by Dr. Zhu. Emerald Forest Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Emerald Forest Holding and Dr. Zhu as beneficiaries.

(5) Sixsense is owned as to 99.9% by CyberStone Holdings Limited and 0.1% by Realsense. Realsense is wholly owned by Mr. Liu. CyberStone Holdings Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Realsense and Mr. Liu as beneficiaries.

2. ***Immediately after the completion of the Global Offering (assuming that (i) the Over-allotment Option is not exercised and (ii) each Preferred Share is converted into one Ordinary Share immediately before the completion of the Global Offering)***



Note:

Notes (1) to (5): See the corresponding notes for the chart under "Immediately after completion of the Reorganization and the Pre-IPO Investments but prior to the completion of the Global Offering" above.

PRC REGULATORY REQUIREMENTS

M&A Rules

According to the Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the State Administration of Industry and Commerce and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, if a mainland China company or individual intends to acquire its/his/her related domestic company through an offshore company which it/he/she lawfully established or controls, such acquisition shall be subject to the examination and approval of MOFCOM. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by mainland China companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the mainland China companies in exchange for the shares of offshore companies. Pursuant to the Manual of Guidance on Administration for Foreign Investment Access (《外商投資准入管理指引手冊》) issued by MOFCOM on December 2008, the M&A Rules do not apply to the transfer of equity interests in established foreign-invested enterprises from mainland

China companies or individuals to offshore companies or individuals, regardless of whether there is any associated relationship between the mainland China companies or individuals and offshore companies or individuals, or whether the offshore companies or individuals are existing shareholders or new shareholders of the foreign-invested enterprises.

As advised by our PRC Legal Advisor, unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules in the future, prior CSRC or MOFCOM approval for the Global Offering is not required under the M&A Rules.

SAFE Registration

Pursuant to the SAFE Circular on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**"), promulgated by SAFE and came into effect on July 4, 2014, which replaced the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Round-trip Investment Through Offshore Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 75**") (i) a mainland China resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the mainland China resident for the purpose of conducting investment or financing, and (ii) following the initial registration, the mainland China resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's mainland China resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the SAFE Circular on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**"), promulgated by SAFE which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity are located.

As advised by our PRC Legal Advisor, as at the Latest Practicable Date, the shareholders who we are aware of being subject to SAFE Circular 37 have completed the initial registration requirement as regulated under SAFE Circular 37 in August 2021.

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Governmental Policies on Supporting and Promoting Smart LiDAR Sensor System Development in China

The PRC Ministry of Industry and Information Technology, or the MIIT, issued the Industrial Development Action Plan on Internet of Vehicles (Intelligent Connected Vehicle) (《車聯網(智能網聯汽車)產業發展行動計劃》) on December 25, 2018, provides the speeding up of the joint development and achievement transformation of perception devices, such as vehicle vision systems, laser/millimeter wave radars, multi-domain controllers, and inertial navigation, and acceleration of the development of key components such as smart vehicle terminals and vehicle-level chips, and promote the industrial application of new-generation artificial intelligence, high-precision positioning and dynamic maps in intelligent networked vehicles.

The Catalogue for Guiding Industry Restructuring (2019 Version) (《產業結構調整指導目錄(2019年本)》), promulgated on October 30, 2019 by the National Development and Reform Commission, or the NDRC, effected on January 1, 2020 and revised on December 30, 2021, which emphasizes that building an industrial cluster of key parts of intelligent vehicles such as on-board high-precision sensors and specification chips, as well as to promote the high-precision positioning and map technologies in intelligent networked vehicles.

The Ministry of Commerce, or the MOFCOM and the other seven PRC governmental authorities jointly issued the Guidance On Promoting Service Outsourcing and Accelerating Transformation and Upgrading (《關於推動服務外包加快轉型升級的指導意見》) on January 6, 2020, which provides that PRC government shall support the development of information technology outsourcing by including enterprises' research & development and application of certain information technologies, such as cloud computing, basic software, integrated circuit design and block chain, into the scope of national science and technology program.

The NDRC, and the other ten PRC governmental authorities jointly released Smart Car Innovation Development Strategy (《智能汽車創新發展戰略》) on February 10, 2020, which provides that the PRC government to promote the development and industrialization of automotive high-precision sensors, automotive-grade chips, smart operating systems, automotive smart terminals, and smart computing platforms, and to build an industry cluster for smart automotive key components.

The PRC government also implement several preferential tax policies to encourage the development of integrated circuit and software industries. Ministry of Finance, also known as MOF, and State Taxation Administration, also known as STA issued the Announcement on Income Tax Policies for Integrated Circuit Design and Software Enterprises (《關於集成電路設計和軟件產業企業所得稅政策的公告》) on May 17, 2019, for the qualified integrated circuit design enterprises and software enterprises shall enjoy an incentive period with effect from their profit-making year(s) prior to December 31, 2018, and be exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year, until the incentive period expires.

Notice of the State Council on Issuing Several Policies for Promoting the High-quality Development of the Integrated Circuit Industry and the Software Industry in the New Era (《國務院關

於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》) issued by State Council on July 27, 2020, which emphasized that the integrated circuit industry and software industry are the core of the information industry and the key forces leading a new round of scientific and technological revolution and industrial change. In order to further optimize the development environment of integrated circuit industry and software industry, deepen industrial international cooperation, and improve industrial innovation ability and development quality, policies and measures in eight aspects such as finance and taxation, investment and financing, research and development, import and export, human resources, intellectual property rights, market application and international cooperation are formulated and issued. The government shall encourage the development of integrated circuit industry and software industry, and vigorously cultivate enterprises in the fields, strengthen the development of integrated circuit and software majors, accelerate the setting of first-level disciplines of integrated circuit, and support the development and cultivation of integrated enterprises of industry and education in the integrated circuit field. The government shall strictly implement the integrated circuit and software intellectual property rights protection system and intensify punishments for intellectual property rights infringement and illegal acts. It is also necessary for the government to promote the cluster development and regulate the market order of integrated circuit industry and software industry, and deepen international industrial cooperation. All eligible integrated circuit enterprises and software enterprises established within the territory of China, regardless of the nature of their ownership, are entitled to foregoing Policies. The government shall deepen the global cooperation in the integrated circuit industry and software industry and actively create a favorable environment for international enterprises to invest and develop in China.

Pursuant to Notice of the General Office of the State Council on Promulgation of the Development Plan for New Energy Automobile Industry (2021 — 2035) (《國務院辦公廳關於印發新能源汽車產業發展規劃(2021 — 2035年)的通知》), issued by the General Office of the State Council on October 20, 2020, the PRC government encourages the enterprises to implement innovation projects for intelligent connected technologies. The PRC government should, by using new energy automobiles as the first application carrier of intelligent connected technologies, support enterprises in collaborating across domains, research and develop key technologies such as integrated perception of complex environment, intelligent connected decision-making and control, and design of information physical system architecture, and make breakthroughs in core technologies and products such as on-board intelligent computing platforms, high-precision maps and positioning, wireless communication of vehicle to everything (V2X), and drive-by-wire execution systems.

Regulations on to Foreign Investment in China

Investment activities in China by foreign investors are primarily regulated by the Catalogue of Encouraged Industries for Foreign Investment, the Special Administrative Measures (Negative List) for Foreign Investment Access, or the Negative List, and the PRC Foreign Investment Law (《中華人民共和國外商投資法》) and their respective implementation rules and ancillary regulations. The latest Catalogue of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄(2022年版)》) was jointly promulgated by the MOFCOM and NDRC on October 26, 2022 and took effect on January 1, 2023. The latest Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單) (2021年版)》), or the 2021 Negative List, was jointly promulgated by the MOFCOM and the NDRC on December 27, 2021 and took effect on January 1, 2022.

The Foreign Investment Law was promulgated by the National People's Congress, or the NPC, on March 15, 2019 and took effect on January 1, 2020 to replace the three prior major PRC laws regarding foreign investment 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》), and their respective implementation rules. Pursuant to the Foreign Investment Law, foreign investment refers to investment activities conducted by foreign investors (including natural persons, enterprises, and other entities) directly or indirectly in China, which includes: (i) foreign investors setting up foreign-invested enterprises in China individually or jointly with other investors, (ii) foreign investors acquiring shares, equity interests, property portions, or other similar rights and interests of enterprises in China, (iii) foreign investors investing in new projects in China individually or jointly with other investors, and (iv) foreign investment through other means as stipulated by laws, administrative regulations, or provisions of the PRC State Council.

Pursuant to the Foreign Investment Law, foreign investment will enjoy pre-entry national treatment in China (which means treatment that is no less favorable than treatment to domestic investment at the market entry stage), except that foreign-invested enterprises operating in "restricted" or "prohibited" industries set forth on the Negative List are required to obtain market-entry clearance and other approvals. The Foreign Investment Law does not explicitly touch upon the concept of de facto control or contractual arrangements with variable interest entities, but its catch-all provision in the definition of foreign investment leaves possibility for future laws and regulations to specify contractual arrangements as a form of foreign investment.

The Foreign Investment Law also includes certain protective principles and provisions for foreign investors and their investment in China. For example, local government authorities must abide by their commitments made to foreign investors; foreign-invested enterprises are allowed to issue shares of stock and corporate bonds; expropriation and requisition of foreign investment are generally prohibited except under special circumstances, where statutory procedures must be followed and fair and reasonable compensation must be made in a timely manner; mandatory technology transfer is prohibited; foreign investors funds are permitted to be freely transferred out and into the PRC territory during the entire lifecycle of foreign investment; and foreign-invested enterprises are provided with opportunities of fair competition in a market economy. In addition, the Foreign Investment Law allows foreign-invested enterprises that were established under to the prior foreign investment laws and regulations to maintain their corporate structure and governance within five years after the implementation of the Foreign Investment Law, after which such foreign-invested enterprises may be required to adjust the legacy corporate structure and governance pursuant to the currently effective PRC Company Law and other relevant laws and regulations.

The Implementation Regulations of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) were promulgated by the State Council on December 26, 2019 and took effect on January 1, 2020. These implementation rules further clarified that China encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment, continues to optimize foreign investment environment, and advances a higher-level opening. The State Administration for Market Regulation, or the SAMR and its local counterparts supervise the registration of foreign-invested enterprises. If additional licenses and permits are required, foreign investors will apply to other relevant government authorities supervising such licenses and permits following the same conditions and procedures applicable to PRC domestic investors unless otherwise stipulated laws and regulations.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which took effect on January 1, 2020. Pursuant to these measures, where a foreign investor directly or indirectly conducts investment activities in China, the foreign investor or the foreign-invested enterprise must submit the investment information to the competent commerce authority through the enterprise registration system and the national enterprise credit information publicity system. Failure to report required investment information may subject foreign investors or foreign-invested enterprises to legal liabilities.

On December 19, 2020, the National Development and Reform Commission, or the NDRC, and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. Led by the NDRC and MOFCOM, the Office of the Working Mechanism shall be established under the NDRC to undertake routine work on the security review of foreign investment. Foreign investors or relevant parties in mainland China shall take the initiative to make a declaration on their investments for security review to the Office of the Working Mechanism prior to (i) making investments in the military industry, military industrial support and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) obtaining control over enterprises involved in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technologies and internet products and services, important financial services, key technologies and other important fields relating to national security. Control exists when a foreign investor (i) holds 50% or more equity interests in the enterprise, (ii) has voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the enterprise even when it holds less than 50% equity interests in the enterprise, or (iii) has material impact on the enterprise's business decisions, human resources, finance and technology.

Regulations on Production and Business Operation

Regulations on Product Liability

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》), which was promulgated on February 22, 1993 and last amended on December 29, 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

On May 28, 2020, the National People's Congress promulgated the PRC Civil Code (《中華人民共和國民法典》), which took effect on January 1, 2021 and replaces the Tort Law of the People's Republic of China, the Contract Law of the People's Republic of China, and several other basic civil laws in the PRC. Under the PRC Civil Code, if a product is found to be defective and to compromise the personal and property security of others, the victim may require compensation to be made by the manufacturer or the seller of the product. Where any manufacturer or seller knowingly produces or sells defective products or fails to take effective remedial measures in accordance with the PRC Civil Code and thus causes death or serious damage to the health of another person, such person shall be entitled to claim punitive damages. If the transporter or storekeeper is responsible for the matter, the manufacturer or seller shall have the right to demand compensation for its losses.

Regulations Relating to Import and Export of Goods

Pursuant to the Regulations of the PRC 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》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002, the import and export of goods are generally allowed by the mainland China government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC, on May 12, 1994, which came into effect on July 1, 1994 and lately amended with immediate effect on December 30, 2022, unless otherwise provided by laws and regulations, the mainland China government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

Regulations on Environmental Protection

Pursuant to the PRC Environmental Protection Law (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014, and effective on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, medical waste, dust, malodorous gases, radioactive substances, noise, vibrations, ray radiation, electromagnetic radiation, and other hazards produced during such activities.

Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include fines, orders to rectify within a prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. Any person or entity that pollutes the environment resulting in damage could also be held liable under the PRC Civil Code. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

According to the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》) (the "Construction Environmental Protection Rule"), promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, and other relevant environmental laws and regulations, enterprises which plan to construct projects shall provide the assessment reports, assessment form, or registration form on the environmental impact of such projects with relevant environmental protection administrative authority for approval or filing. Enterprises may entrust a technical entity to conduct an environmental impact assessment of its construction projects and prepare environmental impact reports and environmental impact statements on construction projects. If a construction entity has the technical capability of environmental impact assessment, it may carry out the above activities itself.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002 and amended on July 2, 2016 and December 29, 2018 respectively, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

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, amended on August 27, 2009, August 31, 2014, June 10, 2021 and became effective on September 1, 2021, producers and business operators shall establish, improve and implement the responsibility system for work safety of all employees of the entity, and strengthen the development of standards for work safety, increase the input and guarantee of funds, materials, technologies, and personnel in terms of work safety, improve the conditions for work safety. Producers and business operators shall provide their employees with education and training on work safety to ensure that the employees acquire the necessary knowledge about work safety, are familiar with the relevant rules for work safety and safe operating procedures, master the safety operating skills for the posts, understand the emergency handling measures for accidents and are aware of their rights and obligations in respect of work safety. No employee who fails to pass the examination after receiving education and training on work safety may be assigned to posts.

Regulations on Development of Construction Projects

Regulations on Planning of a Construction Project

Pursuant to the PRC Urban and Rural Planning Law (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and amended on April 24, 2015 and April 23, 2019, a construction work planning permit must be obtained from the competent urban and rural planning government authority for the construction of any structure, fixture, road, pipeline, or other engineering project within an urban or rural planning area. After obtaining a construction work planning permit, subject to certain exceptions, a construction enterprise must apply for a construction work commencement permit from the construction authority under the local people's government at the county level or above pursuant to the Administrative Provisions on Construction Permit of Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on March 30, 2021.

Pursuant to the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009, and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure promulgated and implemented by the Ministry of Housing and Urban-Rural Development (《房屋建築和市政基礎設施工程竣工驗收規定》) on December 2, 2013, upon the completion of a construction project, the construction enterprise must submit an application to the competent government department at or above county level where the project is located for examination upon completion of building and for filing purpose, and to obtain the filing form for acceptance and examination upon completion of construction project.

Regulations on Fire Control

Pursuant to the PRC Fire Safety Law (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, amended on October 28, 2008, April 23, 2019, and April 29, 2021, and effective on April 29, 2021, and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Project (《建設工程消防設計審查驗收管理暫行規定》) which was promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, amended on August 21, 2023 and became effective on October 30, 2023, the construction entity of a large-scale crowded venue (including the construction of a manufacturing plant whose size is over 2,500 square meters) and other special construction projects must apply for fire prevention design review with fire control authorities, and complete fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must complete the filing for fire prevention design and the fire safety completion inspection and acceptance procedures within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such venue is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to (i) orders to suspend the construction of projects, use of such projects, or operation of relevant business, and (ii) a fine between RMB30,000 and RMB300,000.

Regulations on Internet Information Security and Privacy Protection

Regulations on Information Security

The Decision on Maintenance of Cybersecurity (《關於維護互聯網安全的決定》) enacted by the SCNPC on December 28, 2000, as amended in August 2009, stipulates, among others, that the following activities conducted via internet are subject to criminal penalty if they constitute crimes under PRC law: (i) hacking into a computer or system of strategic importance; (ii) intentionally inventing and spreading destructive programs such as computer viruses to attack computer systems and communications networks, thus damaging computer systems and the communications networks; (iii) disconnecting computer networks or communications services without authorization in violation of laws and regulations; (iv) divulging state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights via internet.

In November 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), or the Cybersecurity Law, which became effective on June 1, 2017. The Cybersecurity Law requires that network operators, including internet information services providers, take technical measures and other necessary measures in accordance with applicable laws and regulations and the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of its networks. The Cybersecurity Law further requires internet information services providers to formulate contingency plans for network security incidents, report to the competent departments immediately upon the occurrence of any incident endangering cybersecurity, and take corresponding remedial measures. Internet information services providers are also required to maintain the integrity, confidentiality, and availability of network data. The Cybersecurity Law reaffirms the basic principles and requirements specified in other existing laws and regulations on personal data protection, such as the requirements on the collection, use, processing, storage, and disclosure of personal data, and internet information services providers being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent the personal information from being divulged, damaged, or lost. Any violation of the Cybersecurity Law may subject an internet information services provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, shutdown of websites, or criminal liabilities.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which became effective from September 1, 2021. The Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security.

Pursuant to the Measures for Cybersecurity Review (《網絡安全審查辦法》) promulgated by the Cyberspace Administration of China, or the CAC and certain other PRC government authorities in December 2021, which took effect in February 2022, critical information infrastructure operators must pass a cybersecurity review when purchasing network products and services that affect or may affect national security.

The State Council released the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) on July 30, 2021 which effective on September 1, 2021, according to which, critical information infrastructure, also known as CII, means any of network facilities and information systems in important industries and fields, such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, and science, technology and industry for national defense, and other infrastructures that may seriously endanger national security, national economy and people's livelihood, and public interests in the event that they are damaged or lose their functions or their data are leaked. The operator of CII, also known as the CIIO, shall establish and improve the network security protection system. The CIIO shall conduct network security detection and risk assessment on key information infrastructure at least once a year by itself or by entrusting a network security service institution, timely rectify the security problems found, and report the situation in accordance with the requirements of the protection department. When a major network security incident or threat occurs, the operator shall report to the protection department and the public security organ in accordance with relevant regulations.

On June 22, 2007, the Ministry of Public Security of the PRC, also known as MPS and the other three PRC governmental authorities jointly promulgated the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》), which requires that entities operating and using information systems shall perform their obligations and duties of the hierarchical protection of information security in accordance with these Measures and the relevant standards. Entities shall access their information system in accordance with the Information Security Technology — Classification Guide for Classified Protection of Information System. On January 8, 2011, the State Council released the Regulations of the People's Republic of China on the Security Protection of Computer Information System (《中華人民共和國計算機信息系統安全保護條例》). The security grading protection shall be exercised in respect of computer information systems.

On July 7, 2022, the CAC promulgated the Outbound Data Transfer Security Assessment Measure, or the Security Assessment Measures (《數據出境安全評估辦法》), which took effect on September 1, 2022. Pursuant to the Security Assessment Measures, a data processor shall apply to competent authorities for security assessment prior to transferring any data abroad if the transfer involves (i) important data; (ii) personal information transferred overseas by a CIIO and a data processor that has processed personal information of more than one million individuals; (iii) personal information transferred overseas by a data processor who has already provided personal information of 100,000 persons or sensitive personal information of 10,000 persons overseas since January 1 of the previous year; or (iv) other circumstances as requested by the CAC. Furthermore, on August 31, 2022, the CAC promulgated the Guidelines for filing the Outbound Data Transfer Security Assessment (Version 1) (《數據出境安全評估申報指南(第一版)》), which provides that acts of outbound data transfer include (i) overseas transmission and storage by data processors of data generated during mainland China domestic operations; (ii) the access to, use, download or export of the data collected and generated by data processors and stored in mainland China by overseas institutions, organizations or individuals; and (iii) other acts as specified by the CAC.

Regulations on Privacy Protection

The PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), or the PIPL, was issued by the SCNPC on August 20, 2021 and became effective on November 1, 2021, which integrates the scattered rules with respect to personal information rights and privacy protection. The PIPL aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. Personal information, as defined in the PIPL, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding the anonymized information. The PIPL provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) issued by the SCNPC on December 28, 2012 and the Provisions on the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT on July 16, 2013 and became effective on September 1, 2013, as well as the Cybersecurity Law, any collection and use of a user's personal information must be consensual, legal, reasonable, and necessary, and must be limited to specified purposes, methods, and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering with, or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage, or loss. In case of any actual or potential leakage of user personal information, internet information service providers must take immediate remedial measures and make timely report to the relevant government authorities and inform users in accordance with the regulations. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, shutdown of websites, or even criminal liabilities.

Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security on Lawfully Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》) issued on April 23, 2013 and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued on May 8, 2017 and effective on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant regulations and rules; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person, and not recoverable); (iii) collecting a citizen's personal information in violation of applicable regulations and rules when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting, or exchanging such information in violation of applicable regulations and rules.

Automobile Data Security Protection

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), or the Provisions on Automobile Data Security, (《汽車數據安全管理若干規定(試行)》) which took effect from October 1, 2021 and aims to regulate the collection, storage, utilization, processing, transmission, provision, publication of personal information and critical data generated throughout the lifecycle of automobiles by automobile designers, producers and service providers. Relevant automobile data processor including automobile manufacturers, component and software providers, dealers, maintenance providers and travel service enterprises are required to process personal information and critical data in accordance with applicable laws during the automobile design, manufacture, sales, operation, maintenance and management. 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, personal information and critical data related to automobiles shall in principle be stored within the PRC and a cross-border data security evaluation shall be conducted by the national cyberspace administration authority in concert with relevant departments under the State Council if there is a need to provide such data overseas. To process critical data, automobile data processors shall conduct risk assessment in accordance with regulations and submit risk assessment reports to related departments at provincial levels.

The MIIT issued the Notice of the Ministry of Industry and Information Technology on Strengthening the Cybersecurity and Data Security of the Internet of Vehicles (《工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知》) on September 15, 2021, according to which, all Intelligent networked automobile manufacturer and Internet of vehicles service platform operators shall establish a network security and data security management system, strengthen the security protection, monitor and prevent network security risks and threats, strengthen the security protection capacity of network facilities and network systems of the Internet of vehicles, ensure the communication security of the Internet of vehicles, carry out the security monitoring and early warning of the Internet of vehicles, and do a good job in the security emergency disposal of the Internet of vehicles, do a good job in the classification and filing of Internet of vehicles network security protection, etc.

National Information Security Standardization Technical Committee published Security Guidelines for Processing Vehicle Collected Data (《汽車採集數據處理安全指南》) on October 8, 2021. This Guidelines specifies the safety requirements for processing activities such as transmission, storage and exit of vehicle collected data.

Regulations on Intellectual Property

Patent

Pursuant to the PRC Patent Law (《中華人民共和國專利法》) promulgated by the SCNPC in 1984 and last amended in 2020, which became effective on June 1, 2021 and the Implementation Regulations of the Patent Law (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001 and last amended in 2010 and became effective on February 1, 2010, any invention, utility model, or design must meet three conditions to be patentable: novelty, inventiveness, and practical applicability. The Patent Office under the State Intellectual Property Office is responsible for accepting, examining, and approving patent applications. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model, and a fifteen-year term for a design, starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent holder to use the patent. Otherwise, the use without consent or proper license will constitute an infringement of the rights of the patent holder.

Copyright

The PRC Copyright Law (《中華人民共和國著作權法(2020修正)》), which became effective on June 1, 1991 and last amended on November 11, 2020, provides that Chinese citizens, legal persons, or other organizations own copyright in their copyrightable works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology, and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship, and right of reproduction. Under the Copyright Law, the term of software copyright protection is 50 years. The Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet, and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center. Pursuant to the Copyright Law, an infringer of copyrights is subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners, and compensating the loss of the copyright owners. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the Computer Software Copyright Protection Regulations (《計算機軟件保護條例(2013修訂)》) promulgated by the State Council on June 4, 1991 and amended on January 30, 2013, and became effective on March 1, 2013 the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department. The software copyright owner may authorize others to exercise that copyright and is entitled to receive remuneration.

Under the Order of the State Council on the Issuance of the Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》), promulgated on April 2, 2001 and coming into force on October 1, 2001, any layout-design created by a Chinese natural person, legal person or other organization shall be eligible for the exclusive right of layout-design in accordance with these Regulations. Any layout-design which is to be protected shall be original in the sense that the layout-design is the result of the creator's own intellectual effort, and it is not commonplace among creators of layout-designs and manufacturers of integrated circuits at the time of its creation. The intellectual property administration department of the State Council is responsible for the relevant administrative work concerning the exclusive right of layout-design in accordance with these regulations.

Trademark

Trademarks are protected under the PRC Trademark Law (《中華人民共和國商標法(2019修訂)》), which was adopted by the SCNPC on August 23, 1982 and last amended on April 23, 2019, and the Implementation Regulations of the Trademark Law (《中華人民共和國商標法實施條例(2014修訂)》) which was promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Law has established a first-to-file principle for trademark registrations, and if a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such a trademark application maybe rejected. Registered trademarks are granted a term of ten years renewable for consecutive ten-year periods upon request by the trademark owners. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for the record.

Domain Name

The administration of internet domain names in China is mainly conducted by the China Internet Network Information Center under the supervision of the MIIT. On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which took effect on November 1, 2017. Domain name registration services follow a first-to-file principle under these administrative measures. If there is any change to the contact information of a domain name holder, the holder must update the registration with the relevant domain name registrar within 30 days.

Regulations on Foreign Exchange

Regulations on Foreign Currency Exchange

The Administrative Regulations on Foreign Exchange (《中華人民共和國外匯管理條例(2008修訂)》) was promulgated by the State Council in January 1996 and last amended and effective in August 2008. Under these regulations, Renminbi is freely convertible for payments of current account items, such as distribution of dividends, interest payments, and trade and service-related foreign exchange transactions, and such payments can be made in foreign currencies without prior approval by the State Administration of Foreign Exchange, or the SAFE. In contrast, approval by or registration with appropriate government authorities is required where Renminbi is converted into a foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments, and investments in securities outside of China.

Pursuant to the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》), or the SAFE Circular 59, promulgated by the SAFE on November 19, 2012, effective on December 17, 2012, and last amended on December 30, 2019, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of Renminbi proceeds by foreign investors in China, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces.

In 2013, the SAFE promulgated the Circular on Promulgation of the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors and Supporting Documents (《國家外匯管理局關於印發<外國投資者境內直接投資外匯管理規定>及配套文件的通知》), which was last amended on December 30, 2019, which specified that the administration by the SAFE or its local branches on direct investment by foreign investors in China must be conducted by way of registration and banks must process foreign exchange business relating to direct investment in China based on the registration information provided by the SAFE and its local branches.

In February 2015, the SAFE promulgated the Circular on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning 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》), or the SAFE Circular 13, which was amended on December 30, 2019. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from the SAFE, persons and entities may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of the SAFE, may directly review the applications, process the registrations, and perform statistical monitoring and reporting responsibilities.

The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-Invested

Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19, on March 30, 2015, which was last amended and effective on March 23, 2023. Pursuant to the SAFE Circular 19, foreign-invested enterprises are allowed, within the scope of business, to settle their foreign exchange capital in their capital accounts, for which the relevant foreign exchange authority has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the accounts), on a discretionary basis according to the actual needs of their business operations. The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of 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》), or the SAFE Circular 16, which took effect in June 2016. The SAFE Circular 19 and the SAFE Circular 16 prohibit foreign-invested enterprises from using Renminbi converted from their foreign exchange capital for expenditures beyond their business scopes, providing entrusted loans, or repaying loans between non-financial enterprises.

In January 2017, the SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《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》), or the SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from PRC domestic entities to offshore entities, including the following: (i) under the genuine transaction principle, banks must check board resolutions regarding profit distribution, the original tax filing records, and the audited financial statements; and (ii) PRC domestic entities must hold income to account for prior years' losses before remitting the profits. Furthermore, according to the SAFE Circular 3, PRC domestic entities must 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 issued Circular on Further Promoting the Facilitation of Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which took effect on the same day. The SAFE Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws. However, there are substantial uncertainties as to its interpretation and implementations in practice.

Pursuant to the Circular on Relevant Issues Regarding Foreign Exchange Control on PRC Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 37, which was issued and effective on July 4, 2014, PRC residents, including PRC persons and entities, are required to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity for the purpose of overseas investment and financing or round-trip investment, with such PRC residents' legally owned assets or equity interest in PRC domestic enterprises or offshore assets or equity interest referred to as special purpose vehicles. The round-trip investment refers to direct investment in China by PRC residents through special purpose vehicles, namely, establishing foreign-invested enterprises to obtain ownership, control rights, and management rights. The SAFE Circular 37 also requires amendment to the registration in the event of any significant change to the special purpose vehicles, such as increase or decrease of capital contributed by PRC persons, share transfer or exchange, merger, division, or other material event.

If a PRC shareholder holding equity interest in a special purpose vehicle fails to complete the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from conducting further cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries. In addition, failure to comply with various SAFE registration requirements could result in liabilities under PRC law for foreign exchange evasion, including (i) a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive, and (ii) in the case of serious violations, a fine of no less than 30% of and up to the total amount of foreign exchange remitted overseas and deemed to have been evasive. Furthermore, the persons-in-charge and other persons at our PRC subsidiaries who are held directly liable for the violations may be subject to criminal penalties.

The SAFE Circular 13 cancels the administrative approval requirements of foreign exchange registration of foreign direct investment and overseas direct investment, and simplifies the procedures of foreign exchange-related registration, and foreign exchange registrations of foreign direct investment and overseas direct investment will be handled by the banks designated by the foreign exchange authority instead of the SAFE and its local branches.

Regulations Relating to Foreign Debts

A loan made by foreign investors as shareholders in a foreign-invested enterprise is considered to be foreign debt in mainland China and is regulated by various laws and regulations, including the Foreign Exchange Administrative Regulation (《中華人民共和國外匯管理條例(2008修訂)》), the Interim Provisions on the Management of Foreign Debts (《外債管理暫行辦法》) promulgated by SDPC, MOF and SAFE, and took effect on March 1, 2003, and was last amended on September 1, 2022 and the Administrative Measures for Registration of Foreign Debts (《外債登記管理辦法》) promulgated by SAFE on April 28, 2013 and amended by the Notice of the SAFE on Abolishing and Amending the Normative Documents Related to the Reform of the Registered Capital Registration System (《國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知》) on May 4, 2015. Under these rules, a shareholder loan in the form of foreign debt made to a Chinese entity does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by local banks. The SAFE Circular 28 provides that a non-financial enterprise in the pilot areas may register a permitted amount of foreign debts, which is as twice of the non-financial enterprise's net assets, at the local foreign exchange bureau. Such non-financial enterprise may borrow foreign debts within the permitted amount and directly handle the relevant procedures in banks without registration of each foreign debt. However, the non-financial enterprise shall report its international income and expenditure regularly.

Regulations Relating to Dividend Distribution

The principal regulations governing distribution of dividends of wholly foreign-owned enterprise, or WFOE, include the PRC Company Law (《中華人民共和國公司法》). Under these regulations, WFOEs in mainland China may pay dividends only out of their accumulated profits, if any, determined in accordance with the mainland China accounting standards and regulations. In addition, foreign investment enterprises in mainland China are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

Regulations on Stock Incentive Plans

In February 2012, the SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Stock Incentive Plans of Offshore Listed Companies (《國家外匯管理局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》), replacing the previous rules issued by the SAFE in March 2007. Under this notice and other relevant rules, PRC residents who participate in a stock incentive plan in an overseas listed company are required to register with the SAFE or its local branches and complete certain other procedures, subject to certain exceptions.

Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas listed company or another qualified entity selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests, and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent, or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to the SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agent before distribution to such PRC residents. In addition, the SAFE Circular 37 provides that PRC residents who participate in a stock incentive plan of an overseas unlisted special purpose company may register with the SAFE or its local branches before exercising rights.

Regulation on Outbound Direct Investment

On December 26, 2017, the NDRC promulgated the Administrative Measures for the Outbound Investment of Enterprises (《企業境外投資管理辦法》), or NDRC Order No.11, which took effect on March 1, 2018. According to NDRC Order No.11, non-sensitive overseas investment projects are required to make record filings with the local branch of the NDRC. On September 6, 2014, MOFCOM promulgated the Administrative Measures on Overseas Investments (《境外投資管理辦法(2014)》), which took effect on October 6, 2014. According to such regulations, overseas investments of mainland China enterprises that involve non-sensitive countries and regions and non-sensitive industries must make record filings with a local branch of MOFCOM. The Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) was issued by SAFE on November 19, 2012 and amended on May 4, 2015, October 10, 2018 and December 30, 2019 respectively, under which mainland China enterprises must register for overseas direct investment with local banks. The shareholders or beneficial owners who are mainland China entities are required to be in compliance with the related overseas investment regulations. If they fail to complete the filings or registrations required by overseas direct investment regulations, the relevant authority may order them to suspend or cease the implementation of such investment and make corrections within a specified time.

Regulations on Taxation

Regulations on Enterprise Income Tax

On March 16, 2007, the SCNPC promulgated the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法(2018修正)》), which was last amended on December 29, 2018. On December 6, 2007, the State Council promulgated the Implementation Regulations of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》), which was amended on April 23, 2019. Under these laws and regulations, both PRC resident enterprises and non-PRC resident enterprises are subject to tax in China. PRC resident enterprises include enterprises established in China under PRC laws and enterprises established under foreign laws but actually or in effect controlled from within China. Non-PRC resident enterprises include enterprises established under foreign laws whose actual management is conducted outside of China, with either established institutions or premises in China or income generated from China. A uniform enterprise income tax rate of 25% is applied, and enterprises qualified as High and New Technology Enterprises are entitled to a 15% enterprise income tax rate in lieu of the 25% uniform statutory tax rate. However, if non-PRC resident enterprises have not formed permanent establishment or premises in China, or if they have formed permanent establishment or premises in China but there is no actual relationship between the relevant income derived in China and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from within China.

Regulations on Value-Added Tax

The PRC Provisional Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例(2017修訂)》) were promulgated by the State Council on December 13, 1993, which became effective on January 1, 1994 and were subsequently amended from time to time. The Detailed Rules for the Implementation of the PRC Provisional Regulations on Value-Added Tax (2011 Revision) (《中華人民共和國增值稅暫行條例實施細則(2011修訂)》) was promulgated by the MOF, on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011. On November 19, 2017, the State Council promulgated the Decisions on Abolishing the PRC Provisional Regulations on Business Tax and Amending the PRC Provisional Regulations on Value-Added Tax (《國務院關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定》). Pursuant to these regulations, rules and decisions, all enterprises and individuals engaged in sale of goods, provision of processing, repair, and replacement services, sales of services, intangible assets, real property, and the importation of goods within the PRC territory are VAT taxpayers. On March 20, 2019, the MOF, the STA, and the General Administration of Customs jointly issued the Announcement on Relevant Policies on Deepen the Reform of Value-Added Tax (《關於深化增值稅改革有關政策的公告》). Pursuant to this announcement, the generally applicable VAT rates are simplified as 13%, 9%, 6%, and 0%, which became effective on April 1, 2019, and the VAT rate applicable to the small-scale taxpayers is 3%.

Regulations on Dividend Withholding Tax

Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and the relevant implementing regulations provide that an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to an 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 Incomes (《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》), or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《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》), or STA Circular 81, issued on February 20, 2009 by the STA, if the relevant PRC tax authorities determine, in their discretions, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Questions regarding the "Beneficial Owner" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》), which was issued on February 3, 2018 by the STA and effective on April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors apply, including without limitation: (i) whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in third country or region, (ii) whether the business operated by the applicant constitutes the actual business activities, and (iii) whether the counterparty country or region to the tax treaties levies any tax or grant tax exemption on relevant incomes or levies tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that relevant information proving the status of "beneficial owner" shall be retained in the case of entitlement to dividends, interest and treaty benefits of royalty clause according to the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (《國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告》), which was promulgated by the STA on October 14, 2019 and became effective on January 1, 2020.

Regulations on Employment and Social Welfare

Regulations on Employment

The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which became effective on January 1, 2008 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), promulgated by the State Council on September 18, 2008, primarily aim at regulating rights and obligations of employer and employee relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

Regulations on Social Welfare

Employers in China are required by PRC laws and regulations to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例(2010修訂)》) implemented on January 1, 2004 and amended in 2010, the PRC Social Insurance Law (《中華人民共和國社會保險法(2018修正)》) implemented on July 1, 2011 and amended on December 29, 2018, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) amended by the State Council and came into effect on March 24, 2019, employers are required to provide their employees in China with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, and medical insurance. These payments are made to local administrative authorities. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue. On July 20, 2018, the General Office of the CPC Central Committee and the General Office of the State Council issued the Plan for Reforming the State and Local Tax Collection and Administration Systems (《中共中央辦公廳、國務院辦公廳印發<國稅地稅徵管體制改革方案>》), which stipulated that the STA will become solely responsible for collecting social insurance premiums.

In accordance with the Regulations on the Administration of Housing Funds (《住房公積金管理條例》), which was promulgated by the State Council in 1999 and amended in 2002 and 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employers and employees are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

Regulations on M&A and Overseas Listings

On August 8, 2006, six PRC government authorities including the China Securities Regulatory Commission, or the CSRC adopted the Regulations on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定(2009修訂)》), or the M&A Rules, which took effect on September 8, 2006 and was amended on June 22, 2009. Foreign investors must comply with the M&A Rules when (i) they purchase equity interest in a PRC domestic company or subscribe the increased registered capital of a PRC domestic company, and thus changing the nature of the PRC domestic company into a foreign-invested enterprise, (ii) they establish a foreign-invested enterprise in China, purchase the assets of a PRC domestic company, and operate the assets, or (iii) they purchase the assets of a PRC domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A Rules purport to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. However, the Foreign Investment Law has partially replaced the M&A Rules with respect to equity or assets acquisition of a non-related PRC domestic company by a foreign investor. Equity or assets acquisition of a related PRC domestic company by a foreign investor continues to be subject to the M&A Rules.

In addition, according to the Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》) issued by the General Office of the State Council on February 3, 2011 and became effective on March 3, 2011, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by the MOFCOM on August 25, 2011 and became effective on September 1, 2011, mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the regulations prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), among which, it emphasizes the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

On February 17, 2023, with the approval of the State Council, the CSRC released 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》), or the Trial Measures, and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report 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 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; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenue or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that (1) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; and (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Provision on Confidentiality, which became effective on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses relevant documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall complete the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and out-of-country transfers shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

OUR MISSION

Our mission is to make the world safer and smarter by endowing automobiles and robots with perception capabilities.

WHO WE ARE

We are a global leader in the LiDAR and perception solutions market. By integrating hardware and software, we have differentiated ourselves from most LiDAR companies in the market who only focus on hardware. Combined with visual or other sensors, LiDAR forms perception solutions that endow automobiles and robots with perception capabilities. We develop our solutions based on chip-driven LiDAR hardware and AI perception software, expanding application scenarios and realizing large-scale commercialization in the industry.

We believe that our market leadership, customer-centric technology and products, and mass production capabilities position us as a global leader of LiDAR and perception solutions.

Market Leadership

We are the world's first LiDAR company to achieve mass production of automotive-grade solid-state LiDAR, according to CIC. As of March 31, 2023, we had served the largest number of automotive OEMs and Tier 1 suppliers, obtained the most design wins and achieved SOP for the highest number of vehicle models as compared with other LiDAR companies around the world, according to CIC.

In June 2021, we led the era of mass production for automotive-grade solid-state LiDAR by delivering M1, our flagship LiDAR product, to a North American automotive OEM. According to CIC, we were the first among all LiDAR companies in the world to commence the delivery of mass-produced automotive-grade LiDAR, and were ahead of any LiDAR companies in the world to do so. Our products have earned industry-wide recognition. As of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, ranking No. 1 globally, according to CIC. We obtained almost half of the total design-win vehicle models in the global automotive LiDAR solutions market and had delivered LiDAR products and solutions to the largest number of customers as of March 31, 2023, according to CIC.

As of June 30, 2023, our design wins for mass production of LiDAR products increased to 58 vehicle models with 21 automotive OEMs and Tier 1 suppliers, and we had achieved SOP for 13 vehicle models for nine of the 21 aforementioned automotive OEMs and Tier 1 suppliers. As of the Latest Practicable Date, we had achieved SOP for 24 vehicle models with 12 customers. As of June 30, 2023, our LiDAR products had been selected by the world's best selling automotive OEM from 2020 to 2022 in terms of sales volume and nine of China's top ten largest automotive OEMs, which include China's largest automotive OEM and world's largest NEV OEM, both in terms of sales volume in 2022, according to CIC. In addition, we have established cooperation with more than 250 automotive OEMs and Tier 1 suppliers globally as of June 30, 2023. As of the same date, we had delivered over 130,000 LiDAR units since our inception. We have widely extended our application use cases beyond the automotive industry, such as agricultural robots, inspection robots, V2X solutions and reference solutions. As of June 30, 2023, we had served approximately 2,200 customers in the robotics and other non-automotive industries. According to CIC, we ranked No. 1 globally in terms of sales volume for customers in the robotics industry (excluding low-end LiDARs with fewer than 16 channels) in 2022.

Customer-centric Technology and Product Approach

We have adopted a customer-centric approach when developing our technology and products. The development of the LiDAR industry has progressed through two distinct stages, namely the application exploration stage and the large-scale mass production stage. The first stage focuses on product performance. As the industry moves towards large-scale production, customers, particularly those in the automotive industry, are demanding products with superior performance, higher reliability and lower costs. Furthermore, LiDAR's AI perception software and fusion technology with other sensors also play an increasingly critical role in bringing out its best performance. In order to meet the evolving needs of our customers, we integrate hardware and software in our LiDAR solution offerings.

Our customer-centric approach is built on our chip-driven LiDAR platform as well as industry-leading AI perception software capabilities. By integrating software and hardware, we are able to achieve mutual success for ourselves and our customers and set us apart from our competitors.

Chip-driven LiDAR Platform

For our hardware, we focus on developing chip-driven LiDAR platforms based on our proprietary LiDAR-on-chip technology that enables fast and efficient product iterations. At the application exploration stage, we launched our R Platform products using discrete components to meet market requirements for superior performance. To further reduce cost and enhance quality, we subsequently increased our focus on research and development of proprietary chips, leading to the successful development of our M and E Platforms, which became key milestones in our journey towards global recognition.

According to CIC, we were one of the earliest LiDAR companies to develop proprietary chip technology in the world. Since 2017, we have been developing our chip-driven scanning, transmission, receiving and processing systems. The commencement of mass production of our M platform products in June 2021 made us the first LiDAR company in the world to achieve mass production of automotive-grade LiDAR products equipped with in-house developed chips, according to CIC. Subsequently in November 2022, we launched our E platform products equipped with in-house chips integrating transmission, receiving and processing systems.

As of December 31, 2022, we were the only LiDAR company in the world that had achieved mass deployment of chip-level intelligent scanning technology, according to CIC. The M Platform equipped with MEMS scanning chip is widely recognized, and adopted by the highest number of automotive OEMs and Tier 1 suppliers globally measured by the number of design wins, according to CIC. Our M Platform features the following technical characteristics:

- ***Minimalist design.*** The revolutionary two-dimensional scanning eliminates the component stacking used in traditional one-dimensional scanning systems, the latter of which requires 128 sets of transceiver devices to achieve 128 channel scanning. In contrast, M1 uses only five sets of transceiver devices, each capable of achieving 126-channel scanning, greatly improving reliability, robustness and cost efficiency while ensuring high performance.

- ***Efficient and intelligent.*** Our award-winning proprietary "GAZE" technology enables chip-level intelligent dynamic adjustment of region of interest ("ROI"), thereby optimizing computing efficiency through better allocation of point cloud resources, making our products more efficient and intelligent than most other LiDAR solutions that can only perform mechanical horizontal scanning of a fixed area.

- ***High reliability.*** MEMS mirror meets stringent automotive-grade reliability requirements spanning from chip design, tape-out to chip packaging and testing. Our M platform MEMS mirror is the only LiDAR scanning component in the industry that has obtained the automotive-grade AEC-Q100 certification, according to CIC.

Our M platform products are also equipped with custom-developed SiPM and will be equipped with our self-developed SoC in the future, supporting an in-house developed chip-driven transmission, receiving and processing system.

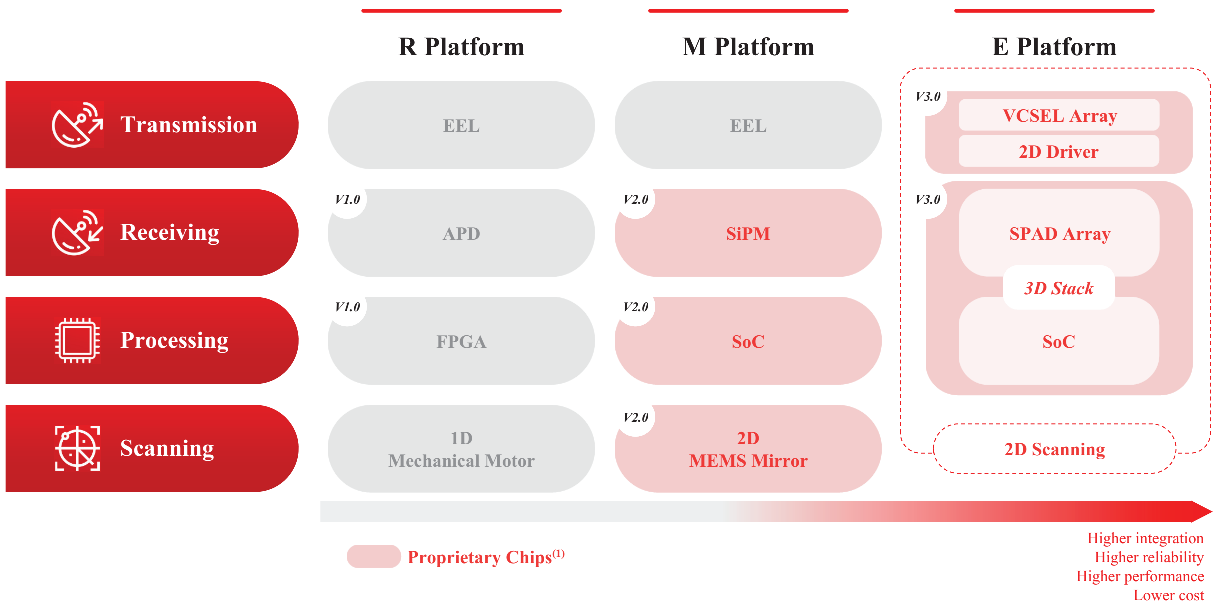
We have further advanced our LiDAR-on-chip technology with the launch of our E Platform. The ground-breaking SPAD array/SoC with 3D stacking in our E Platform integrates the receiving and processing systems into a single chip for the first time, according to CIC. SPAD array/SoC with 3D stacking is an advanced technology in which a wafer is used to fabricate the SPAD layer, while another wafer is used to fabricate the SoC layer, and then both layers were stacked together using 3D stacking technology. This technology is currently one of the most advanced wafer-to-wafer and pixel-to-pixel interconnection technologies available, according to CIC. It ensures pixel-level uniformity of the SPAD array and enables each SPAD to be connected to the logic layer, which is necessary for signal extraction and solves the wiring problem for large arrays. Our E platform products deliver industry-leading performance, featuring the following:

- ***Superior performance.*** The SPAD detection layer employs a large receiving array area, enabling high frame rate and wide FOV coverage while still achieving a small angular resolution for close-range blind spot detection. According to CIC, E1 delivers the widest vertical FOV and best ranging capability among all released solid-state blind spot LiDAR products.

- ***High level of integration.*** By integrating the LiDAR signal processing system into the SoC using 3D stacking process, E Platform has achieved the highest level of integration in the industry, according to CIC; and E1 is the smallest blind spot LiDAR product currently available, according to the same source.

- ***High reliability.*** The 3D stacking process ensures pixel-level consistency, which in turn ensures the overall consistency of the point cloud. Additionally, this chip has incorporated functional safety design, further enhancing its reliability.

The following diagram illustrates the roadmap of how LiDAR-on-chip technology is gradually deployed across our LiDAR platforms:



(1) Proprietary chips refer to (i) self-developed chips, which are fully developed in-house by us, and (ii) custom-developed chips, which are developed by suppliers commissioned by us according to our requirements. In both cases, the associated intellectual property rights belong to us.

Our development of our LiDAR-on-chip technology has gone through the following three stages:

- ***V1.0.*** We initially started to use APD and FPGA chips procured from our suppliers on our R Platform products.
- ***V2.0.*** We continued to develop our LiDAR-on-chip technology on our M platform products equipped with MEMS scanning chip, along with custom-developed SiPM and self-developed SoC.
- ***V3.0.*** We integrated SPAD array/SoC into a single chip for our E platform products, eliminating the entire scanning architecture and providing a cost-effective perception solution.

Advanced AI Perception Software

Our advanced AI perception software, HyperVision, converts raw sensor data collected through LiDAR and cameras into high-quality perception information that can be directly used by autonomous vehicles and robots. We use advanced AI technology to combine multiple types of sensor data through neural networks to provide a complete set of environment perception information. Different sensors supplement each other and form a "Super Sensor." HyperVision features the following characteristics:

- ***Safety***. We safeguard safety throughout the entire perception process, from transmission and reception of information to perception results. To further enhance the reliability of the perception results, we also employ redundant perception algorithms across multiple sensors, including cameras and LiDARs.

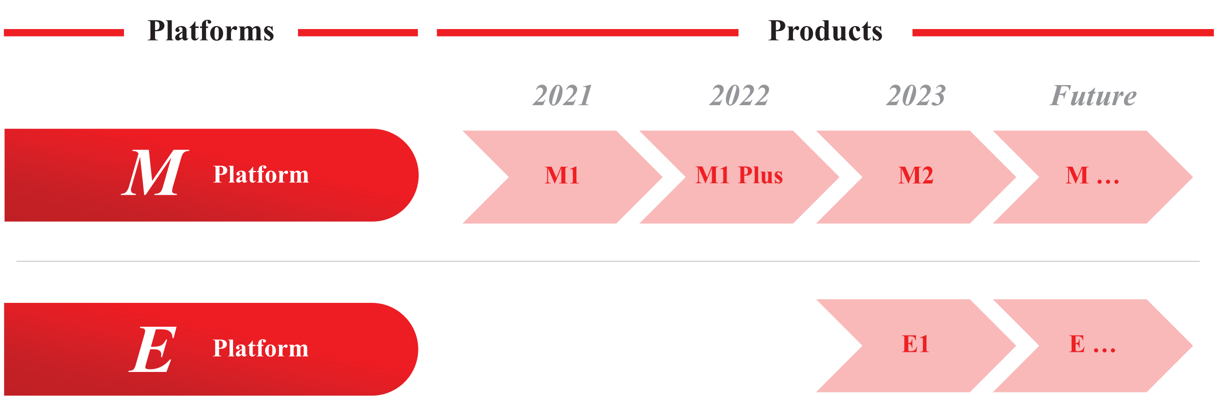
- ***Performance***. We are able to provide precise 4D perception results through advanced sensing technology. Our ability to perceive obstacles is not limited by the training samples. By effectively fusing information from multiple sensors, including cameras and LiDARs, we achieve better perception performance than using either type of sensor.
- ***Openness***. Our perception software provides open and flexible user redevelopment environment. Customers can use our AI models as bases and flexibly introduce their own data through the toolchains we provide to retrain and fine-tune neural networks. In addition, we provide reference codes to selective customers, giving them the flexibility to design and customize their own applications on top of the core functionalities.

Leveraging our perception software capabilities, we are able to offer customized LiDAR perception solutions to meet diverse customer demands. According to CIC, we are the first LiDAR company in the industry globally to offer high performance perception solutions. We had collaborated with multiple customers and business partners, including automotive OEM and Tier 1 suppliers, to jointly develop perception software. Our revenue from sales of LiDAR perception solutions accounted for 23.1% of our total revenue in 2022.

Highly Iterative Product Development Approach

We have adopted a highly iterative and customer-centric product development approach, especially for ADAS customers who are highly sensitive to project development risks, product quality and cost-efficiency. Through our approach, we are able to (i) reduce R&D risks for new product development, (ii) provide proven components, equipment and production processes to ensure reliability and maximize economies of scale, and (iii) optimize project development timeframe.

The highly iterative nature of our products is demonstrated by the mass production of M1 in 2021, followed by M1 Plus in 2022 and M2 in 2023. All of these products are able to achieve performance improvements without significant changes to their physical dimensions or connectors, allowing our customers to easily implement upgrades with minimal additional efforts. According to CIC, our M platform products were the only products in the world that had achieved such continuous iteration as of March 31, 2023. Our M and E platform products will continue to be upgraded in the future, fueling our continued growth and success in the market. The following diagram illustrates our product iteration roadmap for our M and E Platforms:



Mass Production Capabilities

We have accumulated significant know-how in product verification, engineering and manufacturing, all of which are crucial to the success of large-scale mass production and delivery.

Comprehensive portfolio of certifications

We have obtained a comprehensive portfolio of certifications, including CNAS, IATF16949, ISO9001, ISO45001, ISO14001 and other automotive-grade quality and safety management system certifications. We were also the first to obtain ASPICE CL2 certification in the LiDAR industry in China, according to CIC.

Extensive product verification and validation

Our large customer base allows us to conduct extensive verification and validation of our products. We have a CNAS-accredited professional LiDAR lab where stringent verifications are conducted throughout the R&D process and the ongoing reliability tests are conducted during the mass production phase.

Our M platform products have passed the verification tests of 21 domestic and overseas automotive OEMs and Tier 1 suppliers for the purpose of obtaining design wins.

Resilient supply chain

We have established a comprehensive supply chain to support large-scale LiDAR production. We have formed a strategic cooperation with Texas Instruments (TI) and maintained strong cooperative relationships with a number of overseas and domestic chip suppliers. The core MEMS scanning chip in our mass-produced M platform products is developed and packaged in-house, which allows us to effectively control costs and reduce potential supply chain risks. In addition, the core SoC for our E platform products is also developed in-house.

Advanced manufacturing facilities

We operate two in-house manufacturing centers in Shenzhen. Our Honghualing factory occupies approximately 13,000 square meters of space and mainly produces solid-state LiDARs, with a monthly designed capacity of approximately 46,800 units. Our Shiyan factory mainly produces R Platform LiDARs with a monthly designed production capacity of approximately 2,500 units. We also invested in a manufacturing center through our associate Luxsense in Dongguan. We have established a high level of control throughout the entire production process from prototype to mass production. Utilizing our automated intelligent manufacturing and engineering facilities, we are able to achieve high product consistency and effective cost control.

In conclusion, we believe that our market leadership, customer-centric technology and product approach, and mass production capabilities will continuously substantiate our advantages for the future in the following aspects:

- ***Rapid and sustainable growth***. We have a large and diverse customer base that defines the future development trends of the autonomous vehicles and robotics industries. The fast and consistent rollout of our design wins will continue to drive our rapid and sustainable growth in the future.

- ***Customer loyalty.*** Our iterative product development strategy allows our customers to reduce adoption costs and accelerate time-to-market for their products. This will increase customer stickiness and help customers maintain their market competitiveness.

- ***Cost-efficiency.*** Based on chip-driven platforms and a highly iterative product development strategy, our products are inherently cost-effective. As we scale up, we will continue to drive down costs by reducing procurement costs and increasing the utilization of our production lines.

- ***Monetization potential.*** Our perception software capabilities enable us to provide sensor fusion perception solutions to our customers on top of LiDAR hardware, resulting in greater monetization opportunities than our peers who exclusively offer LiDAR hardware.

MARKET TRENDS AND OPPORTUNITIES

The global LiDAR solutions market, which includes both LiDAR hardware and perception software, is expected to experience rapid growth in the autonomous vehicles and robotics industries in the future, according to CIC. The size of the global LiDAR solutions market as measured by gross sales amount is projected to grow at a CAGR of 78.8% from RMB12.0 billion in 2022 to RMB1,253.7 billion in 2030 according to CIC. China is expected to be the most prominent market, accounting for 34.4% of the global LiDAR solutions market by 2030. China's LiDAR solutions market is expected to grow at a CAGR of 79.5% from 2022 to 2030, according to CIC.

The automotive industry is expected to be the main driver of growth in the LiDAR solutions market, constituting 79.8% of the global market by 2030, according to CIC. The robotics market offers a wealth of application scenarios, representing a high-growth area for LiDAR applications in the future. According to CIC, the global market size for LiDAR solutions for robotics is expected to reach RMB216.2 billion by 2030. As the global LiDAR solutions market continues to expand in the next two decades, we believe we are well positioned to capture global market opportunities, especially in China, by leveraging our cutting-edge LiDAR hardware and software technology and our close partnerships with blue chip customers in automotive and robotics industries.

OUR FINANCIAL PERFORMANCE

We have experienced strong revenue growth in recent years. Our revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021, and further by 60.2% to RMB530.3 million in 2022. Our revenue increased from RMB237.2 million for the six months ended June 30, 2022 to RMB329.0 million for the six months ended June 30, 2023. We had a net loss of RMB220.6 million, RMB1,654.5 million, RMB2,086.1 million and RMB768.3 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. Our adjusted net loss (non-IFRS measure), which was adjusted by adding back (i) share-based compensation, (ii) fair value changes in financial instruments issued to investors and (iii) listing expenses, amounted to RMB59.9 million, RMB107.6 million, RMB562.8 million and RMB243.6 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively.

OUR STRENGTHS

We believe that our competitive strengths are as follows:

Large and Diverse Customer Base

As of March 31, 2023, we had served the largest number of automotive OEMs and Tier 1 suppliers, obtained the most design wins and achieved SOP for the highest number of vehicle models as compared with other LiDAR companies around the world, according to CIC. As of June 30, 2023, we had established cooperation with more than 250 automotive OEMs and Tier 1 suppliers globally and earned design wins for 58 vehicle models with 21 automotive OEMs and Tier 1 suppliers. Our customers include the world's best selling automotive OEM from 2020 to 2022 and nine of the top ten largest automotive OEMs as measured by 2022 sales volume in China, which include China's largest automotive OEM and world's largest NEV OEM in terms of sales volume in 2022, according to CIC. We have also established long-term relationships with our customers, and had obtained more than one design win with each of 15 automotive OEMs and Tier 1 suppliers as of the Latest Practicable Date.

In addition, as of June 30, 2023, we had served approximately 2,200 customers in the robotics and other non-automotive industries. From 2020 to 2022, our revenue generated from sales of products for applications in the robotics and other non-automotive industries grew at a CAGR of 38.8%. According to CIC, we ranked No. 1 globally in terms of sales volume to customers in the robotics industry (excluding low-end LiDARs with fewer than 16 channels) in 2022.

LiDAR-on-chip Technology

Our platform-based product strategy is underpinned by our LiDAR-on-chip technology. Our LiDAR products and solutions empowered by this proprietary technology are widely recognized by customers for their superior performance and cost advantages.

Compared to our mechanical LiDAR, our M platform products equipped with MEMS scanning chips are ground-breaking with exceptional value. Our M Platform is the first of its kind to be equipped with self-developed chip-driven transmission, receiving, processing and scanning system, according to CIC. Our M platform products are the world's most popular LiDAR products today as measured by the number of design wins, according to CIC.

E1, our solid-state blind spot LiDAR product built upon the E Platform, adopts our next generation in-house developed SPAD array/SoC, which has further simplified circuit design and manufacturing process by integrating the core LiDAR components of receiving and processing. This in turn has given our E platform products an exceptional cost advantage while further enhancing their performance, reliability, and energy efficiency. Priced at only half the price of our M platform products, E1 demonstrates exceptional value for money and strong commercialization potential.

Perception Capabilities Integrating Hardware with AI Perception Solutions in Full Stack

Our full-stack[(1)], hardware and software integrated perception capabilities provide us with greater commercialization opportunities than companies who exclusively offer LiDAR hardware products.

Our AI perception software provides fusion perception solutions to our customers on top of our LiDAR hardware, increasing our level of engagement with customers, particularly those in the automotive industry. Customers who purchase our perception software are incentivized to opt for our LiDAR hardware, and vice versa, to achieve the best compatibility. We have already begun developing fusion perception solutions for a number of our customers, including a Chinese automotive OEM and a North American automotive OEM.

Note:

(1) Full-stack refer to the capability to develop and design LiDAR hardware and its manufacturing process, and the capability to develop LiDAR perception software.

Our full-stack perception solutions can also help our customers in the robotics industry achieve faster implementation of their products. Our perception solutions allow customers to save time and costs in developing their own perception technology and empower their product commercialization, which in turn would also accelerate our own commercialization.

Strong Mass Production Capabilities

Our strong mass production capabilities originate from our "design for manufacturing" philosophy. Our LiDAR design substantially decreases the number of components, simplifies the manufacturing process and reduces manufacturing costs. We were the first to achieve mass production of solid-state LiDAR products and have established a complete LiDAR mass production ecosystem. We have mastered processes spanning from product verification, supply chain management to manufacturing. We have established manufacturing facilities consisting of both self-operated and contract manufacturing with a combined estimated annual design production capacity of over one million units for our Honghualing factory, Shiyan factory and associate Luxsense (立騰). We have adopted automated manufacturing processes to ensure product consistency, reduce labor costs, enhance utilization, and achieve effective cost control. As of June 30, 2023, we had achieved SOP for nine automotive OEMs and Tier 1 suppliers and delivered over 130,000 LiDAR units since our inception.

Visionary Management and Seasoned R&D Team

We are led by a visionary management team with rich experience in disruptive LiDAR technology. Our founder and CEO, Dr. Chunxin Qiu, holds a Ph.D. in Control Science. Dr. Qiu is a leading expert in computer perception and robotics who has been recognized as one of the 2017 MIT Innovators under 35. Dr. Qiu leads a well-balanced team of seasoned executives with substantial experience and strong backgrounds in LiDAR technologies, supply chain, manufacturing, business development and finance. Under Dr. Qiu's leadership, we have achieved significant breakthroughs in the development of our LiDAR products and perception software, and have won numerous high-profile awards.

We have invested heavily in our research and development team. As of June 30, 2023, we had 548 employees in our research and development team, which accounted for 45.9% of our entire work force. Our research and development team comprises professionals with diverse skill sets covering almost every aspect of LiDAR-related hardware and software engineering. Approximately half of these employees have a master's or Ph.D. degree. Our strong in-house research and development capabilities are the foundation of our continued success.

OUR STRATEGIES

The key elements of our growth strategies include:

Continued investment in our core technologies and refinement of our product offerings

Our philosophy of seamlessly integrating hardware and software capabilities will continue to guide our research and development efforts moving forward. We intend to further invest in our core technologies, including our in-house designed chips, technology platforms and AI perception software to support the development of our products and solutions.

Building off the success of our chip-driven LiDAR platforms, we intend to further refine our products and solutions. We will continue to upgrade our existing products, including refining product design and simplifying product architecture with the use of our in-house designed SoCs. This will further enhance the competitiveness of our products in terms of performance, cost effectiveness and reliability. Our customers are able to seamlessly upgrade to the next-generation of LiDAR solutions on the same platform with minimal additional development cost, thereby enhancing customer stickiness.

Furthermore, we will continue to pioneer different LiDAR technologies, roll out and commercialize new products, to satisfy constantly evolving needs of customers.

We intend to further optimize our AI perception software by obtaining abundant high-quality training data and enhancing computing power efficiency through structural optimization of our software. We are also committed to enhancing our multi-sensor fusion technology in order to offer a full spectrum of perception solutions to our customers. We are confident that our in-house developed LiDAR solutions featuring highly synergistic integration of hardware and software will continue to distinguish us from our competitors.

Strengthening manufacturing and supply chain capabilities

We will continue to strengthen our manufacturing capabilities and enhance supply chain management ability to facilitate the rapidly growing mass production and delivery of our LiDAR products. We plan to continuously invest in existing manufacturing facilities, including refining our production processes and upgrading the automation level of our smart manufacturing production lines, in order to ramp up our production capacity while lowering unit cost. We plan to devise stringent quality control measures at each stage of the manufacturing process to ensure the quality of our products. Additionally, we will also explore different ways to enhance our manufacturing capabilities by partnering with contract manufacturers in order to meet mass production needs while controlling capital expenditure.

Meanwhile, we will continue to improve our supply chain planning to optimize the cost structure of our products and solutions. We also plan to strengthen our digitalized operation systems to further enhance our supply chain capabilities and efficiency. We intend to seek strategic partnerships with industry leaders across the value chain, especially our key component suppliers, to gain advantages in terms of technical support, lead-time and procurement costs. These efforts will further strengthen our cost leadership in the industry and allow us to offer high performance products at competitive prices to our customers.

Strengthening and broadening our customer base

The success of the M platform products has helped us earn widespread customer recognition and establish strong relationships with our customers and business partners. Building upon this momentum, we intend to grow our customer base by establishing partnerships with additional global automotive OEMs, Tier 1 suppliers and robotics companies and developing customized products and solutions catering to their particular needs. In addition, we intend to deepen our relationships with existing customers by diversifying our offerings to cover more vehicle models, products and application scenarios, and thereby further enlarge our market share.

We are also actively cultivating overseas customers. We have already entered the North American and European markets and are planning to establish our presence in additional Asian and Latin American markets to serve regional customers by setting up overseas sales and marketing teams as well as collaborating with global partners.

Attracting and retaining talent

We seek to maintain a highly experienced talent pool with a focus on attracting, retaining and incentivizing highly skilled research and development personnel with expertise and experience in relevant fields such as chips, algorithms and engineering, to remain at the forefront of LiDAR technology. We also plan to hire more experienced sales and marketing talents to support our global business development. As such talent is highly sought after, we plan to invest in our domestic and global human resource management, diversify talent recruitment channels, and provide competitive compensation and benefit packages to attract and retain talent. In addition, we intend to develop our employees' expertise by offering enhanced training programs leveraging both internal and external resources, and facilitate their career progression by providing various development opportunities.

OUR PRODUCTS AND SOLUTIONS

We have built our industry-leading technology capabilities on two fundamental pillars: chip-driven hardware platforms and AI perception software. Based on this approach, we have developed solutions integrating both hardware and software and designed for a wide range of ADAS, robotics and other non-automotive application scenarios. We initially focused on traditional, mechanical LiDAR products under our R Platform for robotics applications. However, as the industry evolved, we shifted our focus to solid-state LiDAR for ADAS application in accordance with market trends. Solid-state LiDAR offers multiple advantages stemming from the absence of mechanical rotating components of mechanical LiDARs, including (i) higher reliability as they are less prone to mechanical wear, (ii) compact design resulting in smaller size, and (iii) cost reduction potential through the application and iteration of semiconductor technology. Accordingly, our Directors are of the view that solid-state LiDAR will become the mainstream technology in the future. According to CIC, they are expected to account for 85.3% market share of the global LiDAR hardware market in terms of gross sales amount in 2030. As solid-state LiDARs are more suitable for mass production for ADAS applications due to their automotive-grade reliability, small size and cost-effectiveness, we expect them to have greater future demand than mechanical LiDARs, which are relatively bulky and expensive, and mostly used for robotics and testing purposes. According to CIC, the main driver of growth in the LiDAR solutions market is the automotive industry which is currently dominated by ADAS applications, and its market size is expected to grow at a CAGR of 103.2% from 2022 to 2030. For details, see "Industry Overview." Therefore, we are developing our solid-state LiDAR products, the M and E Platforms, as our primary long-term focus going forward in order to capture tremendous market opportunities built upon the foundation laid by our R platform products. Although a majority of our revenue was generated from LiDAR products for robotics and others in 2020, 2021 and 2022, the percentage of revenue contribution from LiDAR products for ADAS applications has been increasing and has surpassed that for robotics and others in the six months ended June 30, 2023. For the six months ended June 30, 2023, our revenue from products for ADAS applications, and from products for robotics and others accounted for 44.7% and 26.7% of our total revenue, respectively.

Our customers in the robotics and other non-automotive industries primarily use our products in applications including robotaxi, cleaning, logistics, industrial, public services and inspection, among others. Although the proportion of revenue contribution from our products for robotics and others is expected to decrease, we plan to continue to develop and deploy products, in particular our solid-state LiDAR products, for applications in the robotics and other non-automotive industries, with a focus on service robots as well as industrial robots. We have established an overseas sales team, which is proactively exploring opportunities in the overseas markets. We intend to upgrade our portfolio of LiDAR products for robotics and others and cater to the evolving needs and application scenarios for our overseas customers.

In 2022, we served over 900 customers, with key customers including Geely Auto, GAC Aion, Great Wall Motor, XPeng, Lotus and Lucid. Our other major customers include China's largest automotive OEM and world's largest NEV OEM, in terms of sales volume in 2022, according to CIC. In 2022, we sold approximately 57,000 units of our LiDAR products and we sold our LiDAR perception solutions to approximately 200 customers.

We offer our customers LiDAR hardware products, as well as LiDAR solutions combining both LiDAR hardware and AI perception software. Our products and services are used in a wide range of application scenarios, particularly ADAS and robotics. The following table sets forth our revenue breakdown by product category, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(unaudited)			
Products										
— For ADAS	6,175	3.6	40,089	12.1	160,355	30.2	41,409	17.5	146,910	44.7
— For robotics and others	124,036	72.6	189,014	57.1	239,053	45.1	131,053	55.2	87,962	26.7
Subtotal	**130,211**	**76.2**	**229,103**	**69.2**	**399,408**	**75.3**	**172,462**	**72.7**	**234,872**	**71.4**
Solutions	**37,918**	**22.2**	**84,730**	**25.6**	**122,260**	**23.1**	**57,754**	**24.3**	**60,654**	**18.4**
Services and others	**2,802**	**1.6**	**17,230**	**5.2**	**8,654**	**1.6**	**7,027**	**3.0**	**33,522**	**10.2**
Total	**170,931**	**100.0**	**331,063**	**100.0**	**530,322**	**100.0**	**237,243**	**100.0**	**329,048**	**100.0**

The following table sets forth a breakdown of the average selling prices by product category for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	Average selling price (RMB in thousands per unit/project)				
Products					
— For ADAS	22.5	10.0	4.3	5.3	3.7
— For robotics and others	17.8	15.4	11.9	12.9	12.0
Solutions	371.7	536.3	611.3	481.3	697.2
Services and others	2,802.0	5,743.3	4,327.0	3,513.5	6,704.4

According to CIC, the average selling prices of our products and services during each year/ period of the Track Record Period fall within the industry average price range.

The following table sets forth a breakdown of the number of delivered products or solutions or projects by product category for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	Number of delivered products (units in thousands)				
Products					
— For ADAS	0.3	4.0	36.9	7.8	39.9
— For robotics and others	7.0	12.3	20.0	10.1	7.3
	Number of delivered projects				
Solutions	102	158	200	120	87
Services and others	1	3	2	2	5

During the Track Record Period, the average selling price of our products, in particular products for ADAS applications, have been declining since we began mass production in 2021. For LiDARs for ADAS applications, prices during the prototype sample phase are notably higher than those during mass production, primarily because downstream customers purchasing product prototypes for product performance verification, functional testing, and other validation purposes, procure only limited quantities, and accordingly they have higher price tolerance. For instance, the unit price of our M1 products sold to a design-win customer declined by nearly 70% during the mass production phase, as compared to the prototype sample phase. Such decreases were in line with industry practice, and not uncommon among our peers, according to CIC. We will regularly review and discuss key commercial terms with our customers based on their latest expected order volume and our production cost. In addition, we have also entered into contractual agreements on future pricing with certain design-win customers upon SOP, which stipulate annual price reductions ranging from 1% to 5%.

The average selling price for our LiDAR products for robotics and others has also been continuously decreasing in 2020, 2021 and 2022. This is primarily due to evolvement of product mix and shifted focus to products with simplified structure, lower production costs and cost advantage.

The average selling price of our solutions increased during the Track Record Period because as our business capabilities improved, we were better equipped to meet a wider range of customer needs, thereby able to command higher prices. Services and others had a relatively high average selling price but fewer projects because they involved customized development projects with longer project cycles and highly tailored research and development efforts.

In addition, we operate in highly competitive markets and face competition from other LiDAR and non-LiDAR sensor developers. Many of our current and target customers, particularly automotive OEMs, are large corporations with significant bargaining power over their suppliers, including us. These factors may result in continued pricing pressures on us in the future. Moreover, there has been a general declining trend in the prices of EVs in China, which we do no expect to have material and adverse impact on the average selling price and gross margins of our products and services in the near future, primarily because (i) we have reached agreement with certain design-win customers on future pricing with an annual price reduction ranging from 1% to 5%, and do not expect future pricing agreements with other customers to materially deviate from such terms, and (ii) the selling prices offered to our major customers during the Track Record Period generally remained relatively stable since their respective SOP achieved in the past, despite the backdrop of the general declining trend in the prices of EVs in China. However, if the prices of EVs continue their downward trend, we cannot assure you that such trend will not impact the average selling price(s) of our LiDAR products for ADAS applications and our overall profit margin in the long run.

OUR LiDAR PLATFORMS

We have launched three LiDAR platforms utilizing our LiDAR hardware and LiDAR-on-chip technologies: the M Platform, the E Platform and the R Platform. In addition, we are in the process of designing and developing the F Platform, our next-generation LiDAR platform. The following graphic sets forth the representative LiDAR product portfolio for our M Platform, E Platform, and R Platform and their respective technical specifications:

	M Platform			E Platform
	M1	M1 Plus	M2	E1
				
Main application scenarios	ADAS			ADAS
Production stage	In production	In production	Under client testing	Under client testing
Launch Date	January 2019	February 2022	December 2022	November 2022
Laser wavelength (nm)	905	905	905	905
Range (m)	200m (150m@10% NIST)	200m (180m@10% NIST)	220m (200m@10% NIST)	75m (30m@10% NIST)
Blind spot (m)	≤0.5m	≤0.5m	≤1m	≤0.1m
Accuracy (cm)	±5cm	±5cm	±5cm	±5cm
Horizontal FoV (Degree)	120° (-60.0° ~ +60.0°)	120° (-60.0° ~ +60.0°)	120° (-60.0° ~ +60.0°)	120°
Vertical FoV (Degree)	25° (-12.5° ~ +12.5°)	25° (-12.5° ~ +12.5°)	25° (-12.5° ~ +12.5°)	90°
Vertical resolution	0.2° (Adjustable ROI: 0.1°)	0.2° (Adjustable ROI: 0.1°)	0.2° (Adjustable ROI: 0.1°)	0.625°
Horizontal resolution	0.2°	0.2°	0.1°	0.625°
Dimension (mm)	108mm(D) × 110mm(W) × 45mm(H)	111mm(D) × 110mm(W) × 45mm(H)	111mm(D) × 110mm(W) × 45mm(H)	63mm(D) × 125mm(W) × 70mm(H)
Weight (g)	~730	~730	~730	~500
Operating temperature (℃)	-40℃ ~ +85℃	-40℃ ~ +85℃	-40℃ ~ +85℃	-40℃ ~ +85℃

R Platform

	Ruby series	**Helios series**	**Bpearl**	**RS-LiDAR–32/16**
				
Main application scenarios	Robotics and other applications			
Production stage	In production	In production	In production	Production halted[1]
Launch date	April 2019	September 2020	April 2019	October 2016
Laser wavelength (nm)	905	905	905	905
Range (m)	240m (240m@10% NIST)	150m (90m@10% NIST)	100m (30m@10% NIST)	32-beam: 200m (150m@10% NIST) 16-beam: 150m (80m@10% NIST)
Blind spot (m)	≤0.4m	≤0.2m	≤0.1m	≤0.4m
Accuracy (cm)	Up to ± 3cm (0.4m to 3m)/ Up to ± 2cm (3m to 240m)	± 2cm (1m to 100m) ± 3cm (0.1m to 1m) ± 3cm (100m to 150m)	Up to ± 3cm	32-beam: Up to ± 3cm 16-beam: Up to ± 2cm
Horizontal FoV (Degree)	360°	360°	360°	360°
Vertical FoV (Degree)	40° (-25° ~ +15°)	Helios 32: 70° (-55° ~ +15°) Helios 32: 31° (-16° ~ +15°) Helios 32: 26° (-16° ~ +10°) Helios 16: 30° (-15° ~ +15°)	90°	32-beam: 40° 16-beam: 30°
Vertical resolution	0.1° (-2.99° ~ +1.01°)/ 0.1° (-6.51° ~ +3.81°)	Helios 32: Up to 1.33° Helios 32: 1° Helios 32: Up to 0.5° Helios 16: 2°	2.81°	32-beam: Up to 0.33° 16-beam: 2.0°
Horizontal resolution	Balance model: 0.2°/0.4° High performance model: 0.1°/0.2°	0.1°/0.2°/0.4°	0.1°/0.2°/0.4°	0.1°/0.2°/0.4°
Dimension (mm)	Ø125mm × H128mm	Ø100mm × H100mm	Ø100mm × H111mm	32-beam: Ø114mm × H108.73mm 16-beam: Ø109mm × H80.7mm
Weight (g)	~1,850	~1,000	~920	32-beam: ~1,130 16-beam: ~870
Operating temperature (°C)	-40°C ~ +60°C	-40°C ~ +60°C	-30°C ~ +60°C	-30°C ~ +60°C

Note:

(1) We halted production of the RS-LiDAR-32/16 product line to focus on the development and production of the superior Helios series products with better performance and cost advantages.

We have a comprehensive portfolio of LiDAR products based on our LiDAR technology platforms. Our LiDAR products may be used in a wide range of application scenarios, particularly for ADAS and robotics. Given that our LiDAR products under different platforms apply to distinct application scenarios or are supplemental to each other, we believe cannibalization risks among them are currently low. Our M and E platform products are automotive-grade solid-state LiDARs currently primarily used for ADAS applications. Our M platform products serve as the main LiDAR to be installed on vehicles, and E platform products are designed specifically for short-range detection and are installed in addition to the main LiDARs for blind spot detection, supplementing our M platform products to provide vehicles with zero blind zones. On the other hand, our R platform products are traditional, mechanical LiDARs designed primarily for applications in the robotics and other non-automotive industries. Our F platform LiDAR products are still under development and will support ultra-long detection ranges and are expected to be used for commercial vehicles, railway transportation and other scenarios that require longer detection ranges. For details about LiDAR hardware and the different classifications of autonomous driving, see "Industry Overview — LiDAR Hardware" and "Industry Overview — Overview of the Automotive LiDAR Solutions Market — Classification of Driving Automation."

M Platform

The M Platform is our flagship platform for automotive-grade solid-state LiDAR, designed for ADAS applications. Our M Platform currently uses fast-steering MEMS scanning chip that enable high performance scanning. We have developed a 2D-scanning MEMS scanning chip, differentiating our M Platform from many existing LiDAR products that utilize a one-dimensional scanning system. Unlike conventional MEMS mirrors that have a smaller mirror size, our MEMS mirror embedded in our MEMS scanning chip is comparatively larger. Together with the 2D-scanning structure, it produces a wider FoV, deflection angle, long-range detection and high resolution, while significantly reducing the structural complexity of the LiDAR architecture. Each transceiver within our M Platform adopts a modular design that allows each transceiver to be independently produced and installed. This modular design makes our M Platform particularly suitable for mass production, and thereby improves its reliability, flexibility, cost effectiveness and manufacturability.

Our M platform products have passed stringent automotive-grade testing to ensure reliability and durability.

LiDAR-on-Chip Technologies on M Platform

We currently adopt the following LiDAR-on-chip technologies for our M Platform:

- ***2D MEMS Scanning Chip.*** Our MEMS scanning chip has a highly integrated and simplified design. 2D scanning enables our M Platform to adapt to different scenarios and conditions, effectively utilizing and allocating resources to cover both city and expressway scenarios.

- ***M Platform SoC.*** We have developed the M Platform SoC, which can perform multiple functions including controlling the firing of laser light pulses, receiving and processing analog signals, and controlling MEMS mirrors. It processes point clouds efficiently and enables more functions and faster output than standard signal processing chips.

In addition to its simplified structure, our M platform products can be paired with our highly intelligent perception software. Our M Platform can dynamically fine-tune its scan pattern in real time according to changes in its surrounding environment. This is a feature that enables earlier detection of distant obstacles on highways and facilitates a faster response to nearby traffic in the city. With such features and capabilities, our M Platform enhances ADAS performance.

M Platform LiDAR Products

M1

M1 is the world's first mass-produced automotive-grade solid-state LiDAR, according to CIC. It has a wide 120 degree (horizontal) * 25 degree (vertical) FoV and a 150-meter@10% detection range. It has an average horizontal resolution of 0.2 degrees and an average vertical resolution of 0.2 degrees. The dimensions of the M1 are 108mm * 110mm * 45mm, and its weight is approximately 0.73kg.

M1 achieves performance comparable to a 126-channel LiDAR, while using only five transceiver modules. The limited number of components makes M1 easier and less expensive to manufacture. M1 has outstanding angular resolution, solid shock resistance and a prolonged product life span. In 2022, we shipped approximately 36,600 units of our M1 LiDAR products.

M1 Plus

M1 Plus is the upgraded version of M1, with a 180-meter@10% detection range and enhanced adjustable average horizontal resolution from 0.2 to 0.1 degrees. As compared to the M1, M1 Plus is more cost-effective, has further enhanced capabilities and is supported by upgraded hardware structure and software. In 2022, we shipped approximately 4,300 units of our M1 Plus LiDAR products.

M2

M2 is the next-generation product of our M Platform. Featuring a systemic upgrade from M1, M2 was launched in December 2022 and is currently in its prototype sample phase. M2's optimized receiving module can lead to higher sensitivity and increased detection range of 200-meter@10% with enhanced average horizontal resolution of 0.1 degrees. With its more integrated overall design, M2 may also be produced more efficiently.

E Platform

Our E Platform, based on Flash technology, was launched in 2022 and is developed to address the market demand for blind spots and short-range detection. Flash LiDAR operates by illuminating the entire visual detection field with sequential flash. By leveraging our LiDAR-on-chip technologies and integrating SPAD array/SoC, Flash LiDAR eliminates the entire scanning architecture. This simple design makes Flash LiDAR more cost-effective. We believe that Flash LiDAR can be used in a wide range of application scenarios involving autonomous driving and robotics.

LiDAR-on-Chip Technologies on E Platform

We have adopted the following LiDAR-on-chip technologies for our E Platform:

- ***SPAD Array/SoC.*** Our SPAD array/SoC uses back-side illuminated and three-dimensional stacking techniques, thereby integrating the whole process of signal receiving and processing into one digital-analog hybrid chip, and achieving high sensitivity, resolution and processing capabilities. Through innovation in packaging and a large array area covering larger FoV, our SPAD SoC effectively enhances the critical transition efficiency of signals and reduces crosstalk to achieve enhanced ranging capabilities.

- ***VCSEL Driver IC.*** Our VCSEL driver IC is highly integrated, making it small, lightweight, durable and simple to manufacture. Paired with an array of VCSELs, VCSEL Driver IC improves the uniformity of light emission and enhances performance through narrow pulse width and high repetition rate.

E Platform LiDAR Product

E1

E1 has a wide 120 degree (horizontal) * 90 degree (vertical) FoV with support for a refresh frame rate as high as 25 Hz. With a 30-meter@10% detection range, the E1 has key performance metrics that are the best in the industry. E1 is the best blind spot supplement for our M platform products, as it is able to create zero blind spots for autonomous driving systems. Leveraging our Flash technology, E1 is able to provide blind spot coverage in the illuminated FoV, and possesses high resolution and detection capabilities over its wide FoV.

E1 is equipped with our self-developed chip and 2D electronic scanning technology. By combining the core components of receiving and processing, it greatly simplifies the circuit design and production process, and thereby delivers strong performance and cost advantages, satisfying market demand for durability and reliability in blind spot LiDAR.

For the transmission system, E1 adopts 2D addressable surface array VCSEL technology, which supports flexible scanning modes and greatly improves energy utilization through its industry-leading performance. The peak power consumption of 2D scanning is significantly lower than that of 1D scanning, saving more energy and offering advantages in heat dissipation. 1D scanning lights up only one VCSEL line array at a time and the whole column uses the same level of power consumption, making it impossible to flexibly allocate energy to different areas. In contrast, 2D scanning can dynamically adjust local emitting power in real time according to different ranging scenarios in order to achieve optimal energy for different areas.

The receiving system of E1 uses an advanced 3D stacking process to integrate our SPAD array and high performance SoC into one chip, which greatly simplifies the system and reduces cost while providing the capability to directly process and generate point clouds.

Other than ADAS applications, we also expect our E platform products to be adopted in robotics applications to enhance environmental perception capabilities of robots. Due to its wider field of view and cost-effectiveness, our E Platform has the potential for extensive applications in both service robots such as logistics delivery and household robots, as well as in industrial robotics applications like AGVs (Automated Guided Vehicles), AMRs (Autonomous Mobile Robots), firefighting and inspection robots. We plan to first introduce E platform products to our existing domestic customers in the robotics industry and subsequently expand its adoption to overseas customers.

R Platform

The R Platform, our mechanical platform embedded with 1D scanning architecture, is the result of our early research and development efforts. The R Platform is the foundation upon which we significantly accelerated our development of solid-state LiDAR, and has paved the way for us to capture tremendous market opportunities in the automotive and robotics industries.

R Platform Products

Our R Platform includes a comprehensive line-up of mechanical LiDAR products comprising 16, 32, 80 or 128 channels to support our customers' needs in a wide range of application scenarios, particularly for autonomous driving testing and smart robots. Our R platform products have been used in various robotics applications such as delivery robots and inspection robots. Such mechanical LiDARs are typically installed on top of or around the body of the robots to provide high-precision environmental sensing capabilities, thus enabling more reliable environmental information for robot mobility.

In 2022, we shipped approximately 16,000 units of our R platform LiDAR products. According to CIC, we ranked No. 1 in China in terms of cumulative sales volume of mechanical LiDAR products (excluding low-end LiDARs with fewer than 16 channels) as of December 31, 2022.

F Platform

We are developing F Platform LiDAR products that will support scenarios that require ultra-long detection ranges. Our F Platform is expected to deliver high resolution at an ultra-long range of over 300 meters. Our F Platform removes the need for big, costly and hard-to-integrate fiber lasers. Our F Platform is expected to facilitate faster evasive decision making while requiring lower computing power. We believe our F Platform will further advance the development of autonomous driving. We expect to launch the F Platform in 2025.

OUR AI PERCEPTION SOFTWARE

We launched HyperVision, our AI perception software, in 2017. We have subsequently developed our multi-sensor fusion perception software based on the experience we have accumulated since launching HyperVision. Combined with our LiDAR hardware products and other sensors, we are able to provide a full-stack automotive perception information collection and processing solution, which functions as a "Super Sensor" for autonomous driving. For robotics applications, HyperVision combines with our LiDAR hardware products to form solutions that empower the robotics industry through converting raw sensory data to high-value information that can be used by robots to accurately perceive their environment and make decisions.

HyperVision 1.0

In 2017, we launched HyperVision 1.0, our LiDAR-based AI perception software. This software is built on deep learning algorithms that can detect, track, and distinguish objects in real-world environments and directly display the position and distance information through radar transceiver signals, thereby reducing our customers' reliance on data collection and model training. As HyperVision 1.0 requires relatively low computing power, it allows our LiDAR to be applied to a wider range of vehicles with limited computing power. By combining leading hardware products and perception software, we have developed a number of LiDAR solutions that allow us to iterate and optimize algorithms faster for our large customer base, while empowering our LiDAR hardware platform. Our advanced perception software is built on sophisticated algorithms and can transform point clouds generated from LiDAR into semantic information. HyperVision 1.0 allows our LiDAR solutions to maintain high accuracy under various temperature, light and weather conditions in an extended detection range. Key features of HyperVision 1.0 include:

- ***Low computing power requirement.*** HyperVision 1.0 requires less than 0.5 TOPS computing power, making it viable for automobiles with low computing power and enlarging the range of application scenarios in which it may be used.

- ***Compatibility.*** With its single model structure, HyperVision 1.0 is compatible with multiple computing power platforms and most perception applications and can provide support for various vehicle models across different platforms.

- ***Rich object detection and categorization information.*** HyperVision 1.0 supports detection and categorization of various objects in common traffic application scenarios, including:

  - *Free space detection.* Our AI perception software offers road curb detection and free space detection modules to provide pathfinding functions.

  - *Object recognition.* Our AI perception software for autonomous driving includes object detection, obstacle classification and recognition, and lane markings detection modules. The object detection module provides vehicles with real time information on surrounding objects. The obstacle classification and recognition module categorizes obstacles for better path planning and decision making. The lane markings detection module extracts precise information about lane markings and road signs.

- *Tracking of moving objects.* Our AI perception software has a moving object tracking module that can estimate movement-related information such as speed, size and direction, in real time. The speed information can be further analyzed to derive the acceleration and angular speed of objects which indicate their trajectory and behavioral intentions.

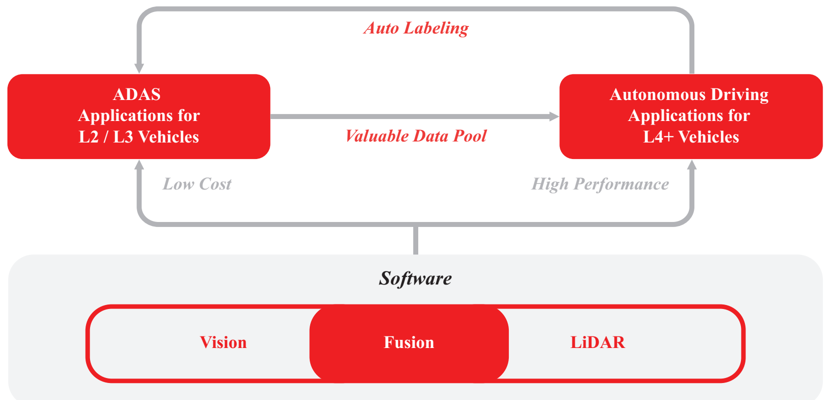
An autonomous vehicle equipped with HyperVision 1.0 is able to not only visualize but also analyze and comprehend its surrounding environment. Owing to these superior features, our LiDAR can be easily deployed in different applications and can be individually customized for customers.

HyperVision 2.0

HyperVision 2.0, our AI perception software launched in 2020, empowers the autonomous driving and robotics industries by converting raw LiDAR, vision and other sensor data into high-value information that can be used directly in autonomous vehicles and robots. HyperVision 2.0 provides these industries with a strong perception solution that is safe, intelligent and ready-to-use. HyperVision 2.0 builds on the capabilities of HyperVision 1.0 to serve more advanced application scenarios. However, HyperVision 1.0 will not be phased out and replaced as it will continue to serve robotics application scenarios and consumer demands that do not require the additional functionalities that HyperVision 2.0 offers.

HyperVision 2.0 provides a full-stack algorithmic solution supporting target perception, environment perception, predictive decision-making and motion planning capabilities. Aside from its integration into our LiDAR hardware, HyperVision 2.0 may also use the same algorithmic stack and be deployed to support ADAS pure vision, ADAS LiDAR + vision and autonomous driving LiDAR + vision solutions. HyperVision 2.0 currently focuses on applications in the autonomous driving industry, and we expect to expand its applications to the robotics industry.

We provide autonomous driving solutions and ADAS solutions. Our autonomous driving solution emphasizes performance, while our ADAS solution emphasizes cost-efficiency. Both solutions can achieve point-to-point autonomous driving on highway, urban roads and parking. Our ADAS solution aggregates a valuable data pool, which can be utilized for the development and upgrade of our autonomous driving solution, which in turn provides auto labeling capabilities that can be applied back to our ADAS solution, thereby creating a virtuous cycle between our ADAS and autonomous driving solutions as illustrated in the diagram below:



Our ADAS and autonomous driving solutions offer the same visual perception solutions using different LiDAR hardware and solution, both of which can be tailored for different application scenarios with different perception capabilities requirements.

HyperVision 2.0 features the following core capabilities when applied to autonomous driving:

- Identifying all static elements of the driving environment within the field of view, such as lane lines and road edges. All elements are expressed in 3D space and contain real-time information on key attributes, such as traffic light status.

- Identifying all traffic participant information within the field of view, including pedestrians, cyclists and vehicles. Such information can be expressed in 4D and higher dimensional space, such as position, orientation, speed and acceleration, as well as richer semantic features such as turn signals, brake lights and other real-time key attributes.

- Providing a real-time constructed 4D semantic occupancy field unifying both dynamic and static scenarios. Under such semantic occupancy field, various types of information can be queried at each spatio-temporal point. As the image frame rates of our LiDAR hardware are typically 10Hz, the data results can be generated within 0.1 second, which allows real-time construction of a semantic field. These types of information include the existence and visibility of each target, as well as their corresponding semantic category and movement speed.

- Providing real-time understanding and behavior prediction from a higher dimension scenario. It can also provide predictive results and risk assessments based on 4D information and intentions of each traffic participant within the driving scenario.

The above core capabilities can be applied to three different sets of sensor configurations: pure vision, pure LiDAR and vision + LiDAR. These core capabilities are not limited by the number of sensors. The full information fusion of sensors in different modalities (vision or LiDAR) combines the strengths of different sensors and achieves mutual information redundancy, thereby forming a "Super Sensor."

We use advanced AI technologies in our perception software that enable sensor data to flow through the neural network to each task and branch, thereby greatly improving the intelligence of our perception software. We provide readily interpretable perception algorithms that identify safety-critical objects, which ensure safe and reliable perception results through perception redundancy.

During the Track Record Period, our AI perception software was exclusively sold in combination with our LiDAR hardware as a solution. However, we are exploring the option of offering our AI perception software as a standalone product in the future, based on customer demand.

OUR SOLUTIONS

Our advanced perception solutions integrate our cutting-edge LiDAR hardware and perception software. Complemented by expert training and support services, our solutions are able to meet our customers' unique requirements.

Our select solutions:

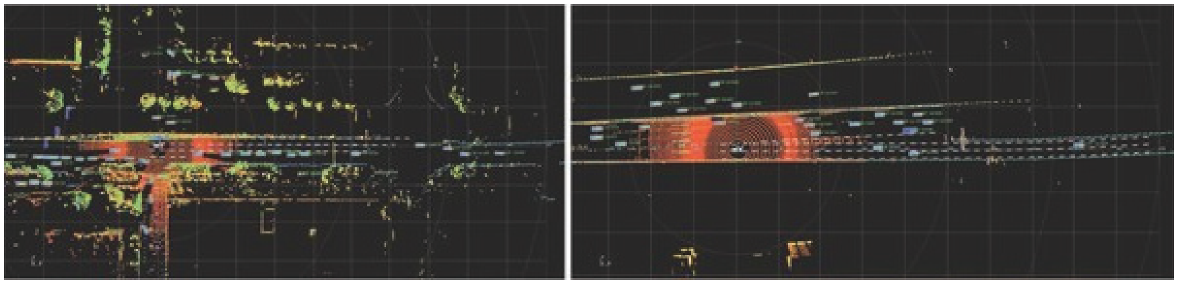
- ***RS-LiDAR-Perception.*** RS-LiDAR-Perception is our solution designed for ADAS applications, and can be integrated into customized solutions that are designed for specific vehicle models. It can integrate seamlessly with our M1 and E1 LiDARs to create zero blind-zone LiDAR perception solutions for autonomous driving vehicles. RS-LiDAR-Perception is designed for busy traffic flow and complex driving scenarios. We currently provide this solution for passenger and commercial vehicles.

- ***RS-P1, -P2 Solutions.*** These solutions are primarily for robotics applications and early testing stages of ADAS applications. They are designed for driverless logistics, inspection, cleaning vehicles, minibuses, and other low and medium speed autonomous driving scenarios. Our RS-P1 and -P2 Solutions can quickly invoke the autonomous driving perception function through one-click start without cumbersome configuration.

- ***RS-Fusion-P5, P6 Solutions.*** Our RS-Fusion-P5 and P6 Solutions are robotaxi solutions for robotics applications and early testing stages of ADAS applications that integrate our LiDAR hardware products and AI perception software to enable higher level autonomous driving. It outfits robotaxis with our LiDARs, thereby providing a 360-degree horizontal FoV with zero blind spots. We reinforce our RS-Fusion-P5 and P6 Solution LiDAR array with a multi-sensor fusion system to enable intelligent navigation in a variety of real-world driving scenarios.

- ***V2X Solution.*** Our V2X Solution is a vehicle-to-road LiDAR solution for smart infrastructure applications including scenarios such as urban roads, highways, parking lots, logistics parks, terminals and mining areas. Our V2X Solution achieves accurate space-time synchronization by fusing LiDAR point clouds from multiple base stations to form a complete composition of location information at a specific time in a specific area. Our V2X Solution can set dynamic electronic fences of any shape and display traffic flow statistics in the area. In addition, when combined with our AI perception software through fusion, our V2X Solution can process the underlying data collected from LiDAR and cameras in an area to provide more comprehensive perception data output.

- ***Reference Solution.*** Our Reference Solution is designed for ADAS applications. It generates and evaluates road conditions data using our advanced LiDAR and multi-sensor fusion systems. Ground truth information collected and processed by our Reference Solution includes dynamic and static information such as obstacle types, speeds, lane lines and road boundaries. Our Reference Solution integrates multiple sensors, including our LiDAR, a camera and a millimeter-wave radar. Empowered by AI perception software and offline information processing, our Reference Solution contains full-stack evaluation tools that include information collection, sensor calibration, visualization and manual verification. This solution helps customers build simulation scenes and evaluate road-side perception systems.



We believe our solutions also have potential for use in more non-automotive applications. For example, our solutions have been used in agricultural robots, inspection robots, V2X solutions and reference solutions.

RESEARCH AND DEVELOPMENT

Innovation is core to our corporate culture. We have invested significant resources into the R&D of our LiDAR technologies. We have established three research and development centers in China, located in Shenzhen, Shanghai and Suzhou. We strategically place our research and development teams in locations that are close to the best talent and to our business partners. The R&D team also collaborates with our operations and supply chain teams in order to continually optimize and improve manufacturing processes and assist with supply chain planning.

Our ability to develop new technologies, design new products and solutions, and enhance existing products and solutions that are acceptable to customers is critical for maintaining our market position. Our R&D team is led by Dr. Qiu Chunxin, our co-founder, chairman of the Board, executive Director and chief executive officer, and Mr. Liu Letian, our co-founder, executive Director and chief technology officer, who each has approximately nine years of experience in the LiDAR solutions market. See "Directors and Senior Management — Directors — Executive Directors" for further details of their biographies. As of June 30, 2023, our R&D team consisted of 548 members, approximately half of whom hold a master's degree or above. Our R&D team which include chip engineers, LiDAR engineers and software engineers, represented 45.9% of our total employees as of the same date, and serve as the backbone of our company that enables us to stay competitive. We incurred R&D expenses of RMB81.5 million, RMB133.0 million, RMB305.9 million and RMB246.4 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, constituting 47.7%, 40.2%, 57.7% and 74.9% of our total revenue for the respective periods. Our team has extensive experience with a wide variety of the world's leading engineering and automotive organizations.

INTELLECTUAL PROPERTY

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual property, including patents, registered trademarks, confidential technical information and expertise in the development of LiDAR technologies in China, the United States and the European Union.

We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights. We have also adopted a comprehensive set of internal rules for intellectual property management. These guidelines set out the obligations of our employees and create a reporting mechanism in connection with the protection of our intellectual property. As of the Latest Practicable Date, our research and development efforts had accumulated 460 patents and 918 patent applications. Our patents and patent applications consist of 1,186 invention patents, 151 utility patents and 41 design patents. Our intellectual property portfolio includes 673 patents and patent applications for our key technologies used in our M and E platforms. In addition, as of the Latest Practicable Date, we had 68 registered trademarks, 34 registered computer software copyrights, two registered work copyrights and four registered domain names.

The following table sets forth the movement of our patents and patent applications during the Track Record Period:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
Number of patents	179	228	272	326
Number of patent applications	439	597	815	868

The following table sets forth details of our key patents as of June 30, 2023:

	Name of patent	Nature	Intended use(s)	Functions	Authorization Date	Expiry Date
1.	Control methods, controls, and laser radars for laser radar oscillators (激光雷達振鏡的控制方法、控制裝置和激光雷達)	Invention patent	Oscillating mirror drive control	Provide feedback of the difference between the signal gain and the target gain, whereby the driving frequency is adjusted to match the expected motion of the mirror.	April 5, 2022	September 30, 2039
2.	Laser radar receivers, laser radar systems, and laser distance measuring methods (激光雷達接收裝置、激光雷達系統和激光測距方法)	Invention patent	Solving the problems relating to the near-field blind areas	The bias voltage at the receiving end suppresses the leading interference and simultaneously sets up a cancellation receiver to eliminate the static component.	July 2, 2021	June 28, 2039
3.	Laser radar and its methods of interference resistance (激光雷達及其抗干擾方法)	Invention patent	To make radars resistant to interference	Adds random-time jitter encoding to the standard time, spatial correlation filtering.	July 8, 2022	May 17, 2039

	Name of patent	Nature	Intended use(s)	Functions	Authorization Date	Expiry Date
4.	Laser emission circuits and laser radars (激光發射電路和激光雷達)	Invention patent	The driver circuit design of the transmitter	Charges, transfers energy, and enables the transmission circuit. The energy transfer circuit partially deflects the transmitter in the opposite direction to avoid light leakage.	April 4, 2023	March 13, 2040
5.	Laser emission modules and laser radar equipment (激光發射模塊和激光雷達設備)	Invention patent	Improving consistency across multiple channels	There are several channels for increasing the vertical resolution of the laser radar. The modules and equipment is designed to increase the circuit load and channel consistency through proper setting the transmit drive circuit.	March 24, 2023	May 11, 2042

See "Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights — (c) Patents."

The following table sets forth details of our five key patent inventors as of June 30, 2023:

	Position in our Group	Number of patents invented
1.	CEO	147
2.	Chief technology officer	146
3.	Intelligent sensory specialist	8
4.	Optomechanics specialist	5
5.	Hardware specialist	3

There can be no assurance that our intellectual property protection efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See "— Legal Proceedings and Compliance — Legal Proceedings", "Risk Factors — Risks Related to Our Business and Industry — Despite the actions we are taking to defend and protect our intellectual property, we may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products and solutions and such efforts to defend and protect our intellectual property may be costly" and "Risk Factors — Risks Related to Our Business and Industry — Third-party claims against us in relation to infringement of intellectual property rights, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be adversely affected."

SALES AND MARKETING

Our Sales and Marketing Network

We adopt a direct sales model. As of June 30, 2023, we operated a dedicated in-house sales and marketing team of 123 employees. Our sales and marketing team has profound industry knowledge and expertise and works closely with our customers and partners as well as our internal operations teams to promote our products and solutions, in both China and overseas. We have established a physical presence across multiple countries and regions, including mainland China, Hong Kong, Germany and the United States. We have also set up sales offices in major cities throughout mainland China, including Shenzhen, Shanghai, Suzhou and Tianjin. Through these sales offices, we have expanded our reach to cover most of China. We are in the process of further expanding our sales and marketing network in the United States and Europe.

Marketing

We take a customer-centric marketing approach to build and expand our relationships with customers and partners. We collect feedback directly from them to garner insights that help drive our business and operations forward. We utilize offline and online marketing channels such as our website, advertising campaigns, and word of mouth. We formulate targeted marketing strategies and organize marketing activities such as exhibitions and social media platforms to meet our business promotion needs and enhance our brand awareness. As we continue to expand domestically and globally, we will continue to optimize our sales and marketing network to ensure that we have sufficient geographic coverage across both existing and new markets.

Pricing

We price our products by considering a variety of factors, such as product positioning, competitive landscape, and procurement and production costs.

For our LiDAR hardware products for customers in the ADAS industries, we adopt a volume-based pricing structure in order to encourage customers to order more units at once, and thereby increase our sales volume and potentially reduce per-unit production costs. This also incentivizes customers to form long-term partnerships with us, and thereby results in more stable revenue streams for us. We also maintain competitive pricing across product lines of our LiDAR products for robotics and other non-automotive industries.

We charge a premium for our solutions that bundle hardware and software, as our software enhances the value of hardware and provide customers with comprehensive and customizable solutions tailored for their needs. Our pricing strategy for LiDAR perception solutions is primarily based on customer demand and the prices of our competitors. We refer to pricing of similar solutions in the industry as a basis, and adjust our pricing based on customer negotiations. Since our solutions are typically customized to meet individual customer requirements, there are no clear rules for the allocation of software and hardware pricing.

CUSTOMERS

We serve automotive OEMS, Tier 1 suppliers and customers in a wide range of robotics and other non-automotive industries. In 2022, we provided our LiDAR products, solutions and services to over 900 customers in China and overseas, including the United States and Europe. As of June 30, 2023, 21 automotive OEMs and Tier 1 suppliers had selected our M platform products for mass production. We are actively pursuing business relationships with other leading automotive OEMs, both in China and globally. We have established strong bonds with our customers, some of whom are our shareholders.

Our ADAS products are primarily used by automotive OEMs and Tier 1 suppliers. Such customers are generally engaged in the design, manufacture and operation of passenger vehicles and commercial vehicles. Our design wins with such customers are a huge part of our success, and we provide technology development services to customers with customization requirements. We intend to further strengthen existing customer relationships and pursue new relationships to expand our customer base.

Our customers in robotics and other non-automotive industries are engaged in the design, manufacture and operation of robotics, such as cleaning robots, logistics robots and agricultural robots. Such customers acquire our mechanical LiDARs and M platform products for autonomous navigation and collision avoidance purposes.

As of June 30, 2023, our products had been selected by the world's best selling automotive OEM from 2020 to 2022 and nine of China's top ten automotive OEMs in terms of sales volume in 2022, according to CIC. The following is a select list of our customers as of the same date:

Automotive OEMs and Tier 1 Suppliers	Non-automotive Customers
Geely Auto	Alibaba
GAC Aion	Agilox
Great Wall Motor	Brain Corp
XPeng	ControlWorks
Lotus	Neolix
Lucid	Xingshen Technology
Leapmotor	
NEWRIZON	
Suzhou Zhito	
DFCV	

The following table sets forth a breakdown of the cumulative number of customers we served by product category as of the dates indicated:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
Products				
— For ADAS	4	7	9	15
— For robotics and others	964	1,364	1,797	1,984
Solutions	**213**	**319**	**451**	**485**
Services and others	**1**	**4**	**6**	**11**
Total(1)	**1,042**	**1,507**	**2,009**	**2,230**

Note:

(1) Given that certain customers engaged across multiple product categories, the total customer count may be lower than the sum of customers counted individually under each category.

Our customers for each product category increased during the Track Record Period, generally in line with our business growth.

Design Win Conversion

The process from obtaining design wins to commencing mass production and delivery for our automotive OEM customers is outlined below. According to CIC, this process conforms with automotive industry norms.

Notification of Design Wins. Upon obtaining a design win, we are notified by the automotive OEM customer through email which may attach an award letter specifying the vehicle model for which we have obtained the design win, the anticipated production volume and other relevant information. In general, each design win is linked to one vehicle model only.

Signing of Purchase Contracts. After notification of the design win, we sign a series of contracts with the automotive OEM customer, including purchase agreement, confidentiality agreement, quality guarantee agreement and other supplementary agreements. Such contracts usually outline agreed-upon terms such as price, expected order volume on monthly and annual basis, payment terms and settlement methods.

SOP and Delivery. Our SOP and delivery processes begin after the contracts have been signed and we officially commence our cooperation with customers. During the Track Record Period, the average time from obtaining design win to SOP was approximately 15 months. Our automotive OEM customers usually set up accounts for us on their supplier management systems and place individual purchase orders through these systems without the need for additional sales contracts. After SOP, we plan the mass production and delivery schedule according to the orders received through such systems. The lead time required from receiving purchase orders to product or solution delivery varies among customers depending on the complexities of the customers' requirements, their own commercial considerations, and any other relevant developments arising from our provision of relevant products and solutions, as well as the product quantities and the manufacturing processes involved, which may vary among different types of products. We also take into consideration the delivery time required by our customers to plan the production timeframe. In general, our customers place purchase orders or provide production forecasts one to three months before the agreed-upon product or solution delivery time. During the Track Record Period, there was no termination of design win contracts by any customer after we obtained design win from such customer. As of the Latest Practicable Date, we were either working with our design win customers towards achieving SOP, or have achieved SOP for the relevant vehicle models of our design win customers.

The following table sets forth the accumulated number of our design wins (in terms of vehicle models) and vehicle models for which we achieved SOP as of the dates indicated:

	As of December 31,			As of the Latest Practicable Date
	2020	2021	2022	
Design wins (in terms of vehicle models)	3	27	48	62
Vehicle models for which we achieved SOP	—	1	7	24

Our Major Customers

Revenue generated from our largest customer for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 accounted for 17.3%, 11.8%, 10.2%, and 17.9%, respectively, of our total revenue during those periods. Revenue generated from our five largest customers during each year/period for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 accounted for 29.1%, 33.3%, 33.2% and 43.8%, respectively, of our total revenue during those periods.

The following tables set forth details about our five largest customers during the Track Record Period:

Year ended December 31, 2020

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer A	LiDAR products for ADAS, robotics and others & solutions	Customer A is a company headquartered in China that provides a broad range of products and services across various industries, including intelligent automotive solutions. Established in 1987, Customer A is a leading global provider of information and communications technology infrastructure and smart devices, including smart components and systems for autonomous vehicles. It is also engaged in the research and development of autonomous driving and robotics technologies.	2019	29,489	17.3%
Customer B	LiDAR products for robotics and others & solutions	Customer B is a company headquartered in China that develops intelligent cleaning robots. Established in 2013, Customer B integrates laser and visual sensors to achieve autonomous robot navigation and obstacle avoidance functionality.	2018	7,894	4.6%

Year ended December 31, 2020

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer C	LiDAR products for robotics and others & solutions	Customer C is a company headquartered in China that specializes in the R&D, manufacturing, and sales of modern passenger vehicles including large highway coaches, public transport buses, tourism buses, corporate shuttle buses and school buses. Established in 1993, Customer C has realized a sizable sales volume in over 40 countries and regions and has become one of the world's major bus and coach suppliers in its main target markets. Customer C is listed on the SSE.	2018	4,708	2.8%
Customer D	LiDAR products for robotics and others	Customer D is a company headquartered in China specializing in AI-powered autonomous driving technology that provides autonomous driving core technology and smart logistics products. Established in 2017, Customer D possesses a wide range of autonomous driving technology and solutions, with independent R&D capabilities spanning from chassis, structure, hardware to software.	2018	3,820	2.2%
Customer E	LiDAR products for robotics and others & solutions	Customer E is a leading technology company headquartered in South Korea that provides solutions for green and smart mobility. Established in 2008, Customer E provides eco-friendly and autonomous driving control technologies to more than 150 clients around the world.	2018	3,796	2.2%
Total				**49,707**	**29.1%**

Year ended December 31, 2021

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer A	LiDAR products for ADAS, robotics and others & solutions	Customer A is a company headquartered in China that provides a broad range of products and services across various industries, including intelligent automotive solutions. Established in 1987, Customer A is a leading global provider of information and communications technology infrastructure and smart devices, including smart components and systems for autonomous vehicles. It is also engaged in the research and development of autonomous driving and robotics technologies.	2019	38,974	11.8%
Customer F	LiDAR products for ADAS, robotics and others & services	Customer F is an automotive company headquartered in the U.S. that primarily manufactures electric vehicles and their components. Established in 2007, Customer F designs, engineers, and manufactures electric vehicles, EV powertrains, and battery systems. Customer F is listed on NASDAQ.	2020	27,820	8.4%

Year ended December 31, 2021

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer G	LiDAR products for robotics and others	Customer G is a an autonomous driving technology company headquartered in China established in 2016, with its core technology based on deep learning for environment perception, high-precision mapping, and driving decision algorithms.	2020	18,885	5.7%
Customer H	LiDAR products for robotics and others	Customer H is a supplier of unmanned driving systems headquartered in China primarily engaged in the development of autonomous driving vehicles and intelligent driving assistance system. Established in 2015, Customer H offers a diverse range of solutions in the field of autonomous driving systems.	2020	12,578	3.8%
Customer D	LiDAR products for robotics and others	Customer D is a company headquartered in China specializing in AI-powered autonomous driving technology that provides autonomous driving core technology and smart logistics products. Established in 2017, Customer D possesses a wide range of autonomous driving technology and solutions, with independent R&D capabilities spanning from chassis, structure, hardware to software.	2018	12,034	3.6%
Total				**110,291**	**33.3%**

Year ended December 31, 2022

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer F	LiDAR products for ADAS, robotics and others	Customer F is an automotive company headquartered in the U.S. that primarily manufactures electric vehicles and their components. Established in 2007, Customer F designs, engineers, and manufactures electric vehicles, EV powertrains, and battery systems. Customer F is listed on NASDAQ.	2020	53,961	10.2%
Customer A	LiDAR products for ADAS, robotics and others & solutions	Customer A is a company headquartered in China that provides a broad range of products and services across various industries, including intelligent automotive solutions. Established in 1987, Customer A is a leading global provider of information and communications technology infrastructure and smart devices, including smart components and systems for autonomous vehicles. It is also engaged in the research and development of autonomous driving and robotics technologies.	2019	41,707	7.9%

Year ended December 31, 2022

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer I	LiDAR products for ADAS, robotics and others	Customer I is a smart electric vehicles company headquartered in China that designs, develops, manufactures, and markets smart electric vehicles that appeal to the large and growing base of technology-savvy consumers. Established in 2014, Customer I develops in-house its driver-assistance system technology and in-car intelligent operating system, as well as core vehicle systems including powertrain and electronic architecture. Customer I is listed on NYSE and HKEX.	2019	35,516	6.7%
Customer J	LiDAR products for ADAS, robotics and others & solutions	Customer J is a leading automaker headquartered in China. Established in 1997, Customer J's main businesses cover the R&D, production, and sales of both passenger and commercial vehicles. Customer J is actively promoting the commercialization of new energy vehicles (NVEs) and internet-connected vehicles (ICVs), while also exploring the R&D and industrialization of intelligent technologies such as smart driving. Customer J is listed on SSE.	2018	27,224	5.1%
Customer K	LiDAR products for ADAS, robotics and others & solutions	Customer K is a leading automobile manufacturer headquartered in China. Established in 1986, Customer K is engaged in automotive, upstream, and downstream industrial chains, intelligent travel services, green transportation capacity, digital technology, etc. Customer K is listed on HKEX.	2019	17,325	3.3%
Total				**175,733**	**33.2%**

Six months ended June 30, 2023

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer I	LiDAR products for ADAS	Customer I is a smart electric vehicles company headquartered in China that designs, develops, manufactures, and markets smart electric vehicles that appeal to the large and growing base of technology-savvy consumers. Established in 2014, Customer I develops in-house its driver-assistance system technology and in-car intelligent operating system, as well as core vehicle systems including powertrain and electronic architecture. Customer I is listed on NYSE and HKEX.	2019	58,925	17.9%
Customer K	LiDAR products for ADAS, robotics and others	Customer K is a leading automobile manufacturer headquartered in China. Established in 1986, Customer K is engaged in automotive, upstream, and downstream industrial chains, intelligent travel services, green transportation capacity, digital technology, etc. Customer K is listed on HKEX.	2019	30,354	9.2%

Six months ended June 30, 2023

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer J	LiDAR products for ADAS, robotics and others, solutions & services and others	Customer J is a leading automaker headquartered in China. Established in 1997, Customer J's main businesses cover the R&D, production, and sales of both passenger and commercial vehicles. Customer J is actively promoting the commercialization of new energy vehicles (NVEs) and internet connected vehicles (ICVs), while also exploring the R&D and industrialization of intelligent technologies such as smart driving. Customer J is listed on SSE.	2018	21,973	6.7%
Customer F	LiDAR products for ADAS	Customer F is an automotive company headquartered in the U.S. that primarily manufactures electric vehicles and their components. Established in 2007, Customer F designs, engineers, and manufactures electric vehicles, EV powertrains, and battery systems. Customer F is listed on NASDAQ.	2020	18,179	5.5%
Customer L	LiDAR products for robotics and others & services and others	Customer L is a subsidiary of a global leader in autonomous mobility based in China. Founded in 2016, its parent company is a pioneer in extending autonomous driving technologies and services worldwide. Operating Robotaxi, Robotruck and Personally Owned Vehicle (POV) business units, it is an industry leader in the commercialization of autonomous driving on a global scale.	2018	14,908	4.5%
Total				**144,339**	**43.8%**

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

The salient terms of our standard sales agreements for our LiDAR products and solutions during the Track Record Period are set out below:

- ***Product specifications***. Our customers typically set forth specific product specification requirements for products ordered, such as product name, model, configuration and features.

- ***Term***. The agreement typically has an indefinite term.

- ***Payment and credit term***. Our customers are typically required to settle payment within 90 days after receipt of products.

- ***Product return or rejection***. Customers have the right to return or reject our products in limited circumstances, including portion of the shipment that exceeds the scope of the specific purchase order, if product packaging is damaged, if product quality issues are discovered during the process of production, delivery, inspection, or aftersales, or if the agreement is terminated for any reason before all orders have been delivered.

- ***Warranty.*** We typically provide one to five years warranties for our products. During the warranty period, for any product quality issue on either our software or hardware, we will repair or replace it free of charge under certain conditions, except for product damage caused by the customer's own improper operation.

- ***Logistics.*** For hardware, we are generally responsible for delivering the products to locations designated by the customers in accordance with the delivery schedule specified in the agreement. For orders involving software, we shall provide the software to customers within a specified time after delivery of the hardware.

- ***Transfer of risks.*** The risks transfer to customers after they confirm the receipt of our products.

- ***Acceptance.*** If customers determine that the hardware received or software installed does not meet their requirements, they must notify us in writing within a specified time; otherwise, the products are considered to be accepted.

- ***Confidentiality.*** All confidential information provided by either party shall not be disclosed to any third party without prior written consent.

During the Track Record Period, as part of our strategy to promote new products, we offered trade-in rights to certain customers. Such arrangements provide these customers an option to exchange a used product for an upgraded version of the relevant product within a period of time from the sales by paying the difference between the selling price of the upgraded product and the trade-in value of the used product. We offered such trade-in rights to 55, 79, 28 and 37 customers in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, and recognized revenue amounting to RMB8.6 million, RMB5.2 million, RMB2.8 million and RMB1.9 million in relation to the trade-in rights in the respective periods. These customers encompass various industries, including automotive, robotics, consumer electronics and logistics, as well as research institutes. For additional details and related accounting treatment, see "Financial Information — Critical Accounting Estimates and Judgments — Revenue Recognition."

SUPPLIERS

During the Track Record Period, we engaged suppliers and contract manufacturers to procure a wide range of goods and services including raw materials and components for our LiDAR production, research and development, testing and manufacturing services of our products and solutions and other facilitating goods and services.

Our Major Suppliers

Our major suppliers are suppliers of raw materials, hardware components and contract manufacturers. Purchases from our largest supplier for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 accounted for 5.9%, 4.2%, 7.8% and 14.6%, respectively, of our total purchases during those periods. Purchases from our five largest suppliers during each year/period for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 accounted for 22.2%, 17.2%, 26.0% and 43.1%, respectively, of our total purchases during those periods.

The following tables set forth details of our top five suppliers during the Track Record Period:

Year ended December 31, 2020

Supplier	Products and Services Purchased	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase
				RMB'000	
Supplier A	LiDAR components	A provider of semiconductor, electronic components and related solutions	2018	7,979	5.9%
Supplier B	LiDAR components	A provider of electronics, circuits and related components	2018	6,907	5.1%
Supplier C	LiDAR components	A supplier of electronic components and computing solutions	2020	5,180	3.8%
Supplier D	LiDAR components	A provider of robotics products, components and accessories	2019	5,144	3.8%
Supplier E	Contract manufacturing services	A company specializing in SMT and PCBA production and processing and other electronics	2019	4,876	3.6%
Total				**30,086**	**22.2%**

Year ended December 31, 2021

Supplier	Products and Services Purchased	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase
				RMB'000	
Supplier F	Contract manufacturing services	An electronic manufacturing services provider	2021	16,721	4.2%
Supplier C	LiDAR components	A supplier of electronic components and computing solutions	2020	13,912	3.5%
Supplier G	Contract manufacturing services	A provider of R&D services in nanotechnology and related technologies	2018	12,883	3.3%
Supplier B	LiDAR components	A provider of electronics, circuits and related components	2018	12,730	3.2%
Supplier H	LiDAR components	A provider of automation equipment, molds, and related consumables	2020	11,812	3.0%
Total				**68,058**	**17.2%**

Year ended December 31, 2022

Supplier	Products and Services Purchased	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase
				RMB'000	
Supplier I	Contract manufacturing services	A company that specializes in imaging technology products, including customized lens modules	2022	77,461	7.8%
Supplier F	Contract manufacturing services	An electronic manufacturing services provider	2021	65,807	6.6%
Supplier J	LiDAR components	A company primarily engaged in the production of electronic components and equipment	2018	48,670	4.9%
Supplier C	LiDAR components	A supplier of electronic components and computing solutions	2020	34,815	3.5%
Supplier K	LiDAR components	A supplier of consumer electronic components, devices, and adhesives	2021	32,145	3.2%
Total				**258,898**	**26.0%**

Six months ended June 30, 2023

Supplier	Products and Services Purchased	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase
				RMB'000	
Supplier I	Contract manufacturing services	A company that specializes in imaging technology products, including customized lens modules	2022	54,048	14.6%
Supplier J	LiDAR components	A company primarily engaged in the production of electronic components and equipment	2018	48,573	13.1%
Supplier L	Computer servers	An IT service company that provides solutions from desktop to data center	2023	25,816	7.0%
Supplier F	Contract manufacturing services	An electronic manufacturing services provider	2021	19,574	5.3%
Supplier M	Computer servers	A leading service provider of AI solutions	2023	11,602	3.1%
Total				**159,613**	**43.1%**

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

We typically engage reputable suppliers to ensure the quality of our products. The factors that may affect our selection mainly include technological expertise, product quality, qualifications and credentials, reputation and price. We usually select suppliers who have demonstrated a track record of stable supply and profitability. We generally require that suppliers who manufacture automotive-grade materials shall have obtained IATF16949 certification, and other suppliers shall have at least obtained ISO9001 certification.

In addition to vetting new suppliers, we also conduct monthly and yearly evaluations of existing suppliers and require suppliers to promptly address any issues discovered during such evaluations. We provide guidance to suppliers when necessary and may terminate suppliers who continuously fail to meet our standards.

We believe that our operation is not dependent on any particular supplier or contract manufacturer. During the Track Record Period, we maintained multiple suppliers to avoid over-reliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

Raw Materials and Components

The main raw materials used in the production of our LiDAR products include optics, fasteners, electronics and packaging materials, and the key components used in the production of our LiDAR products include chips, lasers and receivers. During the Track Record Period, we purchased most of our raw materials from suppliers located within China. We purchased certain electronic, wire and structural materials and components from overseas suppliers. Such purchases from overseas suppliers amounted to RMB21.8 million, RMB48.5 million, RMB162.7 million and RMB71.8 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. During the Track Record Period, we had not experienced any sourcing restrictions from our suppliers.

During the Track Record Period, prices of our raw materials experienced fluctuations. From late 2021 to the second half of 2022, certain companies encountered semiconductor chips shortage amid the COVID-19 pandemic and the increasing production volumes of the automotive industry. Consequently, a surge in demand for electronics containing semiconductor chips and stockpiling of semiconductor chips by these companies have created disruptions in the supply chain, resulting in a global chip shortage impacting our industry. In addition, the rising trade tensions between China and the United States may also restrict our semiconductor chip supply. In order to ensure our production would not be disrupted due to such shortage, we procured and maintained an escalated level of semiconductor chips inventory at higher prices and expedited fees, and have been working closely with our suppliers and customers to minimize the potential impacts of any supply shortages. For example, we have built cooperative relationships with chip suppliers, such as Texas Instruments (TI). See "Risk Factors — Risks Related to Our Business and Industry — We are susceptible to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs, adversely affect our profitability and delay deliveries of our products to customers." The semiconductor chips procured at higher prices had been fully utilized as of September 30, 2023.

Moreover, on August 9, 2023, President Biden issued an Executive Order authorizing certain notification requirements and prohibitions on certain investments in national security technologies and products in "countries of concern", including China. The scope of the notified and prohibited transactions includes only "covered national security technologies and products", which is defined as "sensitive technologies and products in the semiconductors and microelectronics, quantum information technologies, and artificial intelligence sectors that are critical for the military, intelligence, surveillance, or cyber-enabled capabilities of a country of concern". As of the Latest Practicable Date, based on the scope of the proposed regulation and our Company's confirmation that our LiDAR products are intended for commercial use only, our legal advisor as to U.S. export controls, sanctions, customs, and foreign investment laws and regulations is of the view that even after it takes effect, the process is not likely to prohibit investment in our Company or the sale of our products.

We usually procure semiconductor chips based on our customers' forecasts or purchase orders for our hardware products. Although we rely to a significant extent on certain semiconductor chips such as Field Programmable Gate Arrays (FPGAs), laser diodes and sensor chips for the production of our LiDAR products, there are a number of substitute suppliers available in the market in case of supply disruptions. We have relatively low reliance on other semiconductor chips used in our production.

Our procurement amount of semiconductor chips was approximately 0.3 million units, 0.8 million units, 3.6 million units and 0.5 million units in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. The semiconductor chips we procure generally have an expected lifespan of 10 years or more, which may vary depending on the specific chip design, storage conditions and usage. We usually do not replace the chips used in our LiDAR products during the product life cycle due to high switching costs.

We plan to place greater emphasis on proprietary technologies and products to reduce reliance on third-party suppliers, and maintain a safety stock ensuring adequate inventory of key materials to mitigate the impact of sudden price surges or supply disruptions. In the event of sourcing restrictions from U.S. suppliers due to rising trade tensions, we plan to switch to domestic suppliers to avoid disruptions to our supply.

Our procurement of semiconductor chips from U.S. suppliers accounted for 83.0%, 39.5%, 68.5% and 68.1% of the total procurement amount of semiconductor chips in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, while procurement from PRC suppliers accounted for 17.0%, 60.5%, 31.5% and 31.9% in the same periods, respectively, based on our management accounts. The decrease in proportion sourced from the U.S in 2021 was primarily due to the increased procurement of our in-house designed MEMS scanning chips from PRC suppliers for our M platform products as they began mass production in 2021. Meanwhile, the increase in proportion sourced from the U.S. in 2022 was primarily due to stocking up on FPGA and power management chips sourced from the U.S. in anticipation of the risks of prolonged global supply shortage of semiconductor chips imported from overseas. Our Directors are of the view that Sino-U.S. tensions do not currently have a material adverse impact on our business, given that (i) our legal advisor as to U.S. export controls, sanctions, customs, and foreign investment laws and regulations is not currently aware of any sourcing restrictions from U.S. suppliers, (ii) we believe that we are able to switch to alternative suppliers in China that offer comparable technology, quality and price in the event of supply restrictions on our U.S. suppliers, and (iii) we can further mitigate such risks through in-house production.

Except as otherwise disclosed, during the Track Record Period and as of the Latest Practicable Date, we did not encounter any material disruption to our business as a result of shortage or delay in the supply of raw materials and key components.

We typically enter into framework supply agreements with suppliers, the salient terms of which are set out below:

- ***Product specifications***. We specify the product name, manufacturer or brand, specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers.
- ***Payment and delivery.*** We are responsible for timely payment to suppliers, who are responsible for delivery of products to our designated location specified in each purchase order.
- ***Quality control.*** We inspect the products upon receipt to determine any deviations from our requirements with respect to quality and quantity and notify suppliers in writing of any such deviations. Suppliers have five days to respond. We have the right to reject and return any products that do not meet our requirements, at the expense of suppliers, or to request free product replacement or maintenance.
- ***Transfer of risk.*** The risk transfers to us after we complete inspection and confirm receipt of the products.
- ***Quality Guarantee.*** If the supplier is a manufacturer, it guarantees that the products manufactured are independently developed or produced, with sufficient control and quality assurance; if the supplier is an agent, it guarantees that the products supplied will be manufactured by the brand manufacturer specified by us. Suppliers are responsible for any quality issue identified on the sites of our customers caused by them.
- ***Subcontracting.*** Subcontracting is not allowed without our consent.
- ***Audit.*** We are provided with reasonable access to suppliers' premises to inspect the site, facilities, project materials and any of our properties involved in the production, as well as audit their relevant business records.
- ***Confidentiality.*** All confidential information provided by either party shall be used solely for the purposes of cooperation pursuant to the agreements and shall not be disclosed to any third party without prior written consent.
- ***Product recalls and return.*** We have the right to return or replace products for a variety of reasons, including non-conformity with product specifications or quantity with the order placed.
- ***Termination.*** The agreements will be terminated by mutual agreement, or by other means as set forth in the agreements.

Contract Manufacturers

During the Track Record Period, we engaged in strategic collaborations with key material and component manufacturers directly. In April 2022, we entered into manufacturing service agreements with Guangzhou Luxvisions Innovation Technology Limited (廣州立景創新科技有限公司) ("**Luxvision**"), a manufacturer of imaging technology and related products, for the production of certain LiDAR components which may be cost-ineffective to produce in-house. As of the Latest Practicable Date, Luxvision did not have any past or present relationship with our Company or its subsidiaries, their respective directors, shareholders or senior management members, or any of their respective associates, except for its indirect controlling shareholding in Dongguan Cowell Optic Electronics Co., Ltd. and the latter's 51% equity interest in Luxsense, an associate of our Company, details of which are disclosed in "History, Reorganization and Corporate Structure — Acquisition During the Track Record Period."

In 2022, we also entered into manufacturing service agreements with Luxsense for the production of modules for our LiDAR products. As of the Latest Practicable Date, except for the 49% equity interest we held in Luxsense as disclosed in "History, Reorganization and Corporate Structure — Acquisition during the Track Record Period" and certain of our employees who are directors and supervisors of Luxsense, Luxsense did not have any past or present relationship with our Company or its subsidiaries, their respective directors, shareholders or senior management members, or any of their respective associates.

In 2020, 2021 and 2022 and the six months ended June 30, 2023, our purchase amount from Luxvision (which includes purchase amount from Luxsense given that Luxsense is an indirect subsidiary of Luxvision) was nil, nil, RMB77.5 million and RMB54.0 million, respectively.

We usually enter into framework agreements with our contract manufacturers, which set out the general terms and conditions of cooperation. We then issue separate purchase orders. The salient terms of our agreements with Luxvision and Luxsense are set forth below:

- ***Principal rights and obligations of parties involved.*** We provide a rolling five-month forecast to Luxvision/Luxsense for preparation of production schedules. We specify the product name, manufacturer or brand, specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to Luxvision/Luxsense from time to time, who are obliged to produce products and provide related services that meet our requirements.

- ***Pricing.*** Prices are specified in the purchase order or otherwise agreed. Such purchase price covers the product and its components, accessories and related services. If manufacturing costs increases beyond a tolerable range for either party, prices may be adjusted after notification and agreement of both parties. Luxvision/Luxsense promise to offer us the most competitive prices in the market and must notify us when they lower their market prices and adjust their prices to us accordingly.

- ***Payment and delivery.*** We are responsible for timely payment to Luxvision/Luxsense, who is responsible for delivery of products to our designated location specified in each purchase order.

- ***Quality control.*** We have five days upon receipt of products to inspect the products and confirm if any deviation from our specifications, quantity or other manufacturing requirements. Luxvision/Luxsense have five days to respond. We have the right to reject and return any products that do not meet our requirements, at the expense of Luxvision/Luxsense, or to request free product replacement or maintenance.

- ***Transfer of risk.*** The risk transfers to us after we complete inspection and confirm receipt of the products.

- ***Quality Guarantee.*** Luxvision/Luxsense is responsible for the quality of the products they provide as well as the products provided by their suppliers. Luxvision/Luxsense is liable for any quality issues considered by both parties to be the responsibility of Luxvision/Luxsense.

- ***Subcontracting.*** Subcontracting is not allowed without our consent.

- ***Audit.*** With suppliers' permission, we have right to access Luxvision's/Luxsense's premises at appropriate times to inspect the site, facilities, project materials and any of our property involved in the production, as well as audit their relevant business records.

- ***Confidentiality.*** All confidential information provided by either party shall be used solely for the purposes of cooperation pursuant to the agreements and shall not be disclosed to any third party without prior written consent.

- ***Product recalls and return.*** We have the right to return or replace products for a variety of reasons, including non-conformity of product specifications or quantity with order placed.

- ***Duration and Termination.*** The agreements have an indefinite duration and will be terminated by mutual agreement, or by other means as set forth in the agreements.

During the Track Record Period, we also engaged Jabil Circuit (Guangzhou) Limited (捷普電子(廣州)有限公司) ("**Jabil**"), a world-renowned electronic manufacturing service provider, for the production of our LiDAR products. In 2020, 2021 and 2022 and the six months ended June 30, 2023, our purchase amount from Jabil was nil, RMB16.7 million, RMB65.8 million and RMB19.6 million, respectively. As of the Latest Practicable Date, Jabil did not have any past or present relationship with our Company or its subsidiaries, their respective directors, shareholders or senior management members, or any of their respective associates. While we engaged Jabil to produce our LiDAR products in the past, we currently only engage them for the production of certain components for our products, as we are gradually shifting the production of our LiDAR products in-house. The salient terms of the manufacturing service agreements with Jabil are set forth as below:

- ***Principal rights and obligations of parties involved.*** Jabil manufactures the specified products and provides services including testing, configuring, assembling, packaging and shipping of the products and any additional services in accordance with the order specifications. We provide a rolling 12-month forecast to Jabil for preparation of production schedules. We specify the technical specifications for manufacturing and other detailed items in each purchase order we send to Jabil from time to time. Jabil has three business days to notify us of its acceptance or rejection after its receipt of each proposed purchase order.

- ***Payment and delivery.*** We are responsible for timely payment to Jabil, who is responsible for delivery of products to our designated location through carrier or forwarder approved by us.

- ***Quality control.*** We conduct product evaluation to determine if products conform to our specifications and requirements and have ten business days upon receipt of products to give Jabil written notice for any product rejection. Jabil has ten business days to respond. If Jabil does not dispute the basis for rejection, Jabil shall follow its standard product return process.

- ***Transfer of risk.*** The risk transfers to us after products are tendered to the carrier or forwarders approved by us.

- ***Warranty.*** Jabil warrants to us that it will produce the products in line with relevant workmanship standards and that all products will adhere to our specifications in all material respects at the time of manufacturing. Such warranty shall remain in effect for 18 months from delivery and Jabil will repair or replace any defective product in breach of such warranty.

- ***Confidentiality.*** To protect the confidential information of the other party and to prevent use of such information other than for the purposes of this agreement, each party should exercise the same degree of care that it does to secure its own confidential information.

- ***Duration and Termination.*** The agreement has an indefinite duration and either party generally has the right to terminate the contract with the other party if the other party breaches the manufacturing service agreement and fails to rectify such breach within a reasonable period of time.

Our Strategic Cooperation with TI

In 2021, we formed a strategic cooperation with TI, a global semiconductor and integrated circuits supplier, to foster mutual growth and knowledge exchange encompassing several key initiatives. These include joint participation in the evaluation and certification of new product designs, joint promotion of TI products integrated within our products as well as our products that integrate TI products, sharing valuable market insights and experiences, organizing regular seminars and reciprocal visits to enhance technical knowledge and quarterly meetings focused on aspects such as business management, technology advancements, and product quality management. Our strategic cooperation arrangement with TI has an initial term of two years, to be automatically renewed for one year unless terminated by either party with 30 days' notice. Additionally, the arrangement includes non-legally binding provisions that outline the efforts expected from each party. For example, TI is expected to use commercially reasonable efforts to offer competitive pricing on semiconductor chips, and give more priority to us when fulfilling our procurement orders, while we are committed to prioritizing the integration of TI's products into our own offerings and procuring a majority of our chips from TI, provided that their products meet competitive standards in terms of pricing and performance. We have designated staff in our procurement team that monitors the industry intelligence in relation to the trend of the global semiconductor chip price, so as to ensure that we enjoy pricing advantages. We also communicate with TI proactively in relation to the pricing offered to us in light of the pricing trend. Furthermore, we are expected to invite TI to participate in and evaluate our new product development.

We primarily procured products from TI indirectly through TI's agents during the Track Record Period and have been gradually shifting towards direct procurement from TI. Total purchases from TI including both directly and through TI's agents amounted to RMB5.3 million, RMB15.0 million, RMB70.4 million and RMB3.5 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. The decrease in purchases of TI's products from RMB70.4 million in 2022 to RMB3.5 million for the six months ended June 30, 2023 was mainly due to (i) the purchase of high-priced TI products and expedited fees incurred in 2022 due to the global supply crunch, which we continued to consume and utilize till the end of September 2023, and (ii) a reduction in procurement by us as our contract manufacturers develop their supply chains and begin to directly purchase from TI.

MANUFACTURING

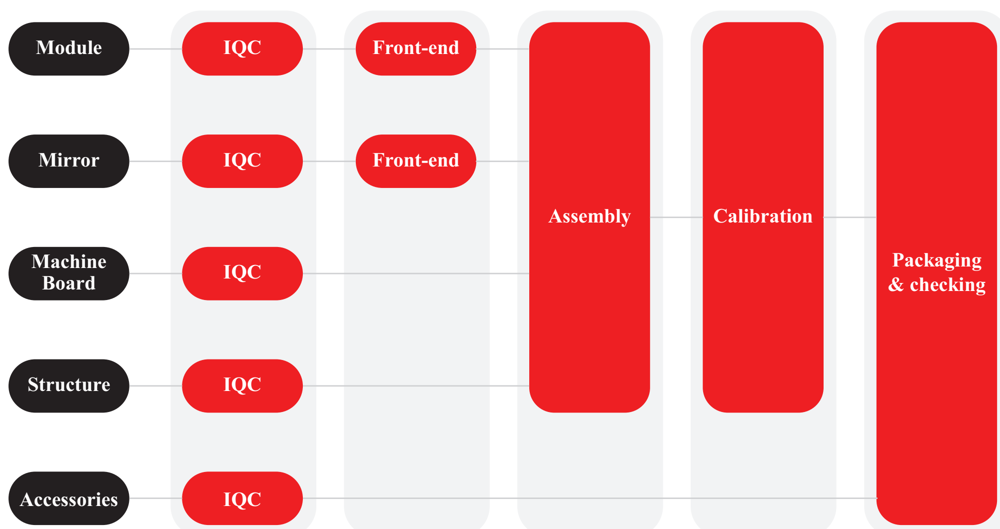
While we primarily engaged contract manufacturers to produce our products initially, as our operations expanded, we have internally developed manufacturing and testing processes necessary to produce our products in-house on a commercial scale. As we begin to shift the production of our LiDAR products in-house, we are gradually reducing our reliance on third-party manufacturers. For example, we currently build and design the most critical components of our products including our MEMS scanning chips in-house. Our manufacturing processes and know-how set high barriers of entry, and these are key differentiators for us. We adopt a highly modular and scalable manufacturing model to accommodate the fast-growing demand for our LiDAR products. We currently produce our products in two self-operated factories, Honghualing factory and Shiyan factory. In December 2022, we acquired a 49% equity interest in Luxsense, an associate of our Company, which manufactures modules for our LiDAR products. For details of our manufacturing arrangements with Luxsense, see "— Suppliers — Contract Manufacturers." For the background of this acquisition, see "History, Reorganization and Corporate Structure — Acquisition During the Track Record Period." Such strategic acquisition enables us to gain better control over the production of modules for our products to ensure stable supply to customers and allows us to closely monitor product quality and communicate with the production facilities more effectively. Meanwhile, we are also able to learn and derive from the production capabilities of Luxsense in order to develop and enhance our own production capabilities such as automation capabilities as we ramp up our in-house production. We also plan to engage Luxsense to manufacture our LiDAR products if our future order volumes exceed our in-house production capacity. As we continue to scale up our manufacturing capacity, we may enter into additional strategic collaboration agreements.

Our Shiyan factory located in Shenzhen mainly produces mechanical LiDAR; our Honghualing factory located in Shenzhen mainly produces solid-state LiDAR. These two operated manufacturing sites occupy approximately 20,000 square meters of space. Our modular manufacturing model allows us to produce various LiDAR products at a single facility with fast and efficient changeover. Our Shiyan factory has a monthly designed production capacity of approximately 2,500 units, with a utilization rate of approximately 41.2% in June 2023. Our Honghualing factory has a monthly designed production capacity of approximately 46,800 units, with a utilization rate of approximately 24.8% in June 2023. We are still in the ramp up period of our production and expect to increase our utilization rate in the future for potential incoming orders. Our jointly-operated factory located in Dongguan currently manufactures modules and LiDAR prototypes, and is expected to manufacture LiDAR products in large scale in the future. It occupies approximately 27,000 square meters of space. We have multiple departments responsible for the whole manufacturing processes, pertaining to supply, engineering, production, quality assurance and general management. As of June 30, 2023, we had 403 supply and manufacturing employees.

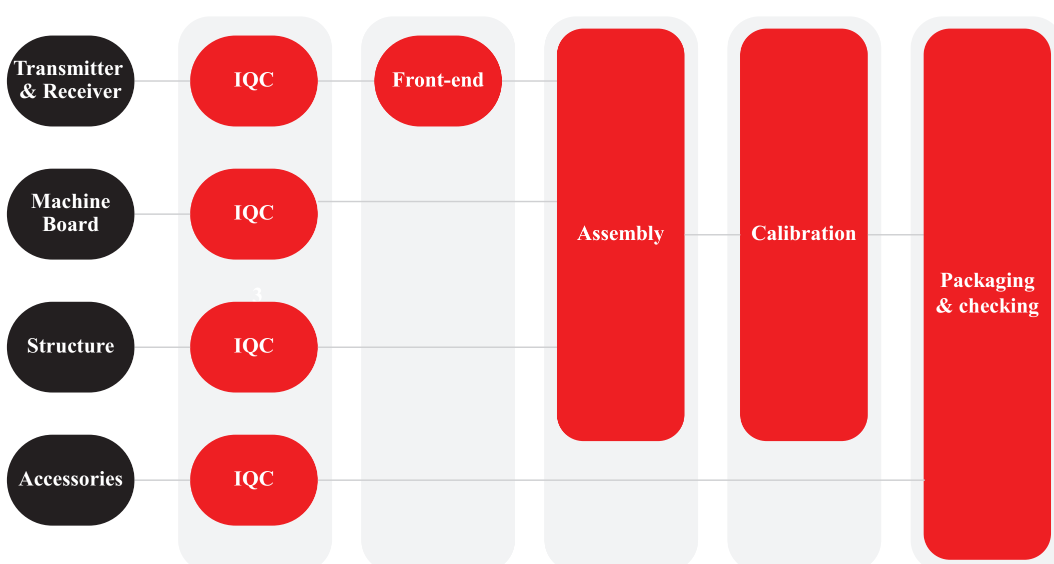
As we highly value the quality of our products, the safety of our employees and environment protection in the course of manufacturing process, we have obtained a series of certifications, including ISO9001 for quality control, ISO45001 for occupational health and safety management and ISO14001 for environmental management.

Our Production Process

The following chart illustrates our production process for our M platform LiDAR products:



The following chart illustrates our production process for our other LiDAR products:



The major steps of the production process applicable to our LiDAR products are outlined below:

- ***Incoming quality control.*** Conducting quality control and inspection of raw materials and components upon receipt.

- ***Front-end testing.*** Conducting testing of components to ensure functionality.

- ***Assembly.*** Putting together necessary components to form the core body of our LiDAR products.

- ***Calibration.*** Adjusting and fine-tuning the products to ensure accurate and consistent measurements and test products under different environmental conditions to ensure performance.

- ***Packaging & checking.*** Conducting final checks and package the finished product.

We own all the production lines, machinery and equipment at our factories. We are constantly upgrading our machinery and equipment to improve our operational efficiency. Depreciation is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives or, in case of leasehold improvements, the shorter lease term. See Note 2.7 to the Accountant's Report in Appendix I to this document. We perform routine and preventative maintenance on our manufacturing machinery and equipment to ensure that they function properly at all times and comply with relevant laws and regulations.

An example of our production line is illustrated below:

Quality Control

We have comprehensive policies and detailed procedures in place to ensure the quality of the components and raw materials we purchase from suppliers, such as screening prior to engaging new suppliers and conducting regular evaluations of their performance and the quality of the goods supplied by them. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, including, but not limited to, their reputations, credentials, experience, service or product availability, price and delivery time.

We require all of our suppliers to comply with our internal supply management policies. We communicate with suppliers regarding quality standards, and thoroughly inspect products received to ensure that they meet all the technical requirements set forth in our product designs. We may conduct regular or ad hoc on-site inspections of suppliers, and require suppliers to timely remedy quality issues upon notice. Upon receiving materials and products from suppliers, we retain the right to reject or return based on our inspection and examination results, and suppliers are generally liable to us and our customers for any product quality issues of our products caused by them.

We usually provide one to five year warranties for our products sold to customers and products delivered to customers are considered to be accepted unless the customer notifies us otherwise in writing within five days of receipt. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns, product recalls, product liability claims, warranty expenses or customer complaints that adversely affected our business.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We engage qualified third-party logistics service providers for the delivery of all finished goods from our manufacturing facilities to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow and we evaluate the third-party logistics service providers monthly on their compliance and performance to ensure smooth delivery of products to customers. To the best of our knowledge, all of these logistics service providers are Independent Third Parties.

Inventory Management

Our inventories mainly include (i) raw materials and work-in-progress, (ii) finished goods and (iii) fulfillment cost. We have numerous policies in place to ensure effective inventory management, such as adopting the first in, first out method, maintaining a safety stock to compensate for any unexpected increase in demand or delay in supply, and tracking and monitoring the flow of goods and inventory levels through our ERP (Enterprise Resource Planning) and WMS (Warehouse Management System) systems. Additionally, we retest products to ensure that they are still suitable for their intended use after reaching their designated storage period.

COMPETITION

We offer a broad range of LiDAR products and solutions for ADAS applications and robotics and other non-automotive industries. The market in which we operate is highly competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and services and constant emergence of new industry standards and practices.

There are numerous companies developing LiDAR technologies for autonomous driving, including those offering similar LiDAR products and solutions as us. Despite the competition, we believe our comprehensive LiDAR solution portfolio and chip capabilities stand out among our competitors. Our software development further differentiates our product offerings from mere LiDAR sensors. Beyond the automotive industry, the adjacent markets such as robotics, are also competitive. We face competition from a range of companies seeking to have their mechanical LiDAR incorporated into non-automotive applications. While there will always be companies that are developing LiDAR products and solutions that are similar to ours, we believe our well-established market-leading position, proven products, industry-leading technologies, robust patent portfolio and deep-rooted customer relationships provide us with a compelling advantage over other LiDAR technology companies.

EMPLOYEES

As of June 30, 2023, we had a total of 1,195 employees and almost all of our employees were based in mainland China. The following table sets forth the number of our full-time employees by function as of June 30, 2023:

Employee Function	Number of employees	% of Total
Research and development	548	45.9
Supply and manufacturing	403	33.7
Sales and marketing	123	10.3
General and administrative	121	10.1
Total	**1,195**	**100.0**

We use various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. In addition to salaries and benefits, we generally provide performance-based bonuses for our full-time employees and commission for our sales and marketing staff. We have established a comprehensive system for employee training and development, including general trainings covering corporate culture, employee rights and responsibilities, workplace safety, data security, and other logistics aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continued efforts to provide an engaging working environment to our employees.

We enter into standard labor contracts with our full-time employees with confidentiality, intellectual property, and non-compete provisions, with the exception that we do not enter into non-compete provision with our manufacturing employees. As set out in these agreements, employees are required to maintain confidentiality of our trade secrets, proprietary information and other confidential data during and after their employment. All intellectual property created by the employee in the course of their employment, including patents, trademarks, copyrights, and trade secrets, belongs to us. The employment contracts also include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during their employment and for a period not more than two years after termination of their employment.

We believe we maintain a good working relationship with our employees and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Under the applicable regulations in China, we are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. During the Track Record Period, we were not in strict compliance with the contribution requirements in relation to our employees because we did not make social insurance and housing provident fund contributions in full amount based on the actual salary for some of our employees and engaged third-party agencies to pay social insurance premium and housing provident funds for some of our employees. Our PRC Legal Advisor has advised us that, under PRC laws and regulations, we might be subject to late fees and fines for not being in strict compliance with such contribution requirements. If any competent government authority is of the view that the social insurance payments we made for our employees do not satisfy the requirements under relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day, accruing from when the social insurance contribution was due. If we fail to pay the unpaid amount or the late fee, we may be subject to a fine ranging between one to three times of the total unpaid amount of the social insurance contribution. Accordingly, the maximum penalties that might have been imposed on the Group in that regard would be three times of the total unpaid amount of social insurance contributions as of the end of the Track Record Period. Our PRC Legal Advisor has also advised us that, in the event that we fail to pay the housing provident fund in full amount, the housing provident fund administrative center will order us to pay the amount within a prescribed time limit. If we fail to do so upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for compulsory enforcement. As of the Latest Practicable Date, we had not received any notification from the relevant PRC regulatory authorities requiring us to pay shortfalls or late payments with respect to the social insurance and/or housing funds, nor had we been subject to any related administrative penalties. Given that we have obtained (i) a letter of confirmation from the competent authorities and the Enterprise Credit Reports of the relevant PRC subsidiaries, confirming that we had not been penalized for violating the laws and regulations for social insurance and housing provident fund during the Track Record Period; and (ii) relevant confirmation during our interviews with the relevant competent authorities, confirming that, as of the date of the interviews, the registration and contribution of social insurance and housing provident fund of the relevant PRC subsidiaries are recorded in the official systems in normal status, and that the competent authorities would not normally take the initiative to investigate and penalize enterprises in such normal status, our PRC Legal Advisor is of the view, with respect to the certain PRC subsidiaries with certain number of employees, that the risk of the competent authorities requiring us to pay shortfalls with respect to the social insurance and housing funds and/or take the initiative to impose penalties on us is relatively remote.

In the event that we are required by the relevant authorities to make full contributions or terminate the engagement with third-party agencies to make contributions, we will proceed accordingly. In addition, we plan to implement, and have made progress in the implementation of, the following internal controls to ensure that we will make contributions to the social insurance plans and housing provident fund in accordance with the relevant policies and regulations:

- We will continue to maintain communication with local regulatory authorities and aim to achieve full compliance with applicable laws and regulations as soon as possible;
- Our human resources department will closely monitor the latest regulations and policies in relation to social insurance and housing provident funds to prevent any new instances of non-compliance;
- We will regularly consult with our PRC Legal Advisor to assess any risks of non-compliance with relevant laws and regulations;
- We will prepare regular reports of salary and contribution amounts for review by our Board of Directors; and
- We will strengthen legal compliance training to our employees and management teams to increase their awareness of the relevant PRC laws and regulations.

INSURANCE

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. We also maintain an additional health insurance plan for our employees, as well as the mandatory automobile insurances and commercial automobile insurances for our test fleets. We are in the process of purchasing product liability insurance. We currently do not maintain property insurance policies covering equipment and facilities. See "— Legal Proceedings and Compliance — Compliance" and "Risk Factors — Risks Related to Our Business and Industry — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources." As is typical in China, we do not maintain business interruption insurance or key-man insurance. Although we consider our insurance coverage to be in line with that of other companies in the same industry of similar size in China, we are actively seeking to expand our insurance coverage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Through our robust internal environmental and occupational health and work safety governance and management processes and the optimization of equipment, facilities, and production processes, we aim to provide a healthy and safe working environment for all personnel involved in our production and management processes, while minimizing energy consumption and waste emissions to promote a green and low-carbon development philosophy.

We have established a Work Safety Committee, chaired by our CEO and composed of department heads as members, responsible for making decisions on major environmental, occupational health and safety issues and guiding the development of our ESG-related initiatives. We have also set up an HSE (Health, Safety and Environment) department headed by the general manager of our production and operations department to coordinate our environmental, occupational health and work safety matters related to our product development and manufacturing processes.

The Work Safety Committee performs the following duties:

- disseminating and implementing national, provincial, and city HSE policies, laws, regulations, and standards, establishing and supervising the implementation of our all-staff work safety responsibilities;
- guiding our company in establishing and improving work safety rules and regulations and operation procedures for various positions, building HSE processes, emergency management processes, and contingency plans;
- overseeing the environmental risks in our Group's production and operation process;
- holding quarterly HSE special meetings to review and evaluate the achievement of HSE objectives, discuss major HSE issues, and adopt solutions;
- building a standardized management system for work safety, such as risk prevention mechanisms including risk classification and hazard investigation and control, as well as inspecting and ensuring the effective operation of various risk prevention and control measures;
- reviewing and examining our annual HSE plan, including training plan and safety investment plan, and supervising the orderly implementation of each plan;
- promoting and applying advanced HSE management concepts, technologies, and methods within our company, and actively promoting the implementation of HSE management practices;
- organizing and implementing investigations and handling of all HSE incidents;
- ensuring that HSE protective mechanisms are designed, constructed, and put into production and use simultaneously with new projects and constructions; and
- regularly organizing and implementing comprehensive HSE inspections and hazard investigation and control, supervising the implementation of such measures in all departments.

In order to comprehensively manage environmental, occupational health, and safety risks in our production and operation processes, we have established a comprehensive risk management system based on ISO 14001 and ISO 45001. This system includes over 20 risk control requirements and processes, such as the "HSE Responsibility Management Measures," "Equipment and Facility Safety Management Measures," "HSE Training and Education Management Measures," "Occupational Health Management Regulations," "Fire Safety Management Regulations," and "Environmental Protection Management Regulations" and have obtained relevant certifications for such management systems. Every year, our HSE department identifies, analyzes and evaluates environmental, occupational health, and safety risks related to our production and operation process and assesses the suitability and effectiveness of potential risk control measures. In order to fully implement the all-staff production safety responsibility, we have arranged for employees to sign the "RoboSense HSE Responsibility Handbook," to align company-wide ESG and work safety goals.

Furthermore, we have adopted the following measures to continuously monitor the implementation of our efforts in relation to ESG matters, including (i) the engagement of qualified third-party institutions to conduct annual inspection on wastewater, exhaust gases, noise production and radiation leakage in accordance with regulatory requirements, and issue the relevant inspection reports; and (ii) the engagement for inspections on the hazardous waste and industrial solid waste we produced during each year and complete the registration of the next annual declaration of the disposal of hazardous waste and industrial solid waste.

Our production process can involve the use of hazardous chemicals such as sulfuric acid and nitric acid. In order to address the health issues and potential harmful effects caused by the use and disposal of such hazardous chemicals, we have placed restrictions on their use and the quantity used. We have established guidelines for chemical usage and handling, and chemical substances and contaminated containers are disposed of as hazardous waste in accordance with legal requirements. The specific waste disposal requirements are handled by the department responsible for waste management, which collects and stores such wastes appropriately before handing them over to a third-party waste disposal service providers with the necessary qualifications for compliant disposal every three months. Such waste disposal service providers are engaged to treat wastes such as waste glue, waste alcohol, waste filter cotton, waste activated carbon and waste packing barrels. During the Track Record Period, we produced of 0.1 tons, 0.1 tons, 1.2 tons and 0.7 tons of hazardous chemicals in 2020, 2021 and 2022 and the six months ended June 30, 2023. We intend to further implement environmental protection measures to enhance our production processes, including installation of cotton filter, cartridge dust collector and activated carbon absorption devices to treat waste materials.

Wastewater is generated during the unpacking and dissolution process in the laboratory. We strictly prohibit the direct discharge of such wastewater into the sewage system. Wastewater is collected by the operating department and stored in wastewater storage containers according to the requirements of our HSE Department, and then it is disposed of by a third party with the necessary qualifications.

We generate a small amount of exhaust gas during the production process. Specifically, a small amount of exhaust gas is produced during the drying and solidifying of products using adhesives. We have installed exhaust gas purification devices in each drying chamber, which purify the exhaust gas before it is discharged.

At the same time, we implement environmental, health, and safety policies and operational procedures within the organization. These policies and procedures cover waste emissions, the use, storage, and handling of hazardous substances, third-party safety management, as well as establishing health and safety requirements for workers. Our HSE Department is responsible for monitoring and reporting gas pollutants, wastewater, and solid waste emissions to the management, and assessing the levels of these emissions. If deviations from applicable emission standards are identified, we investigate the reasons and take corrective measures accordingly.

Health and Work Safety

We are committed to providing a safe and healthy working environment for all of our employees. By fully automating our chip packaging and product assembly production processes, we are actively promoting the inherent safety of our manufacturing processes, reducing or eliminating the potential for personnel exposure to hazardous or harmful environments during production. Through smart manufacturing, we are replacing human labor with machines to eliminate health and safety risks associated with the product manufacturing process.

We have developed the "Restricted Substances Management Policies" to ensure compliance with RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations and to strictly control the use of hazardous and harmful substances during product development and manufacturing. By intervening in the product development and manufacturing process preemptively, we can identify and control any potential risks to employee health. We also monitor the health of our employees involved in the product development and manufacturing process through the following measures:

- Engaging third-party professional testing organizations to conduct regular inspections of our product development and manufacturing sites every year;

- Implementing safety measures, such as ventilation hoods, for positions or processes that may involve hazardous or harmful substances; and

- Employees involved in positions or processes that may involve hazardous or harmful substances would undergo annual health check-ups conducted by professional medical institutions.

We also endeavor to educate our employees on ESG and work safety related issues. The HSE sub-department of our production and operation department collaborated with our human resources department to establish a specialized training program offered through our online learning platform designed to enhance the awareness and skills of all employees regarding environmental protection, occupational health and work safety. As of the Latest Practicable Date, our operations had not experienced any material accidents, nor are we aware of any claims for material personal or property damage relating to health and occupational safety.

Environmental Protection

Our business is generally subject to numerous PRC national, municipal and local environmental regulations. See "Regulatory Overview — Regulations on Production and Business Operation — Regulations on Environmental Protection." We are proactively implementing management strategies that are tailored to our circumstances to achieve environmental protection during our production processes. In line with national policies on carbon peak and carbon neutrality, we are taking stringent measures to promote the use of eco-friendly raw materials in our operations and reduce or eliminate potential environmental, climate, and social impacts throughout our product research and development processes.

For example, we are actively promoting energy conservation and consumption reduction throughout our production process by prioritizing the use of energy-saving products with lower energy consumption. Meanwhile, we are also committed to reducing waste in our manufacturing processes by:

- optimizing auxiliary material packaging specifications;

- increasing the reuse rate of materials to reduce the amount of discarded lint-free cloth; and

- introducing advanced manufacturing processes to achieve zero wastewater discharge and standard exhaust gas emissions.

To advance our environmental protection and energy conservation initiatives, we plan to implement measures such as shutting down computers after work, turning off unattended screens, utilizing natural daylight instead of artificial lighting, and controlling air conditioning temperatures in the summer to reduce energy consumption and eliminate unnecessary electricity usage throughout our production processes. We will also adopt office management strategies such as reducing paper and printing materials consumption and energy usage by prioritizing electronic communications, black and white printing instead of color, and double-sided printing instead of single-sided.

In the future, we aim to establish closer relationships with our suppliers and partners to convey our requirements for environmental protection, occupational health and safety, and ensure their consistent compliance with our standards.

BUSINESS SUSTAINABILITY

We achieved sustained business growth but were loss-making during the Track Record Period. The following table sets forth certain financial data for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands, except for percentages)				
				(unaudited)	
Revenue	170,931	331,063	530,322	237,243	329,048
Gross profit/(loss)	75,370	140,268	(39,295)	33,112	12,752
Gross profit/(loss) margin	44.1%	42.4%	(7.4)%	14.0%	3.9%
Net loss	(220,601)	(1,654,526)	(2,086,113)	(618,992)	(768,288)
Adjusted net loss (non-IFRS measure)	(59,934)	(107,625)	(562,820)	(196,421)	(243,648)
Adjusted net loss margin (non-IFRS measure)	(35.1)%	(32.5)%	(106.1)%	(82.8)%	(74.0)%

Growing at a projected CAGR of 78.8% from 2022 to 2030, according to the CIC Report, the global LiDAR solutions market presents huge market opportunities, especially for the automotive industry. In order to maintain our leadership in this market, we have implemented a number of growth strategies including technology investment and refinement of product offerings, strengthening manufacturing and supply chain capabilities, expanding customer base, and improving talent recruitment and retention. As demonstrated during the Track Record Period, the above strategies have proven to be generally effective in improving our operational and financial performance. As of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, ranking No. 1 globally according to the CIC Report. As of June 30, 2023, our design wins for mass production of LiDAR products increased to 58 vehicle models with 21 automotive OEMs and Tier 1 suppliers. We had achieved strong revenue growth during the Track Record Period, from RMB170.9 million in

2020 to RMB530.3 million in 2022. In the six months ended June 30, 2023, our revenue increased by 38.7% to RMB329.0 million from RMB237.2 million in the same period of 2022. We intend to continually carry out these strategies. For details, see "— Our Strategies."

However, our growth in revenue has not been able to fully cover the various costs and expenses incurred. In 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023, our net loss was RMB220.6 million, RMB1,654.5 million, RMB2,086.1 million, RMB619.0 million and RMB768.3 million, respectively. The significant increases in our net loss were mainly attributable to non-cash items including fair value changes in financial instruments issued to investors and share-based compensation. After elimination of the effects of certain non-cash and non-recurring items, in 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023, our adjusted net loss (non-IFRS measure) was RMB59.9 million, RMB107.6 million, RMB562.8 million, RMB196.4 million and RMB243.6 million, respectively. See "Financial Information — Non-IFRS Measure." This was primarily because we were still at a ramp-up stage and aim at long-term business success and financial return in the fast-growing LiDAR solutions market, rather than seeking near-term profitability at the expense of long-term market potential. Accordingly, we may continue to incur net losses and net operating cash outflows in the foreseeable future, including for the year ending December 31, 2023. We expect to remain loss-making at net loss level and generate net operating cash outflow for the years ending December 31, 2023 and 2024, and we are not able to predict when we will be able to start generating net profits and net operating cash inflow due to the fast-evolving business environment and competitive landscape. For relevant risks, see "Risk Factors — Risks Related to Our Business and Industry — We have a history of net losses, which may continue in the future" and "Risk Factors — Risks Related to Our Business and Industry — We have recorded net operating cash outflow in the past, which may reoccur in the future." Moreover, we expect to return to or become consolidated net asset position upon the Listing. However, we may turn to a net liability position if our profitability further deteriorates after the Listing. For relevant risks, see "Risk Factors — Risks Related to Our Business and Industry — We recorded net current liabilities and net liabilities."

Our loss-making position is primarily as a result of the combination of the following:

- We had incurred significant procurement costs of raw materials and consumables under our cost of sales, which were RMB75.6 million, RMB136.6 million, RMB336.8 million, RMB95.5 million and RMB184.8 million in 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023, respectively, representing 44.2%, 41.3%, 63.5%, 40.3% and 56.2% of our revenue, respectively. Our procurement costs in 2022 increased significantly compared to 2021, mainly attributable to (i) the increase in shipment of products and (ii) that we procured and maintained an escalated level of semiconductor chips inventory at higher prices and expedited fees to pre-empt potential disruption in our production amid a global supply crunch of semiconductor chips from late 2021 to the second half of 2022. Our procurement of semiconductor chips at higher prices, together with the higher production costs as we were undergoing production capacity expansion, also led to an increase in our inventory provision to RMB80.6 million or 15.2% of our revenue in 2022. The increase in our procurement costs in the six months ended June 30, 2023 compared to the same period of 2022 was mainly attributable to the increase in sales of ADAS products and solutions.

- To scale up our production capacity for rising order volumes in the future, we put efforts in the recruitment and retention of talent and expansion and upgrade of production facilities and equipment. This had led to increases in employee benefit expenses, and depreciation and amortization, among other things. In particular, in 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023, the aggregate of our employee benefit expenses and depreciation and amortization, under our cost of sales, was RMB7.1 million, RMB30.1 million, RMB129.0 million, RMB48.5 million and RMB88.2 million, respectively, representing 4.2%, 9.1%, 24.3%, 20.5% and 26.8% of our revenue, respectively. Due to the increases in our employee benefit expenses and depreciation and amortization, together with higher cost for raw materials and consumables used and inventory provision and more mass-produced LiDAR products for ADAS applications in 2022, our gross profitability decreased from a gross profit margin of 42.4% in 2021 to a gross loss margin of 7.4% in 2022. Our gross profitability subsequently improved and we recorded a gross profit margin of 3.9% in the six months ended June 30, 2023. This is primarily as a result of our continuous efforts in securing sources of raw materials and consumables at commercially reasonable prices and enhancing manufacturing efficiency. Nevertheless, compared to 14.0% in the same period of 2022, our gross margin decreased in the six months ended June 30, 2023, mainly attributable to: (i) a decrease in the revenue contribution by products for robotics and other applications, which generally enjoyed relatively higher gross profit margins than most of our other business lines due to the generally higher average selling prices of mechanical LiDAR products; and (ii) a decrease in the gross margin of solutions from 57.6% to 47.3%, which was mainly due to the increase in revenue contributed by V2X solutions which generally have a lower margin than that of our other solutions.

- We believe that the continuous enhancement of our technology capabilities is crucial to establishing market leadership and growing our business, and thus to increasing revenue and achieving profitability. We made significant investments in research and development. Apart from expanding our research and development team, we also enhanced our R&D efforts in developing new technologies and products. For example, in 2022, we conducted various R&D projects in relation to the development of (i) the M and E platform products, (ii) proprietary chips, and (iii) multi-sensor fusion technology. See "— Research and Development." Such efforts had led to increases in the procurement costs of raw materials and consumables used and design and development expenses as part of our research and development expenses during the Track Record Period, the aggregate of which was RMB10.4 million, RMB22.4 million, RMB87.9 million, RMB13.9 million and RMB30.1 million, respectively, representing 6.1%, 6.8%, 16.6%, 5.9% and 9.1% of our revenue, respectively, in 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023, respectively. As a result, total R&D expenses as a percentage of revenue increased from 40.2% in 2021 to 57.7% in 2022, and increased from 44.2% in the six months ended June 30, 2022 to 74.9% in the same period of 2023.

For further details, see "Financial Information — Description of Key Components of Our Results of Operations."

Nevertheless, we believe our industry-leading design wins with a large and diverse customer base, robust technology and product capabilities, and strong mass production capabilities have laid a solid foundation for long-term development and business sustainability. In particular, we intend to improve our profitability and cashflows primarily by: (i) driving revenue growth; (ii) improving gross margins; (iii) strengthening operating leverage; and (iv) enhancing working capital efficiency.

Driving Revenue Growth

We have experienced strong revenue growth during the Track Record Period. The following table sets forth a breakdown of our revenue by nature, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Products										
— For ADAS	6,175	3.6	40,089	12.1	160,355	30.2	41,409	17.5	146,910	44.7
— For robotics and others	124,036	72.6	189,014	57.1	239,053	45.1	131,053	55.2	87,962	26.7
Subtotal	**130,211**	**76.2**	**229,103**	**69.2**	**399,408**	**75.3**	**172,462**	**72.7**	**234,872**	**71.4**
Solutions	**37,918**	**22.2**	**84,730**	**25.6**	**122,260**	**23.1**	**57,754**	**24.3**	**60,654**	**18.4**
Services and others	**2,802**	**1.6**	**17,230**	**5.2**	**8,654**	**1.6**	**7,027**	**3.0**	**33,522**	**10.2**
Total	**170,931**	**100.0**	**331,063**	**100.0**	**530,322**	**100.0**	**237,243**	**100.0**	**329,048**	**100.0**

Our revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021, and further by 60.2% to RMB530.3 million in 2022. In the six months ended June 30, 2023, our revenue increased by 38.7% to RMB329.0 million from RMB237.2 million in the same period of 2022. In the future, we aim to drive our revenue growth through the following measures:

Mass production and shipments for current pipelines. As of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, and our products had been selected by the world's best selling automotive OEM from 2020 to 2022 and nine of China's top ten automotive OEMs in terms of sales volume in 2022, according to the CIC Report. As of June 30, 2023, our design wins for mass production of LiDAR products increased to 58 vehicle models with 21 automotive OEMs and Tier 1 suppliers. As of June 30, 2023, we had achieved SOP for 13 vehicle models with nine customers, and we had achieved SOP for 24 vehicle models with 12 customers as of the Latest Practicable Date, which indicated strong potential for revenue growth as we gradually achieve SOP for the remaining vehicle models. Since SOP represents the start of mass production of vehicle models for which we have obtained design wins, it is a stronger and more imminent indication of sales volume in the near future. See "Business — Customers — Design Win Conversion." Nevertheless, our customers' anticipated production volumes stated in the design-win contracts may not be indicative of our expected order volume as their anticipated production volumes are subject to changes due to their own production plan or market demand. According to CIC, design-win contracts, in alignment with the conventions of commercial arrangements among OEMs and automotive suppliers, state an anticipated order volume of LiDAR products based on the expected production volume of the corresponding vehicle model(s), which may differ from the actual order volume due to changes in market conditions. As a result, design wins do not guarantee any definite volume of order. During the Track Record Period, there was no termination of design win contracts by any customer after we obtained design win from such customer. As of the Latest Practicable Date, we were either working with our design win customers towards achieving SOP, or have achieved SOP for the relevant vehicle models of our design win customers. See "Business — Customers — Design Win Conversion." We expect to continue to commercialize and mass produce the design-win vehicle models in our pipeline in the coming years, leading to more SOPs of and shipment demand for our LiDAR products.

Leverage and Strengthen Existing Customer Relationships. Customer relationships are key to business growth in the highly competitive LiDAR solutions market. In 2022, we provided our LiDAR products, solutions and services to more than 900 customers in China and overseas, including the United States and Europe. We have also established long-term relationships with our customers. Out of the 21 automotive OEMs and Tier 1 suppliers that we have earned design wins with, we had obtained more than one design win with 15 of them as of the Latest Practicable Date. We intend to capitalize on relationships established with existing customers to further discover and meet their needs and stay at the technological forefront of the market. Meanwhile, we are prepared for the potential SOP for existing design wins and for additional design-win vehicle models with existing customers to further strengthen such ties for long-term customer retention and loyalty. We have also continually strengthened our ties with customers in robotics and other application scenarios. For example, we have continued to launch new products (such as those in the Helios series) with improved product performance to meet the demands of customers in the robotics application scenarios for better perception capabilities. We have also continued to introduce perception solutions (such as P6 Solutions) to enhance customers' understanding and application capabilities of intelligent perception software, thereby reinforcing our relationship with them for potential future business opportunities.

Grow Customer Base. As of March 31, 2023, we had served the largest number of automotive OEMs and Tier 1 suppliers as compared with other LiDAR companies around the world, according to the CIC Report. As of June 30, 2023, we had established cooperations with more than 250 automotive OEMs and Tier 1 suppliers globally and served approximately 2,200 customers in the robotics and other non-automotive industries. We have been producing and providing customized products to our customers based on their requirements and configuration, so as to develop their loyalty to our products and establish long-term business relationship with our customers. It typically takes one to two years to complete all validation and testing processes before obtaining design-wins from automotive OEMs or Tier 1 suppliers. We believe that our market leadership, along with our customer-centric technology and product approach as well as mass production capabilities, will continually help us attract new customers in both automotive and robotics industries. In addition to sales of our products and provision of support services to customers, we also gradually strengthen our partnership with customers through increasing efforts in brand marketing to, and interactions with senior management of, our customers such as well-known electric vehicle producers. In particular, we plan to increase customer engagement through press conferences, trade shows and exhibitions to announce new products and expand customers' awareness of existing products. We also plan to communicate with customers regularly to understand their needs and improve product performance based on their feedback to enhance our market recognition and product sales.

Refine Product and Solution Offerings. In 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023, the total number of our LiDAR products sold was approximately 7,200 units, 16,300 units, 57,000 units, 17,900 units and 47,200 units, respectively. In particular, in 2022, we shipped approximately 16,000 units of our R platform LiDAR products and approximately 41,000 units of our M platform LiDAR products. Building off the success of our chip-driven LiDAR platforms, we intend to further refine our products and solutions to enhance our competitiveness in terms of performance, cost effectiveness and reliability. For example, our M2 and E1 LiDAR products are currently going through client testing stage, and are expected to achieve mass production in the near future. We also plan to further diversify our hardware product portfolio for more comprehensive coverage of customers' needs, while expanding our solution offerings to address new use cases. For example, we are developing F platform LiDAR products that will support scenarios that require ultra-long detection ranges, and expect to launch the F Platform in 2025.

Expand in Overseas Markets. We plan to reinforce our global footprint through strengthening our overseas sales and marketing capabilities and enhancing strategic partnerships with world-leading OEMs. Our revenue generated from overseas increased approximately five-fold from RMB22.7 million in 2020 to RMB111.2 million in 2022, growing from 13.3% to 21.0% of our total revenue. We have established sales presence in international markets such as the US and Germany. In December 2017, we set up our North American subsidiary in Silicon Valley of the United States, and relocated to the Motor City, Detroit, in September 2022. In January 2020, we set up our German subsidiary in Stuttgart, the Motor City of Germany. Our local teams in the United States and Germany are responsible for developing and maintaining local relationships and business partnerships, and serve as the front office of our Company's international operations. We also seek opportunities to partner with global OEMs in furtherance of our overseas business cooperation.

Improving Gross Margins

Our gross profit margin was 44.1% and 42.4% in 2020 and 2021, respectively. We recorded a gross margin of negative 7.4% in 2022. Our gross margin subsequently improved to 3.9% in the first six months ended June 30, 2023. The following table sets forth details of our gross profit/loss and gross margins by product category for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	(RMB in thousands, except for percentages)									
							(unaudited)			
Products										
— For ADAS	3,196	51.8%	6,339	15.8%	(162,091)	(101.1)%	(49,146)	(118.7)%	(52,189)	(35.5)%
— For robotics and others	46,812	37.7%	81,855	43.3%	98,920	41.4%	51,562	39.3%	41,672	47.4%
Solutions	24,712	65.2%	45,868	54.1%	67,123	54.9%	33,275	57.6%	28,684	47.3%
Services and others	650	23.2%	6,206	36.0%	(43,247)	(499.7)%	(2,579)	(36.7)%	(5,415)	(16.2)%
Total	**75,370**	**44.1%**	**140,268**	**42.4%**	**(39,295)**	**(7.4)%**	**33,112**	**14.0%**	**12,752**	**3.9%**

Our gross margin performance was largely affected by (i) changes in revenue contributions from different product categories, (ii) changes in average selling prices, (iii) costs of raw materials and consumables, and (iv) manufacturing efficiency. In particular, the changes in our gross margin for our LiDAR products for ADAS applications during the Track Record Period were largely affected by (i) decrease in the average selling price from the prototype sample phase to mass production, (ii) high production cost per unit during the initial stage after achieving SOP, and (iii) heightened procurement costs of semiconductor chips during supply crunch. Since the margins of our LiDAR products for ADAS applications are generally lower than those of our other product categories, the significant increase in their revenue contribution from 2021 to 2022 as we began mass production contributed to the decline of our overall margin. During the Track Record Period, the average selling price of our products for ADAS applications have been declining since we began mass production in 2021, as prices during the prototype sample phase are notably higher than those during mass production. Such decreases were in line with industry practice, and not uncommon among our peers, according to CIC. The number of design-win vehicle models that achieved SOP was nil, one, seven, nine, 13 and 24 as of December 31, 2020, 2021 and 2022, March 31, 2023, June 30, 2023 and the Latest Practicable Date, respectively. In particular, the decrease of the average selling price of our products for ADAS from approximately RMB10,000 in 2021 to approximately RMB4,300 in 2022 further contributed to the decline in our gross margin. Additionally, given the supply shortage from late 2021 to the second half of 2022 of the semiconductors chips we consumed and utilized, we recorded heightened procurement costs primarily for power management chips, amplifiers and gallium nitride drivers. In relation to the procurement of power management chips, we incurred expedited fees of approximately RMB1.1 million and RMB33.8 million in 2021 and 2022, respectively. As a result, the average procurement costs for semiconductor chips increased from approximately RMB1,100 per unit in 2021 to approximately RMB2,100 per unit in 2022, which in turn contributed to the increased production cost per unit of products for ADAS application from approximately RMB8,400 in 2021 to approximately RMB8,700 in 2022. For instance, the average procurement cost per unit of power management chips increased from approximately RMB7 in 2021 to approximately RMB15 in 2022, which subsequently decreased to approximately RMB5 in the six months ended June 30, 2023. In addition, the significant decrease in our gross margin to negative 7.4% in 2022 was also attributable to a significant inventory provision in the same year. We expect our gross profit and gross margin to further improve as we continue to secure sources of raw materials and consumables at commercially reasonable prices, enhance manufacturing efficiency, and strategically optimize our revenue mix. Indeed, our gross margin has turned positive in the first half of 2023.

Average Selling Price of Products for ADAS

The declining average selling price of our LiDAR products for ADAS applications was a major factor affecting our gross margins during the Track Record Period. Factors contributing to such decline and potential future decline include (i) transition from prototype sample phase to mass production, (ii) contractual agreements on future pricing with certain design-win customers upon SOP, which stipulate annual price reductions ranging from 1% to 5%, (iii) competition that we face from other LiDAR and non-LiDAR sensor developers as we operate in highly competitive markets, and (iv) that many of our current and target customers, particularly automotive OEMs, are large corporations with significant bargaining power over their suppliers, including us.

Notwithstanding the notable decrease in the average selling price of our products for ADAS during the Track Record Period, we do not expect such significant decline in the future, primarily because (i) we have reached agreement with certain design-win customers on the future pricing with an annual price reduction ranging from 1% to 5%, and we do not expect future pricing agreements with other customers to materially deviate from such terms, and (ii) the selling prices offered to our major customers during the Track Record Period generally remained relatively stable since their respective SOP. We will regularly review and discuss pricing with our customers based on their latest expected order volume and our production cost. In addition, it would cost our existing design-win customers considerable time and capital resources to switch to other manufacturers.

Secure Sources of Raw Materials and Consumables. Despite our procurement of semiconductor chips at higher prices from late 2021 to the second half of 2022, as the global supply crunch of semi-conductor chips has been alleviated, procurement prices of our recently purchased semiconductor chips have shown signs of restoring to normal level prior to the supply crunch. Our average procurement costs for semiconductor chips increased from approximately RMB1,100 per unit in 2021 to approximately RMB2,100 per unit in 2022, which subsequently decreased by 64.8% to approximately RMB740 per unit in the six months ended June 30, 2023, and the production cost per unit of products for ADAS application subsequently decreased to approximately RMB5,000 in the six months ended June 30, 2023 after the supply shortage eased off. Meanwhile, we have formed strategic cooperation with Texas Instruments (or TI) and strong cooperative relationships with a number of overseas and domestic chip suppliers to reduce potential negative impacts on us due to chip shortages. For details on our cooperation with TI, see "— Suppliers — Our Strategic Cooperation with TI." In addition, the semiconductor chips procured at higher prices during the global supply crunch had been fully utilized as of September 30, 2023, and we have started to procure semiconductor chips at prices more favorable to us. Therefore, we do not expect any significant impact from such high-priced semiconductor chips on the estimated inventory provision and gross margin after 2023. As a result, raw materials and consumables used under cost of sales accounted for 56.2% of our total revenue in the six months ended June 30, 2023, which was significantly lower than 63.5% in 2022, and this has contributed to our improved gross margin. In particular, the gross margin performance for products for ADAS and products for robotics and other segments both improved meaningfully in the six months ended June 30, 2023, as compared to the same period in 2022, with products for ADAS improving from negative 118.7% to negative 35.5% and products for robotics and others improving from 39.3% to 47.4%. In addition, inventory provision as a percentage of revenue also decreased from 20.9% in the six months ended June 30, 2022 to 9.4% in the same period in 2023. As we ramp up rapidly, we believe we can negotiate for more discounts and more favorable commercial terms when securing raw materials and consumables.

Enhance Manufacturing Efficiency. In anticipation of rising order volumes in the future, we have invested significant resources in the recruitment and retention of talent and expansion and upgrade of production facilities and equipment to expand our production capacity. The utilization rate of our Honghualing factory, which mainly produces solid-state LiDARs, was approximately 13.8% and 67.1% in March and October 2023, respectively. We expect the future order flow will continue to improve the utilization rate of our manufacturing facilities. As of the Latest Practicable Date, we had achieved SOP for 24 vehicle models out of 62 total design-win vehicle models and we expect to achieve SOP for 27 vehicle models by the end of 2023. Initial stages of SOP are often associated with low production volume, low utilization rate and therefore high manufacturing cost per unit. As we achieve SOP for the remaining design-win vehicle models and ramp up our production volume, we are expected to achieve economies of scale and enjoy lower average manufacturing costs, in particular labor costs and overheads such as depreciation and amortization. For instance, the M1 Plus was launched in February 2022 and we recorded an average overhead cost per unit of approximately RMB6,200 in May 2022, which decreased to approximately RMB1,000 in December 2022 and further to approximately RMB300 in May 2023 as its production ramped up. In addition, to improve manufacturing efficiency, we also intend to utilize self-developed SoC to refine product design and simplify product structure, and to upgrade the automation level of our smart manufacturing production lines. Our enhanced manufacturing efficiency also contributed to the gross margin performance improvement in the six months ended June 30, 2023 for our sales of products for ADAS and robotics and others mentioned above.

Optimize Revenue Mix. Our solutions typically enjoy higher margins than LiDAR products. As we continue to develop our solutions business and expand our sales efforts for solutions, increasing revenue from our solutions business is expected to contribute to our gross margin improvement. In general, our LiDAR products for ADAS applications are priced lower and have lower gross margins, as compared to those for robotics and others and solutions, which may partially offset the improvement in our overall gross margins as its business expands.

Strengthening Operating Leverage

During the Track Record Period, we incurred significant operating expenses, including research and development expenses, sales and marketing expenses, and general and administrative expenses, to reinforce our research and development capabilities, and maintaining a strong sales and marketing network, among other things. The following table sets forth our research and development expenses, sales and marketing expenses, and general and administrative expenses, in each case excluding share-based compensation and listing expenses, as a percentage of revenue for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2020	2021	2022	2022	2023
			(%)		
Research and development expenses excluding share-based compensation as a percentage of revenue	47.7	40.2	57.7	44.2	53.4
Sales and marketing expenses excluding share-based compensation as a percentage of revenue	13.8	14.2	12.7	12.4	11.4
General and administrative expenses excluding share-based compensation and listing expenses as a percentage of revenue	22.0	25.1	28.2	30.8	17.9
Total operating expenses excluding share-based compensation and listing expenses as a percentage of revenue	**83.5**	**79.5**	**98.6**	**87.4**	**82.7**

Our operating expenses excluding share-based compensation and listing expenses as a percentage of total revenue was 83.5%, 79.5%, 98.6%, 87.4% and 82.7% in 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023, respectively.

We expect our operating expenses as a percentage of revenue to decrease as we continue to ramp up our production and achieve revenue growth, and improve the efficiency of our research and development, sales and marketing, and administrative activities and our spending on such activities. In particular, we expect to capitalize on our solid research and development foundation and highly iterative product development approach, and leverage our large and growing customer base to strengthen our sales and marketing network. We also plan to continually evaluate and monitor the effectiveness and efficiency of our administrative expenses.

Our sales and marketing expenses excluding share-based compensation as a percentage of revenue decreased from 14.2% in 2021 to 12.7% in 2022, mainly due to our enhanced marketing efficiency attributable to the long-term relationships we have established with our customers. In the six months ended June 30, 2023, with the impact of share-based compensation and listing expenses excluded, there were also declines from the same period in 2022 in the sales and marketing expenses and general and administrative expenses as a percentage of revenue from 12.4% to 11.4% and from 30.8% to 17.9% respectively, which indicates the improvement in operating leverages as a result our continual efforts to enhance efficiency. We have been implementing stringent budgetary controls and regular staff performance appraisals and utilization reviews to further optimize our operational efficiency.

In the near future, we expect to continue to rapidly grow our revenue and gradually improve our gross margins, and we do not expect to have significant investments in sales and marketing, research and development and administrative matters. Our Directors are of the view that the efforts described above have contributed to and are expected to continue to drive the growth of our revenue and profitability.

Enhancing Working Capital Efficiency

We have a healthy cash balance to support our business operations and future expansion. During the Track Record Period, we had funded our cash requirements primarily with capital contribution from shareholders and financing through the Pre-IPO Investments. See "History, Reorganization and Corporate Structure — Pre-IPO Investments." We had cash and cash equivalents of RMB52.7 million, RMB627.5 million, RMB2,071.4 million and RMB2,111.6 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. As of October 31, 2023, we had RMB1,946.2 million in cash and cash equivalents. 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. Meanwhile, we expect the improvement in our revenue and profitability based on the foregoing measures can further solidify our working capital and cash positions. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, after taking into account the financial resources available to us.

Nevertheless, we intend to further enhance our working capital efficiency to improve our cash flow positions, mainly through the following measures:

- We intend to improve our forecasting capability on customer demand, improve manufacturing planning and enhance inventory management protocol to optimize inventory levels.

- We plan to reinforce our collection efforts of receivables, emphasize on assessing customers' creditworthiness and financial condition before engagement to ensure recoverability of trade and notes receivables, and negotiate better credit terms to shorten payment cycles with customers.

- We expect our bargaining power to rise as we scale up our business, and we plan to negotiate with suppliers for better credit terms to extend payment cycles and other terms more favorable to us.

The following table sets forth the turnover days for our inventories, trade and notes receivables and trade payables for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2020	2021	2022	2023
			(days)	
Inventories[(1)]	167	184	137	161
Trade and notes receivables[(2)]	101	105	113	128
Trade payables[(3)]	108	110	94	121

(1) Calculated using the average of opening balance and closing balance of the inventories for such periods divided by cost of sales for the relevant periods and multiplied by the number of days during such periods (i.e., 365 or 366 days for one fiscal year, as the case may be, and 181 days for the first half of 2023).

(2) Calculated using the average of opening balance and closing balance of trade and notes receivables for such periods divided by total revenue for the relevant periods and multiplied by the number of days during such periods (i.e., 365 or 366 days for one fiscal year, as the case may be, and 181 days for the first half of 2023).

(3) Calculated using the average of opening balance and closing balance of trade payables for such periods divided by cost of sales for the relevant periods and multiplied by the number of days during such periods (i.e., 365 or 366 days for one fiscal year, as the case may be, and 181 days for the first half of 2023).

The foregoing forward-looking statements on our future revenue and profitability are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Our business growth and long-term profitability are subject to known and unknown risks, uncertainties and other factors, some of which are beyond our control, and they 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 set out above. For related risks, see "Risk Factors — Risks Related to Our Business and Industry."

PROPERTIES

As of the Latest Practicable Date, we maintained a number of leased properties in China. Our corporate headquarters is located in Shenzhen, where we lease approximately 30,000 square meters of space primarily for corporate administration, research and development and manufacturing, including our Honghualing factory. In addition, we leased approximately 7,000 square meters for our Shiyan factory in Shenzhen. We also maintain additional offices in Shanghai, Suzhou, Tianjin, Hong Kong and the United States. As of the Latest Practicable Date, we leased a property of approximately 500 square meters in Stuttgart, Germany, primarily for sales and marketing and administration.

We intend to add new manufacturing facilities and expand our existing facilities as we scale up our business operation. We believe that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate our foreseeable future expansion.

Due to the historical legacy of the relevant lands, we have not obtained construction permits or completed as-built acceptance filings for certain of our construction projects. In this regard, we have conducted several inquiries and interviews with the competent governmental authorities which confirmed that, (i) practically we are not required to obtain such approvals or permits or fulfill such procedures; and (ii) the failure to do so will not result in penalties against us. The risk of the above confirmations being challenged by higher level authorities is remote, on the basis that: (i) according to the relevant applicable laws and the functions and responsibilities of the interviewed governmental authorities as published on their official websites, the interviewed governmental authorities are the competent authorities for the approval and supervision of the relevant procedures with respect to the construction projects; (ii) the interviewed officials were informed of the information about us and our construction projects during the interviews and confirmed that they are the competent authorities for the approval and supervision of the relevant procedures with respect to the construction projects; and (iii) we had not received any challenge from higher level governmental authorities as of the Latest Practicable Date. Based on such interviews, our PRC Legal Advisor is of the view that relevant governmental authorities will not impose administrative penalty on us due to the failure to obtain construction permits or complete as-built acceptance filings.

The ownership certificates or other similar proof of two of our leased properties have not been provided to us by the relevant lessors. Such leased properties are used as dormitory and office. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. As a result, we may face challenges from the legal owners of the properties or other third parties, and may be forced to vacate the relevant properties and to relocate our offices. We may incur additional expenses during the process, and our business, financial condition and results of operations may be negatively affected. As of the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. Additionally, we have not registered 13 of our lease agreements with the relevant governmental authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant governmental authority executed leases. As advised by our PRC Legal Advisors, failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe.

As of June 30, 2023, 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 document 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, APPROVALS AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits required for our business operations in the PRC, and such business licenses had remained in full effect. Our PRC Legal Advisor has advised us that there is no material legal impediment to renewing business licenses for our PRC subsidiaries.

Automotive-grade Certifications

In order to mass-produce automotive-grade LiDAR, LiDAR suppliers must follow strict automotive standards and requirements. Specifically, a LiDAR production line's compliance with the automotive standard IATF 16949 is a precondition to supplying LiDAR products to automotive customers. Developed by the International Automotive Task Force, the IATF 16949 certification is the most pervasively used global quality management standard for the automotive industry. We obtained IATF 16949 certificate in December 2019.

We also fully implement ISO 26262 functional safety standards, the AEC (Automotive Electronics Council) Q100 standards, the ISO 16750 test requirement and other automotive-grade reliability specifications.

The automotive industry requires extremely high product consistency and emphasizes various product reliability benchmarks. The compliance of our M1's production line with automotive-grade certification is a testament to our product design, research and development and production processes. It laid our foundation as the first LiDAR company in the world to achieve mass production for automotive-grade solid-state LiDAR.

DATA SECURITY AND PRIVACY

In recent years, data privacy and cybersecurity have become key governance priorities for global companies. Especially given as PRC legislature and government authorities frequently roll out new data security and privacy laws and regulations, we may be under heightened administrative scrutiny for our collection, use, storage, disclosure and transfer of a variety of types of data. See "Risk Factors — Risks Related to Our Business and Industry — We face regulation and potential liability related to privacy, data protection, information security and cybersecurity which may require significant resources and may adversely affect our business, operations and financial performance."

Our data consists mainly of desensitized point clouds from licensed vendors for research use, personal information of email and newsletter subscribers and customer contacts necessary for business cooperation.

We entrust service providers with applicable surveying and mapping licenses to collect point clouds and desensitize such data to exclude geoinformation so that we are able to use such data to form our data pool for the purpose of ADAS research and development. Based on our cooperation agreements with them, the service providers' scope of work generally includes: (i) to desensitize the raw data to the extent that the desensitized data does not concern geographic information, personal information or important data, which refers to the data that may endanger national security, public interests, or the lawful rights and interests of individuals or organizations once it has been tampered with, destroyed, leaked, or illegally obtained or used, including without limitation data of important sensitive areas and video and image data outside the vehicles that contain facial and license plate information, etc. (ii) to ensure that the data collection, desensitization, labelling, storage and delivery of project deliverables is in compliance with applicable laws and regulations, (iii) to ensure that we are able to make use of the cooperation project deliverables to the extent allowed under applicable laws and regulations, among other things. Furthermore, it is a common industry practice to cooperate with surveying and mapping license holders when it involves the processing of geographic information. The service fees (booked under our cost of sales and R&D expenses) incurred for such services amounted to nil, RMB0.4 million, RMB1.0 million and RMB0.9 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively.

After reviewing the cooperation agreements, our PRC Legal Advisors are of the view that, we have been in compliance with applicable PRC laws and regulations on surveying and mapping in all material aspects, on the basis that (i) the service providers have obtained valid surveying and mapping licenses to perform the cooperation agreements, and (ii) the service providers are contractually obligated to desensitize the raw data and ensure compliance of the cooperation projects. In addition, we believe that there are other qualified service providers available on the market which the we can engage in the event that we cease cooperation with the current service providers.

We collect personal information from visitors to our official website including their name, telephone number, email address, city, name of their employer and position. They provide such information to us in order to obtain our product brochures or subscribe to our email newsletter. We store such data in our customer relations management system. We publish on our websites privacy policies in accordance with applicable data protection laws, obtain visitors' consent in accordance with applicable laws, and we use and store such personal information in accordance with our privacy policies. The email and newsletter subscribers are able to restrict or object to our personal information processing activities by exercising their personal information rights to the extent permitted by applicable data protection laws, including without limitation the right to be informed of how we process personal information, the right to request us to delete or correct personal information, etc.

To comply with relevant laws and regulations and safeguard against any incidents that result in data breaches and system shutdowns, we are committed to protecting data and information security in our day-to-day operations. We have in place extensive policies, processes, network architecture and software to protect data and information. We believe that we are not subject to any cross-border data transfer regulations between PRC and other jurisdictions to which our products are sold with respect to the data processing activities we conduct during our operations, on the basis that: (i) the third-party cloud storage service we use is located in the PRC, (ii) except for the marketing photos and other publicity materials of our overseas subsidiaries which do not involve personal information, we do not transfer data from other jurisdictions back to the PRC.

As confirmed by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the Provisions on Management of Automotive Data Security (Trial) to the extent applicable and other applicable PRC laws and regulations on cybersecurity and data security in all material aspects, on the basis that (i) we have adopted a detailed privacy policy describing in the plain language how privacy is protected and our practices in data collection, use, disclosure and transmission; (ii) we obtain customers' acknowledgment and express consent for the subscription of our relevant services; (iii) we conduct regular training for our employees to keep strict confidentiality and not to share any personal information with unauthorized personnel; (iv) we take necessary measure to maintain data security, including to use third-party cloud storage services for constant data backup and quick recovery after security incidents, to use the SSL protocol to guarantee the integrity, confidentiality and availability of the data transmission process, and to use multiple layers of network segregation and hierarchical levels of firewall technology to protect against attacks or unauthorized access to our networks, servers and databases; (v) we have obtained the record-filing certificate of the Multi-Level Protection Scheme; (vi) we do not collect or process automobile data as defined under the Provisions on Management of Automotive Data Security (Trial) since we do not process important data and the personal information we process does not relate to the design, manufacturing, sale, use and maintenance of automobiles; and (vii) as of the Latest Practicable Date, we had not been subject to administrative investigation, inquiry, penalty, litigations or any legal proceedings for any non-compliance related to data privacy and cybersecurity during our operations. We believe we have maintained compliance with the current effective and binding PRC laws and regulations in all material aspects.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

In August 2019, Velodyne Lidar, Inc. (NYSE: VLDR) ("Velodyne") filed complaints against us in the U.S. District Court for the Northern District of California for patent infringement and with the U.S. International Trade Commission ("ITC") for violations of section 337 of the Tariff Act of 1930, which stipulates that unfair methods of competition and unfair acts in the importation of certain products into the United States are unlawful. Velodyne alleged that we had unlawfully imported and sold LiDAR sensors that infringed Velodyne's patented LiDAR technology. In July 2020, we filed a patent infringement complaint against Beijing Velodyne Laser Technology Co., Ltd with the Intermediate People's Court of Shenzhen City in Guangdong province, China.

On September 21, 2020, we entered into a settlement and patent cross-license agreement with Velodyne to dismiss the aforementioned cases in the United States and China and established a long-term global cross-license relationship. Under the settlement and patent cross-license agreement, we transferred five patents related to mechanical LiDAR to Velodyne. The transferred patents relate only to mechanical LiDARs and form only a small part of our patent reserves for mechanical LiDARs. The transferred patent technologies do not relate to our current main products and do not have a material impact on our business. Under the patent cross-license agreement, we paid annual licensing fees to Velodyne, which amounted to RMB1.3 million, RMB7.5 million, RMB7.6 million and RMB6.1 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, after offsetting the amount of licensing fees payable by Velodyne to us. The amount of licensing fee payable is determined with reference to the sales revenue of mechanical LiDAR products in each geographic region and the agreed upon licensing fee rate of that region. Under the agreement, we also paid a one-time settlement fee of US$2.0 million to Velodyne.

On April 28, 2022, Bell Semiconductor, LLC ("Bell") filed an application with ITC for a patent infringement investigation pursuant to section 337 of the Tariff Act of 1930, which named us as one of the respondents. Bell subsequently voluntarily withdrew the application on July 26, 2022. On October 13, 2022, Bell filed an application with ITC for a patent infringement investigation against Marvell Semiconductor, Inc. ("Marvell"), where we were named as one of the respondents. The application is again made pursuant to section 337 of the Tariff Act of 1930. Subsequently, Bell reached a settlement with Marvell and voluntarily withdrew the investigation application against us after we clarified relevant facts. We did not sign a settlement agreement with Bell and we did not pay any settlement fees or patent licensing fees to Bell. Since then and up to the Latest Practicable

Date, to the best knowledge of our Directors, we had not been subject to any investigation regarding infringement of intellectual property by the ITC.

From time to time, we may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property infringement, violation of third-party licenses or other rights, breach of contracts and labor and employment claims. We are currently not a party to any actual or threatened actions, claims, suits or other legal proceedings, the outcome of which, if determined adversely to us, would individually or in aggregate have a material adverse effect on our business, financial condition, and results of operations. See "Risk Factors — Risks Related to Our Business and Industry — Third-party claims against us in relation to infringement of intellectual property rights, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be adversely affected" and "Risk Factors — Risks Related to Our Business and Industry — We may be subject to stricter laws and regulations, including labor laws and regulations, and to potential legal proceedings in the ordinary course of business, which may materially and adversely affect our business, results of operations and financial condition."

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any non-compliance incident which, individually or taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We are dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency.

We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters.

Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk.

We take a comprehensive approach with regard to operational risk management, and implement a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Our information technology, human resources, finance and operations departments are collectively responsible to ensure the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our CEO to take appropriate measures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines.

Compliance risk management refers to the dynamic managing processes of our effective identification and management of compliance risks and proactively preventing the occurrence of risk events. We have established sound compliance risk management procedures to achieve effective identification and management of compliance risk and ensure that our operations are in compliance with applicable laws and regulations.

In accordance with such procedures, our legal department carefully reviews the contracts we enter into with customers and suppliers. Before entering into any contracts or business arrangements, our legal department reviews the contract terms and examines related documents, including all necessary due diligence materials and licenses and permits obtained by the other party to fulfill its obligations under the relevant contract.

In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations. We have established an Ethics and Compliance Committee, which is chaired by our CEO and includes senior executives from various departments. Such committee is responsible for supervising our compliance management and monitoring the compliance of our Company and business partners in accordance with relevant laws and regulations. We delegate the responsibility of monitoring compliance in specific business areas to representatives from those areas. In addition, we have an internal control department that continuously supervises compliance efforts within departments and reports to our CEO and CFO. We also have an internal audit department that regularly evaluates and supervises our compliance efforts and reports to our CEO and audit committee.

Information Security and Data Privacy Risk Management

See "— Data Security and Privacy."

Intellectual Property Risk Management

To ensure that we do not infringe third parties' intellectual property rights and to prevent the infringements of our intellectual property rights by third parties, we have implemented the following measures:

- We utilize IncoPat, an advanced patent analysis report tool for freedom to operate (FTO) analysis. It conducts patent risk assessments at various stages of our product development process, including product conception and development of product samples, to ensure that our products do not infringe third parties' intellectual property rights, thus minimizing the risk of intellectual property infringements by us.

- We utilize an intellectual property management software for the full lifecycle management of our proprietary intellectual property. This system is used for patent applications, maintenance and valuation. This helps us identify any potential infringement issues at an early stage and take appropriate measures to avoid them.

Investment Risk Management

We invest in or acquire businesses that are complementary to our business and aligned with our overall growth strategies, such as businesses that can expand our service offerings and strengthen our technological capabilities. In general, we intend to hold our investments for the long term in forms of preferred shares or ordinary shares with preference rights. In order to manage potential risks associated with investments, we generally obtain minority protection rights from our investment portfolio companies.

Our investment department has primarily been responsible for our investment project sourcing, screening, execution and post-investment monitoring. The investment department searches for investment projects based on our business strategy and conducts thorough due diligence with the finance and legal departments to assess the risks and potential of the investment projects.

Anti-corruption Risk Management

Anti-corruption risk refers to the risk of use of cheating, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our Company's economic interests and (ii) the pursuit of improper interests of the Company. We have established our anti-corruption risk management policies prohibiting any corruption activities by the employees, either for the pursuit of improper personal benefits or improper interests of the Company. We have maintained a whistleblower mechanism for employees to anonymously report any incidents of bribery and corruption. Our CEO's office is responsible for investigating reported incidents and taking appropriate measures to address them. We have zero-tolerance of corruption and do not accept employment or promotion of persons responsible for corruption incidents. We conduct routine internal trainings and require all suppliers to execute anti-corruption commitments before engagement.

Audit Committee Experience and Qualification and Board Oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. See "Directors and Senior Management — Directors."

In addition to our internal control department, we have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.

AWARDS AND RECOGNITIONS

We have built an outstanding business reputation in the industry. As of the Latest Practicable Date, we had received 170 awards globally. The following chart lists selected awards and recognitions we have received in China and overseas:

Award/Recognition	Award Year	Awarding Institution/Authority
Top 1 Chinese Automotive LiDAR Company in terms of Market Competitiveness in 2022 (大鯨榜 — 2022 中國車載激光雷達企業市場競爭力 TOP1)	2022	Huxiu (虎嗅智庫)
Silicon 100: Startups to Follow in 2022	2022	EE Times
Recognized as a Technologically Advanced "Little Giant" Enterprise	2021	The Ministry of Industry and Information Technology
The 2021 CLEPA Awards	2021	The European Association of Automotive Suppliers
The 2021 Automotive News PACE Award	2021	Automotive News and the Automotive Parts Manufacturers' Association
2020 Edison Award, in the Transportation & Logistics category for the world's first and smallest automotive MEMS-ToF LiDAR "M1"	2020	Edison Awards Committee / American Marketing Association
CES 2020 Innovation Awards	2019	CTA (Consumer Technology Association of the United States)
"Best Automotive Safety System" of AutoSens Awards	2019	Sense Media Events — AutoSens Conference
GOLD 2019 Stevie® Award in the "Transportation Category"	2019	Stevie Awards American Business Award
CES 2019 Innovation Awards	2018	CTA (Consumer Technology Association of the United States)

OVERVIEW

We have in the past conducted certain transactions with entities that will become our connected persons upon Listing. Such transactions will continue after Listing and will therefore constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The table below sets forth the connected persons of our Company with whom we will continue to conduct continuing connected transactions upon Listing and the nature of their connection with us:

Connected persons	Connected relationship
Alibaba Cloud Computing Limited (阿里雲計算有限公司) ("**Alibaba Cloud**")	Alibaba Cloud is a subsidiary of Alibaba Group Holding Limited, the holding company of our substantial Shareholder, Cainiao, and is therefore an associate of Cainiao and our connected person.
Zhejiang Cainiao Chuancheng Network Technology Co., Ltd. (浙江菜鳥傳橙網絡技術有限公司) ("**Cainiao Chuancheng**")	Cainiao Chuancheng is a subsidiary of Alibaba Group Holding Limited, the holding company of our substantial Shareholder, and is therefore an associate of our substantial Shareholder, Cainiao and our connected person.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We engage Alibaba Cloud to provide us with cloud services for storage, networking and security in our ordinary course of business and will continue to do so after Listing. In return, we will pay service fees based on the standard service fee rate prescribed by Alibaba Cloud. The terms and conditions of the cloud services (including the service fees payable by us) offered by Alibaba Cloud to us are on normal commercial terms. It is expected that we will continue to procure cloud services from Alibaba Cloud after Listing, which will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these transactions are expected to be less than 0.1% on an annual basis, the procurement of cloud services from Alibaba Cloud will constitute a de minimis continuing connected transaction and will be exempted from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

LiDAR Products and Solutions Sales Framework Agreement

On November 9, 2023, Shenzhen Suteng entered into a LiDAR products and solutions sales framework agreement with Cainiao Chuancheng (the "**LiDAR Products and Solutions Sales Framework Agreement**"), pursuant to which, the Group shall provide, and Cainiao Chuancheng and/or its associates shall purchase, our LiDAR products and perception solutions. The initial term of the LiDAR Products and Solutions Sales Framework Agreement shall commence on the Listing Date and end on December 31, 2025, subject to renewal upon mutual agreement of the parties and in compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Subject to the terms of the LiDAR Products and Solutions Sales Framework Agreement, Cainiao Chuancheng and/or its associates will enter into specific agreements or place purchase orders with our Group to set out specific terms and conditions in respect of our sales of the LiDAR products and solutions. The consideration payable by Cainiao Chuancheng and/or its associates under the LiDAR Products and Solutions Sales Framework Agreement will be paid within 30 business days upon receipt of invoice and through bank transfers unless otherwise agreed in the purchase orders.

(a) Reasons and benefits for the transactions

Cainiao Chuancheng and its associates are engaged in, among others, the provision of logistics services. Cainiao Chuancheng and/or its associates have been purchasing our LiDAR products and solutions during its ordinary course of business given our competitive edge in the LiDAR industry and the suitability and quality of our LiDAR products and solutions for the business needs of Cainiao Chuancheng and/or its associates. Similar to other independent suppliers of Cainiao Chuancheng and/or its associates, we are required to go through the commercial negotiation process before the Group can become their supplier. The transactions contemplated under the LiDAR Products and Solutions Sales Framework Agreement will be made in the ordinary and usual course of business of the Group and on normal commercial terms.

(b) Pricing policies

The price for the sale of LiDAR products and solutions payable by Cainiao Chuancheng and/or its associates under the LiDAR Products and Solutions Sales Framework Agreement shall be determined by the parties on an arm's length basis with reference to (i) the prevailing market price, (ii) the terms and conditions that we offer to other independent third-party customers, (iii) the quantity of the LiDAR products and solutions to be provided; and (iv) the type and quality of the LiDAR products and solutions to be provided. We will only enter into separate underlying agreement under the LiDAR Products and Solutions Sales Framework Agreement if the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms as compared to our provision of similar products to other customers who are Independent Third Parties.

(c) Historical amounts and proposed annual caps

The historical amounts of the transactions contemplated under the LiDAR Products and Solutions Sales Framework Agreement were approximately RMB2.96 million, RMB5.06 million, RMB5.06 million and RMB1.74 million for the three years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively.

The proposed annual caps for the transactions contemplated under the LiDAR Products and Solutions Sales Framework Agreement for the years ending December 31, 2023, 2024 and 2025 are RMB4 million, RMB10 million and RMB10 million, respectively.

In arriving at the above annual caps, we have considered, among other things, the following key factors:

i. *the historical transaction amounts between our Group and Cainiao Chuancheng and/or its associates during the Track Record Period:* The historical amounts of the purchases of LiDAR products and solutions by Cainiao Chuancheng and/or its associates from our Group increased from approximately RMB2.96 million in 2020 to RMB5.06 million in 2022, primarily due to the increase in our sales volume, the increase in business needs from Cainiao Chuancheng and/or its associates in their ordinary course of business, and the improvement of our LiDAR products and solutions over time.

ii. *the expected increase in procurement volume from Cainiao Chuancheng and/or its associates:* With our sustained business growth and continual development of our LiDAR products and solutions and the expected growth of the overall LiDAR solution market in general, as well as the expected development of logistic business and expansion of usage of the LiDAR products and solutions by Cainiao Chuancheng and/or its associates in their logistic business, it is expected that the procurement volume from Cainiao Chuancheng and/or its associates of our LiDAR products and solutions will continue to grow substantially. In particular, the increase of the proposed annual caps for the financial years ending December 31, 2024 and 2025 is primarily attributable to the expected expansion of usage of advanced automation technologies in the logistics business of Cainiao Chuancheng and/or its associates, which is envisioned to be an important driver for the future logistics infrastructure in Mainland China. To the best knowledge and information of the Company, such automation technologies include the deployment of unmanned delivery vehicles, autonomous driving and AI-powered technologies in their logistics business. The Company believes that its strengths and capabilities in both chip-driven LiDAR hardware and AI perception software are highly complementary to the business of Cainiao Chuancheng and/or its associates and will drive a rapid and sustainable development in such business collaboration. Therefore, the Company expects an increase of sales volume from Cainiao Chuancheng and/or its associates in each of 2024 and 2025 by over two times as compared to that in 2023.

(d) Listing Rules Implications

In respect of the transactions contemplated under the LiDAR Products and Solutions Sales Framework Agreement, as the highest applicable percentage ratios (other than the profits ratio) under the Listing Rules is expected to be, on an annual basis, exceed 0.1% but less than 5%, and they are on normal commercial terms or better, the transactions will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant agreements for the continuing connected transaction are fair and reasonable, and no less favorable to us than terms available to or from independent third parties, and the connected transactions are carried out under normal commercial terms or better, we have put in place internal approval and monitoring procedures relating to our connected transactions, which include the following:

- we have adopted and implemented a management system to monitor our connected transactions after Listing. Under such system, (i) our Company's finance department will be responsible for monitoring the actual transaction amount between our Group and the connected persons in respect of the continuing connected transactions and will report to the relevant business unit (and if required, the Audit Committee of our Company and the Board) if the actual transaction amounts exceed a prescribed threshold of the pre-determined annual caps in order to ensure we comply with the relevant requirements under the Listing Rules after Listing; (ii) the Audit Committee of our Company will be responsible for conducting reviews on compliance with relevant laws, regulations, our Company's policies and the Listing Rules in respect of the continuing connected transactions; and (iii) the Audit Committee, the Board and/or various other internal departments of the Company (including but not limited to the finance department and legal department) will be jointly responsible for evaluating the terms under the framework agreements for the continuing connected transactions, in particular, the fairness and reasonableness of the pricing terms and policies as well as the annual caps under such agreement;

- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreement(s) and provide annual confirmation to ensure that, in accordance with the Listing Rules, the continuing connected transactions are conducted in accordance with the terms of the framework agreements, on normal commercial terms and in accordance with the relevant pricing policies, and are fair and reasonable in the interests of the Shareholders as a whole;

- when considering the fees or prices for the transactions between our Group and the connected persons of our Company, the Group will regularly consider the prevailing market terms, conditions and practices and make reference to the pricing and terms between the Group and other independent third parties for similar transactions to make sure the terms and conditions offered to or by the connected persons of our Company upon arms' length negotiations will be fair and reasonable and based on normal commercial terms as compared to those offered to or by other comparable independent third parties; and

- when considering any renewal or revision to the framework agreements after Listing, the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings or Shareholders' general meetings (as the case may be), and our independent non-executive Directors and independent Shareholders have the right to consider if the terms of the continuing connected transaction (including the proposed annual caps) are fair and reasonable, and on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of our Company and our Shareholders as a whole. If the independent non-executive Directors' or independent Shareholders' approvals (as the case may be) cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules.

WAIVER FOR PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

The transactions contemplated under the LiDAR Products and Solutions Sales Framework Agreement will constitute connected transactions which are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As transactions contemplated under the LiDAR Products and Solutions Sales Framework Agreement are expected to continue on a recurring and continuing basis and have been fully disclosed in this prospectus, our Directors consider that compliance with the announcement requirement would be impractical, and such requirement would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement requirement in respect of the continuing connected transactions contemplated under the LiDAR Products and Solutions Sales Framework Agreement.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that the partially exempt continuing connected transactions contemplated as set out above have been and will be entered into in our ordinary course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The proposed annual caps for the continuing connected transactions contemplated under the LiDAR Products and Solutions Sales Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Based on the relevant data and information provided by the Company and the necessary representations and confirmations from the Company and Directors, having made reasonable inquiries and after due and careful consideration, the Joint Sponsors are of the view that the partially exempt continuing connected transactions as set out above have been and will be entered into in the ordinary course of business of the Company and on normal commercial terms or better, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and that the proposed annual caps for the continuing connected transactions contemplated under the LiDAR Products and Solutions Sales Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

DIRECTORS

Upon Listing, our Board will consist of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Dr. Qiu Chunxin (邱純鑫)	39	Co-founder, chairman of the Board, executive Director and chief executive officer	August 28, 2014	June 23, 2021	Overseeing the overall strategy, business development and management of our Group and serving as chairman and/or member of the Board Committee	Brother of Mr. Qiu Chunchao
Mr. Liu Letian (劉樂天)	34	Co-founder, executive Director and chief technology officer	August 28, 2014	December 31, 2021	Formulating product research and development plan and overseeing the technology advancement of our Group	None
Mr. Qiu Chunchao (邱純潮)	33	Executive Director and executive president	September 1, 2015	December 31, 2021	Overseeing the execution of the overall strategy, business development and management of our Group	Brother of Dr. Qiu Chunxin
Non-executive Director						
Dr. Zhu Xiaorui (朱曉蕊)	46	Co-founder, non-executive Director and scientific advisor	August 28, 2014	December 31, 2021	Supervising and providing advice to our Group's scientific development and serving as members of the Board Committees	None
Independent non-executive Directors						
Mr. Feng Jianfeng (馮劍峰)	49	Independent non-executive Director	Listing Date	June 28, 2023 (with effect from the Listing Date)	Supervising and providing independent judgment to the Board and serving as chairman and/or members of the Board Committees	None
Dr. Lu Cewu (盧策吾)	41	Independent non-executive Director	Listing Date	June 28, 2023 (with effect from the Listing Date)	Supervising and providing independent judgment to the Board and serving as members of the Board Committees	None
Mr. Ng Yuk Keung (吳育強)	59	Independent non-executive Director	Listing Date	June 28, 2023 (with effect from the Listing Date)	Supervising and providing independent judgment to the Board and serving as chairman and/or members of the Board Committees	None

Executive Directors

Dr. Qiu Chunxin (邱純鑫), aged 39, is our co-founder, chairman of the Board, executive Director and chief executive officer. He was appointed as a Director on June 23, 2021 and was re-designated as an executive Director on June 28, 2023. He is primarily responsible for overseeing the overall strategy, business development and management of our Group and serving as chairman and/or member of the Board Committee.

Dr. Qiu has approximately nine years of experience in the LiDAR solutions market. He has been holding directorship in several subsidiaries of our Group, including Shenzhen Suteng since August 2014, Optixpan Semiconductors since October 2016, Suzhou Xijing MEMS since November 2017, RoboSense Inc. since December 2017, Hong Kong Suteng since February 2018, Shanghai Lubo since December 2018, RoboSense BVI since June 2021, and RoboSense HK since July 2021.

Dr. Qiu obtained a bachelor's degree in engineering majoring in automation from Yanshan University (燕山大學) in China in July 2007 and a master's degree and a doctorate degree in control science and engineering from Harbin Institute of Technology (哈爾濱工業大學) in China in January 2010 and July 2014, respectively.

Dr. Qiu was recognized by Human Resource Bureau Nanshan District (深圳市南山區人力資源局) as "High-level Talent" in Nanshan District of Shenzhen (深圳市南山區"領航人才") in August 2017, by Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局) as High-level Professional in Shenzhen (深圳市高層次專業人才) in November 2017, by MIT Technology Review (a media company founded at the Massachusetts Institute of Technology) as Innovators Under 35 in 2017, and by Hemi Ventures (an institution investing in early stage startups in autonomous vehicles, artificial intelligence applications, robotics, biotech, and other emerging technology sectors) as Top 50 Individuals in Automotive Industry in China (中國出行50人) in 2018. He was also recognized by Sensors Expo & Conference, one of the world's largest gatherings of engineers and scientists involved in the development and deployment of sensor systems, as "Best of Sensors Awards 2019 – Rising Star of the Year". He was also granted with 2019 China Automotive Electronics Science and Technology Award – Innovative Individual Award (2019年度中國汽車電子科學技術獎創新人物獎). He received Outstanding Contribution to Automotive Tech Award from TU-Automotive in 2020, and the second prize in Guangdong Provincial Technology Invention Award (廣東省技術發明獎) in March 2022.

Mr. Liu Letian (劉樂天), aged 34, is our co-founder, executive Director and chief technology officer. He was appointed as a Director on December 31, 2021 and was re-designated as an executive Director on June 28, 2023. He is primarily responsible for formulating product research and development plan and overseeing the technology advancement of our Group.

Mr. Liu has approximately nine years of experience in the LiDAR solutions market. He has been holding senior membership and directorship in several subsidiaries of our Group, including chief technology officer in Shenzhen Suteng since August 2014 and executive director in Tianjin Lubo since November 2022.

Mr. Liu obtained a bachelor's degree in automation in July 2010, and a master's degree in control science and engineering in January 2013, each from Harbin Institute of Technology (哈爾濱工業大學) in China.

Mr. Liu won a silver medal in the Creative Robot Competition, the First IEEE International Robot Competition in Robot, Vision and Signal Processing (RVSP), in November 2011, the second prize in Shenzhen Technology Invention Award (深圳市技術發明獎) in December 2020 and the second prize in Guangdong Provincial Technology Invention Award (廣東省技術發明獎) in March 2022. He was also recognized as "High-level Talent" in Nanshan District of Shenzhen (深圳市南山區 "領航人才") in 2021.

Mr. Qiu Chunchao (邱純潮), aged 33, is our executive Director and executive president. He was appointed as a Director on December 31, 2021 and re-designated as an executive Director on June 28, 2023. He is primarily responsible for overseeing the execution of the overall strategy, business development and management of our Group.

Mr. Qiu has over eight years of experience in the LiDAR solutions market. He has been holding senior management position and directorship in several subsidiaries of our Group, including the supervisor of Optixpan Semiconductors since October 2016, supervisor of Suzhou Xijing MEMS since November 2017, supervisor of Shanghai Lubo since December 2018, and director of Hong Kong Suteng since June 2021.

Mr. Qiu obtained a diploma (專科證書) in computer application technology from Guangdong Vocational College of Science and Technology (廣東科學技術職業學院) in China in June 2012, and a master's degree in business administration from The Chinese University of Hong Kong (香港中文大學) in Hong Kong in October 2022.

Mr. Qiu was recognized by Forbes in the 30 Under 30 Asia List 2018 and the 30 Under 30 China List 2018, and by Hurun Report (胡潤百富) in Hurun China Under 30s To Watch 2019 (2019 胡潤 Under 30s創業領袖). He was also honored by Human Resource Bureau Nanshan District (深圳市南山區人力資源局) as "High-level Talent" in Nanshan District of Shenzhen (深圳市南山區"領航人才") in January 2022.

Non-executive Director

Dr. Zhu Xiaorui (朱曉蕊), aged 46, is our co-founder, non-executive Director and scientific advisor. She was appointed as a Director on December 31, 2021 and was re-designated as a non-executive Director on June 28, 2023. She is primarily responsible for supervising and providing advice to our Group's scientific development and serving as members of the Board Committees.

Dr. Zhu has extensive experience in technology sector. Dr. Zhu has been and is currently serving as a director of Shenzhen Yingpeng Information Technology Co., Ltd. (深圳英鵬信息技術股份有限公司) since November 2017, a director and the chief scientist of Guangdong Avenue Zhichuang Technology Co., Ltd. (廣東省大道智創科技有限公司) since January 2018, an independent non-executive director of XGimi Technology Co Ltd (極米科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688696), since July 2019, and a director of Galaxy Artificial Intelligence and Robotics Research Institute Pte. Ltd. since June 2023. Previously, she was a director of Shenzhen Boyun Information Technology Development Co., Ltd. (深圳市博雲信息技術發展有限公司) from December 2015 to July 2017, and a supervisor of Shenzhen Yiqing Innovation Technology Co., Ltd. (深圳一清創新科技有限公司) from August 2018 to September 2022.

Dr. Zhu obtained a bachelor's degree in electric mechanical control and automation and a master's degree in electric and mechanical integration from Harbin Institute of Technology (哈爾濱工業大學) in China in July 1998 and July 2000, respectively, and a doctorate degree in mechanical engineering from The University of Utah in the United States in December 2006. She also holds the qualification certificate for independent directors issued by the Shanghai Stock Exchange in August 2019.

Dr. Zhu was awarded the second prize of National Technological Advancement Award (國家科學技術進步獎) in China in 2012. She served as a member of the Women in Engineering Group and Member Activities Board of IEEE Robotics and Automation Society for two consecutive terms from 2012 to 2013 and the chairman of the International Affairs Committee of the IEEE Robotics and Automation Society in 2014. She was an organizing committee member in the 2011 IEEE International Conference on Robotics and Automation ("**ICRA**"), the 2014 IEEE/RSJ International Conference on Intelligent Robots and Systems and the 2015 IEEE ICRA. She was recognized in the 2015 IEEE ICRA as one of the Notable Women in Robotics. She was the chairman of the organizing committee of Global Artificial Intelligence and Robotics ("**GAIR**") Summit (全球人工智能與機器人峰會) in 2016 and 2017 and the chairman of GAIR Silicon Valley Intelligent Driving Summit (GAIR矽谷智能駕駛峰會) in 2018. She was elected as the honorary president of Shenzhen Artificial Intelligence Industry Association in May 2020 and recognized by Forbes in the List of 50 Women in Technology in China in 2022.

Independent non-executive Directors

Mr. Feng Jianfeng (馮劍峰), aged 49, was appointed as an independent non-executive Director on June 28, 2023, with effect from the Listing Date. He is responsible for supervising and providing independent judgment to the Board and serving as chairman and/or members of the Board Committees.

Mr. Feng has been serving as a partner and the chief investment officer at AJ Asset Management Limited (安捷資產管理有限公司) since March 2023. Previously, he was a vice president in Burgundy Asset Management Ltd. from August 2005 to October 2009. He then served as the head of global emerging markets and a senior portfolio manager in Invesco from October 2009 to February 2023.

Mr. Feng obtained a bachelor's degree in finance from Xiamen University (廈門大學) in China in July 1997 and a master's degree in business administration from The University of Western Ontario in Canada in April 2005. He holds the Chartered Financial Analyst designation since 2006.

Dr. Lu Cewu (盧策吾), aged 41, was appointed as an independent non-executive Director on June 28, 2023, with effect from the Listing Date. He is responsible for supervising and providing independent judgment to the Board and serving as members of the Board Committees.

Dr. Lu has been a director of Shanghai Em-Data Technology Co., Ltd. (上海眼控科技股份有限公司) since December 2017 and a professor of Shanghai Jiaotong University (上海交通大學) in China since July 2021.

Dr. Lu obtained a bachelor's degree in communication engineering from Chongqing University of Posts and Telecommunications (重慶郵電大學) in China in July 2006, a master's degree in electromagnetic field and microwave technology from the Graduate University of Chinese Academy of Sciences (中國科學院研究生院) in China in July 2009, and a doctorate degree in computer science and engineering from The Chinese University of Hong Kong in Hong Kong in December 2013.

Mr. Ng Yuk Keung (吳育強), aged 59, was appointed as an independent non-executive Director on June 28, 2023, with effect from the Listing Date. He is responsible for supervising and providing independent judgment to the Board and serving as chairman and/or members of the Board Committees.

Mr. Ng has ample experience acting as an independent non-executive director of listed companies. He is currently and has been an independent non-executive director of two companies listed on the Stock Exchange, namely, Sany Heavy Equipment International Holdings Company Limited (stock code: 631) since November 2009 and E-Commodities Holdings Limited (stock code: 1733, formerly known as Winsway Enterprises Holdings Limited and Winsway Coking Coal Holdings Limited) since June 2010. Previously, he was an independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd. (stock code: 3833) from February 2007 to October 2011, and Zhongsheng Group Holdings Limited (stock code: 881) from October 2009 to September 2016, each of which is a company listed on the Stock Exchange. He was also an independent non-executive director of Beijing Capital Land Ltd. (previously listed on the Stock Exchange with the stock code of 2868, and is currently delisted) from December 2008 to April 2016.

Mr. Ng also has solid experience in accounting and financial management matters in listed companies. From November 2004 to August 2006, he worked in IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司) (formerly known as IRICO Group Electronics Company Limited (彩虹集團電子股份有限公司), a company listed on the Stock Exchange (stock code: 438)) where he served as the deputy chief financial officer, the joint company secretary and the qualified accountant. From September 2006 to March 2010, he was the chief financial officer, the company secretary and the qualified accountant of China Huiyuan Juice Group Limited (previously listed on the Stock Exchange with the stock code of 1886, and is currently delisted). From March 2010 to July 2012, he was the executive director, chief financial officer and the company secretary of China NT Pharma Group Company Limited, a company listed on the Stock Exchange (stock code: 1011). Mr. Ng worked in Kingsoft Corporation Limited, a company listed on the Stock Exchange (stock code: 3888) for ten years, where he served as the chief financial officer from July 2012 to July 2022 and an executive director from March 2013 to May 2022.

Mr. Ng obtained a bachelor's degree in social sciences in 1988 and a master's degree of science in global business management and e-commerce in 2022 from The University of Hong Kong. He is a fellow member of The Association of Chartered Certified Accountants, The Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Save as disclosed above in this section, each of our Directors has confirmed that (i) he/she did not hold any other directorship in any other listed companies during the three years immediately prior to the Latest Practicable Date; (ii) there is no other matter in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules; and (iii) there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders.

Each of our Directors has confirmed that, as of the Latest Practicable Date, he/she did not have any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors and senior management
Dr. Qiu Chunxin (邱純鑫)	39	Co-founder, chairman of the Board, executive Director and chief executive officer	August 28, 2014	June 23, 2021	Overseeing the overall strategy, business development and management of our Group	Brother of Mr. Qiu Chunchao
Mr. Liu Letian (劉樂天)	34	Co-founder, executive Director and chief technology officer	August 28, 2014	December 31, 2021	Formulating product research and development plan and overseeing the technology advancement of our Group	None
Mr. Qiu Chunchao (邱純潮)	33	Executive Director and executive president	August 28, 2014	December 31, 2021	Overseeing the execution of the overall strategy, business development and management of our Group	Brother of Dr. Qiu Chunxin
Mr. Lau Wing Kee (劉永基)	59	Chief financial officer	August 1, 2022	August 1, 2022	Overseeing the accounting, financial management and taxation affairs of our Group	None

Dr. Qiu Chunxin (邱純鑫), aged 39, is our co-founder, chairman of the Board, executive Director and chief executive officer. For details of his biography, see "Directors – Executive Directors" in this section.

Mr. Liu Letian (劉樂天), aged 34, is our co-founder, executive Director and chief technology officer. For details of his biography, see "Directors – Executive Directors" in this section.

Mr. Qiu Chunchao (邱純潮), aged 33, is our executive Director and executive president. For details of his biography, see "Directors – Executive Directors" in this section.

Mr. Lau Wing Kee (劉永基), aged 59, is our chief financial officer. He was appointed as the chief financial officer on August 1, 2022. He is primarily responsible for overseeing the accounting, financial management and taxation affairs of our Group.

Prior to joining our Group, Mr. Lau worked in PricewaterhouseCoopers from January 1994 to July 2000. He served as a financial director in Ogilvy & Mather Advertising Ltd. Beijing Branch from July 2000 to October 2004, as the chief financial officer and company secretary in Beijing Media Corporation Ltd., a company listed on the Stock Exchange (stock code: 1000) from November 2004 to February 2007, as the chief financial officer in Perfect World Co., Ltd., a company listed on the NASDAQ (with ticker symbol of PWRD prior to its de-listing in July 2015) from March 2007 to June 2018, as the chief financial officer in Square Panda Inc. from July 2018 to August 2019, as the chief financial officer in Tarena International Inc., a company listed on the NASDAQ (ticker symbol: TEDU) from March 2020 to July 2022. Mr. Lau has been serving as an independent director of Genetron Holdings Limited (ticker symbol: GTH) since June 2020 and an independent director of EHang Holdings Limited (ticker symbol: EH) since August 2023, each of which is a company listed on the NASDAQ.

Mr. Lau obtained a bachelor's degree in business administration (finance) from the Hong Kong Baptist University (香港浸會大學) in Hong Kong in November 1990, and an executive master of business administration from Cheung Kong Graduate School of Business (長江商學院) in China in September 2011. Mr. Lau is an associate of both of The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants.

JOINT COMPANY SECRETARIES

Mr. Lau Wing Kee (劉永基), our chief financial officer, was appointed as a joint company secretary of our Company on June 28, 2023. For details of his biography, see "Senior Management" in this section.

Ms. Lau Yee Wa (劉綺華), was appointed as a joint company secretary of our Company on December 7, 2023. Ms. Lau is a Director of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

Ms. Lau has over 20 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms Lau is currently the company secretary or joint company secretary of a few listed companies on The Stock Exchange of Hong Kong Limited.

Ms. Lau is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Lau obtained her Bachelor of Business Administrative Management from the University of South Australia.

BOARD COMMITTEES

The Company has established three Board Committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, with effect from the Listing Date.

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**"). The Audit Committee consists of three members, namely

Dr. Zhu Xiaorui, our non-executive Director, and Dr. Lu Cewu and Mr. Ng Yuk Keung, our independent non-executive Directors. Mr. Ng Yuk Keung has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee are to review the financial controls and the internal control and risk management systems of our Group, monitor the integrity of the Company's financial statements, review and monitor the external auditor's independence and objectivity and effectiveness of the audit process and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of our non-executive Director, Dr. Zhu Xiaorui and our independent non-executive Directors, namely Mr. Feng Jianfeng and Dr. Lu Cewu. Mr. Feng Jianfeng has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on remuneration packages of individual executive Directors and senior management.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. The Nomination Committee consists of Dr. Qiu Chunxin, our chairman of the Board and executive Director, and our independent non-executive Directors, namely Mr. Feng Jianfeng and Mr. Ng Yuk Keung. Dr. Qiu Chunxin has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to review the Board structure, size and composition, make recommendations to our Board on the appointment or re-appointment of Directors and review the Company's board diversity policy.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards 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 requirements under the CG Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules after Listing.

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the CG Code as set out in Appendix 14 to the Listing Rules after the Listing except for Code Provision C.2.1 of the CG Code, which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman of the Board and the chief executive officer are currently performed by Dr. Qiu. In view of Dr. Qiu's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Dr. Qiu acting as both our chairman of the Board and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Dr. Qiu continues to act as both our chairman of the Board and chief executive officer after Listing, and therefore currently do not propose to separate the functions of chairman of the Board and chief executive officer.

While this would constitute a deviation from Code Provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Dr. Qiu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at the Board and/or senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the objectives and approaches to achieve and maintain diversity of the Board. Our Group recognizes the benefits of having a diversified Board and considers increasing diversity at the Board level as an essential element in supporting the attainment of our Group's strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, talents, skills, knowledge, cultural and education background, gender, age, ethnicity and length of service. Our board diversity policy is well implemented as evidenced by the fact that there are both female and male Directors ranging from 33 years old to 59 years old, and that our Directors have a balanced mix of experiences from different industries and sectors. Upon Listing, the Board will have one female Director. We target to maintain at least one female representation in the Board. We also intend to promote gender diversity when recruiting staff at the middle to senior level in order to develop a pipeline of female senior management and potential successors to the Board. In addition, we will engage more resources in training female staff who have long and relevant experience in our business, with the aim of promoting them to the senior management or directorship of our Group. We are committed to adopting a consistent approach to promote diversity at all other levels of our Company from the Board downwards, in order to enhance the effectiveness of our corporate governance as a whole.

After Listing, the Nomination Committee will review our board diversity policy and its implementation from time to time and monitor its effectiveness, and such review result will be disclosed in our corporate governance report in accordance with the Listing Rules, including any measurable objectives set for implementing our board diversity policy and the progress on achieving these objectives, on an annual basis.

REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Company offers the executive Directors and senior management, as its employees, with remuneration in the form of fees, wages, salaries, discretionary bonuses, pension contributions, housing funds, medical insurances, other social insurances, share-based compensation expenses and other employee benefits. Non-executive director and independent non-executive Directors will receive compensation according to their duties (including serving as members or chairmen of the Board Committees).

For the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, the aggregate remuneration paid to our Directors (including fees, wages, salaries, discretionary bonuses, share-based compensation, pension contributions, housing funds, medical insurances and other social insurances) was approximately RMB2.7 million, RMB3.6 million, RMB4.6 million and RMB70.7 million, respectively. Under the arrangements currently in force, it is estimated that the aggregate amount of remuneration of our Directors (including fees, wages, salaries, discretionary bonuses, pension contributions, housing funds, medical insurances, other social insurances but excluding share-based compensation) for the year ending December 31, 2023 will be approximately RMB5.2 million.

The five individuals whose emoluments were the highest in the Group include nil, nil, one and one Director for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. For the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, the aggregate amount of remuneration in the form of wages, salaries, discretionary bonuses, pension contributions, housing funds, medical insurances, other social insurances, share-based compensation expenses and other employee benefits paid to the remaining non-director individuals whose emoluments were the highest in the Group were RMB7.7 million, RMB37.8 million, RMB24.2 million and RMB52.2 million, respectively. Further details on the remuneration of the five individuals whose emoluments were the highest in the Group during the Track Record Period are set out in the Accountant's Report in Appendix I to this document.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five individuals whose emoluments were the highest in the Group as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five individuals whose emoluments were the highest in the Group for the loss of office as director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived any emoluments. Save as disclosed above, during the Track Record Period, there were no other payments paid or payable to our Directors or five individuals whose emoluments were the highest in the Group by the Company or any of its subsidiaries.

For the details of the service contracts and appointment letters that we have entered into with our Directors, see the section headed "C. Further Information about our Directors and substantial Shareholders – 2. Particulars of Directors' service contracts and appointment letters" in Appendix IV to this document. For further details of share incentive grants to our Directors and officers, see the section headed "D. Share Incentive Schemes" in Appendix IV to this document.

SHARE INCENTIVE SCHEMES

For further details of our Share Incentive Schemes, see the section headed "D. Share Incentive Schemes" in Appendix IV to this document.

COMPLIANCE ADVISOR

We have appointed Maxa Capital Limited as our Compliance Advisor upon Listing in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise us, among others, in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of our authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the Global Offering.

As of the Latest Practicable Date, our authorized share capital was US$50,000 divided into (i) 206,290,659 Ordinary Shares, (ii) 15,995,501 Series Angel Preferred Shares, (iii) 19,971,731 Series Seed Preferred Shares, (iv) 15,521,371 Series A Preferred Shares, (v) 10,511,598 Series A+ Preferred Shares, (vi) 31,859,744 Series B Preferred Shares, (vii) 52,222,266 Series C Preferred Shares, (viii) 10,054,493 Series D Preferred Shares, (ix) 6,102,180 Series D-1 Preferred Shares, (x) 17,496,456 Series D-2 Preferred Shares, (xi) 27,000,000 Series E Preferred Shares, (xii) 53,894,003 Series F Preferred Shares, (xiii) 11,374,415 Series G-1 Preferred Shares, and (xiv) 21,705,583 Series G-2 Preferred Shares, each with par value of US$0.0001 each.

As of the Latest Practicable Date, we had the following Shares issued and outstanding: (i) 132,592,582 Ordinary Shares, (ii) 15,995,501 Series Angel Preferred Shares, (iii) 19,971,731 Series Seed Preferred Shares, (iv) 15,521,371 Series A Preferred Shares, (v) 10,511,598 Series A+ Preferred Shares, (vi) 31,859,744 Series B Preferred Shares, (vii) 52,222,266 Series C Preferred Shares, (viii) 10,054,493 Series D Preferred Shares, (ix) 6,102,180 Series D-1 Preferred Shares, (x) 17,496,456 Series D-2 Preferred Shares, (xi) 27,000,000 Series E Preferred Shares, (xii) 53,894,003 Series F Preferred Shares, (xiii) 11,374,415 Series G-1 Preferred Shares, and (xiv) 21,705,583 Series G-2 Preferred Shares. All of our Shares issued and outstanding prior to the completion of the Global Offering will be fully paid, and all of our Shares to be issued in the Global Offering will be issued as fully paid.

Each of the Series Angel Preferred Shares, Series Seed Preferred Shares, Series A Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series D-1 Preferred Shares, Series D-2 Preferred Shares, Series E Preferred Shares, Series F Preferred Shares, Series G-1 Preferred Shares, and Series G-2 Preferred Shares will be converted into Ordinary Shares on a one-to-one basis by way of re-designation immediately prior to the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised, the issued share capital of our Company immediately following the completion of the Global Offering will be as follows:

	Number of Shares	Approximate aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	
Shares in issue immediately before the Global Offering	426,301,923	42,630.1923	94.90%
Shares to be issued under the Global Offering	22,909,800	2,290.98	5.10%
Total	**449,211,723**	**44,921.17**	**100.00%**

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following the completion of the Global Offering will be as follows:

	Number of Shares	Approximate aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	
Shares in issue immediately before the Global Offering	426,301,923	42,630.1923	94.18%
Shares to be issued under the Global Offering	26,346,200	2,634.62	5.82%
Total	**452,648,123**	**45,264.81**	**100.00%**

ASSUMPTIONS

The above tables assume that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering, and that the Preferred Shares are converted into Ordinary Shares on a one-to-one basis immediately before the completion of the Global Offering. The above tables take no account of any Shares which may be allotted and repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise.

RANKINGS

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, our Company may from time to time by Shareholders' ordinary resolution (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, subject to the provisions of the Cayman Companies Act and the Memorandum and Articles of Association, our Company may by special resolution of our Shareholders reduce our share capital or capital redemption reserve fund. For details, see "Summary of the Constitution of the Company and Cayman Companies Law — 2 Articles of Association — 2.4 Alteration of capital" in Appendix III to this document.

Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to any classes of the Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued Shares of that class or with the sanction of a special resolution passed by a majority of not less than three-fourths of the votes cast at a separate general meeting of the holders of the Shares of that class. For details, see "Summary of the Constitution of the Company and Cayman Companies Law — 2 Articles of Association — 2.3 Variation of rights of existing shares or classes of shares" in Appendix III to this document.

Further, our Company will also hold general meetings from time to time as may be required under the Memorandum and Articles of Association, a summary of which is set out in the section headed "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix III to this document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares with an aggregate nominal value of not more than the sum of:

- 20% of the aggregate nominal value of our Share capital in issue immediately following the completion of the Global Offering; and
- the aggregate nominal value of our Share capital repurchased by us (if any) under the general mandate to repurchase Shares referred to below in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which the next annual general meeting of our Company is required under any applicable laws of the Cayman Islands or the Memorandum and Articles of Association to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Particulars of this general mandate to allot, issue and deal with Shares are set forth under the section headed "Statutory and General Information — A. Further information about our Group — 4. Resolutions of the Shareholders of our Company dated December 21, 2023" in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase our own Shares on the Stock Exchange or on any other stock exchange on which our Shares may be listed with a total nominal value of not more than 10% of the aggregate nominal value of our Share capital in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and Shares to be issued pursuant to the Post-IPO Share Incentive Scheme).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out under the section headed "Statutory and General Information — A. Further information about our Group — 4. Resolutions of the Shareholders of our Company dated December 21, 2023" in Appendix IV to this document.

The general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which the next annual general meeting of our Company is required by any applicable laws of the Cayman Islands or the Memorandum and Articles of Association to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

See the section headed "Statutory and General Information — A. Further information about our Group — 5. Repurchase of our own securities" in Appendix IV to this document for further details.

SHARE INCENTIVE SCHEMES

Our Company has adopted Share Incentive Schemes. For further details, please see the section headed "Statutory and General Information — D. Share Incentive Schemes" in Appendix IV to this document.

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the "**Cornerstone Investment Agreement**") with the cornerstone investor set out below (the "Cornerstone Investor") pursuant to which the Cornerstone Investor has agreed to, subject to certain conditions, subscribe for or cause its qualified domestic institutional investor ("**QDII**") as approved by the relevant PRC authorities to subscribe for a certain number of Offer Shares (rounded down to the nearest whole board lot of 100 Shares) that may be purchased with an aggregate amount of US$100 million (approximately HK$781.1 million) at the Offer Price (the "Cornerstone Placing").

The total number of Shares to be subscribed for by the Cornerstone Investor at the Offer Price of HK$43.00 per Offer Share would be 18,166,000, representing approximately 79.29% of the Offer Shares and approximately 4.04% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that, leveraging on the Cornerstone Investor's investment experience, the Cornerstone Placing will help raise the profile of our Company and to signify that such investor has confidence in our business and prospect.

The Cornerstone Placing forms part of the International Offering, and the Cornerstone Investor will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Offer Shares to be subscribed by the Cornerstone Investor will rank pari passu in all respects with the other fully paid Shares in issue following the completion of the Global Offering and to be listed on the Stock Exchange, and will be counted towards the public float of our Company. The Company became acquainted with the Cornerstone Investor through its business relationship.

Immediately following the completion of the Global Offering, the Cornerstone Investor will not become a substantial shareholder of our Company nor will it have any Board representation in our Company. To the best knowledge of our Company, the Cornerstone Investor (and its QDII), (i) is an Independent Third Party and is not our connected person, (ii) is not financed by us, our Directors, chief executive, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates, and (iii) is not accustomed to take instructions from us, our Directors, chief executive, 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 the Shares registered in its name or otherwise held by them. There are no side agreements or arrangements between us and the Cornerstone Investor.

The Cornerstone Investor will procure its QDII to comply with the terms of its Cornerstone Investment Agreement in order to ensure the compliance of the Cornerstone Investor with its obligations under the Cornerstone Investment Agreement.

As confirmed by the Cornerstone Investor, its subscription under the Cornerstone Placing would be financed by its own internal financial resources. The Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders or other regulatory authority is required for the relevant cornerstone investment as it has general authority to invest.

There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investor, and the consideration for the subscriptions of Offer Shares pursuant to the Cornerstone Investment Agreement will be settled by the Cornerstone Investor on or before the Listing Date. The Offer Shares to be subscribed by the Cornerstone Investor may be affected by the reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in "The Structure of the Global Offering — the Hong Kong Public Offering — Reallocation". Details of the allocations to the Cornerstone Investor will be disclosed in the allocation announcement to be published on or around January 4, 2024.

Based on the Offer Price of HK$43.00 per Offer Share

Cornerstone Investor	Subscription amount (USD million)	Number of Offer Shares(1)	Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximate % of Offer Shares	Approximate % of issued share capital immediately following the completion of the Global Offering	Approximate % of Offer Shares	Approximate % of issued share capital immediately following the completion of the Global Offering
Nanshan SEI Investment	100	18,166,000	79.29%	4.04%	68.95%	4.01%

Note:

(1) Rounded down to the nearest whole board lot of 100 Shares. Calculated based on the exchange rate as set out in the section headed "Information about this prospectus and the Global Offering — Exchange Rate Conversion" in this prospectus.

THE CORNERSTONE INVESTOR

The information about the Cornerstone Investor set forth below has been provided by the Cornerstone Investor in connection with the Cornerstone Placing.

Nanshan SEI Investment

Shenzhen Nanshan Strategic Emerging Industries Investment Co., Ltd. (深圳市南山戰略新興產業投資有限公司) ("**Nanshan SEI Investment**") has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 100 Shares) which may be subscribed with an aggregate amount of US$100 million at the Offer Price (excluding brokerage, SFC transaction levy, AFRC Transaction Levy and Stock Exchange trading fee).

Nanshan SEI Investment is wholly owned by Shenzhen Nanshan District State-owned Assets Supervision and Administration Bureau (深圳市南山區國有資產監督管理局). It is a strategic investment platform in Nanshan District, Shenzhen, with an investment focus on emerging industries such as new generation information technology, high-end equipment manufacturing, biomedicine and digital economy.

CLOSING CONDITIONS

The subscription obligation of the Cornerstone Investor under the Cornerstone Investment Agreement 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 the Underwriting Agreements, and neither of the aforesaid underwriting agreements having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Overall Coordinators (on behalf of themselves and the Underwriters);

(c) the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investor) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no applicable 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 Agreement 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 representations, warranties, undertakings, confirmations and acknowledgements of such Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of such Cornerstone Investment Agreement on the part of such Cornerstone Investor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six (6) months from the Listing Date (the "**Lock-up Restriction**"), dispose of any of the Offer Shares it has purchased pursuant to the Cornerstone Investment Agreement, save for 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 Restriction.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the following persons are expected to have an interest in the Shares or underlying Shares of our Company which would fall to be disclosed to us 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 our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Shares held as at the date of this document[1]		Shares held immediately following the completion of the Global Offering[2]	
		Number	Percentage	Number	Percentage
Dr. Qiu					
BlackPearl[3]	Beneficial owner	49,367,683	11.58%	49,367,683	10.99%
BlackPearl Investment Limited[3]	Interest in controlled corporation	49,367,683	11.58%	49,367,683	10.99%
Sunton Global[3]	Beneficiary of a trust	49,367,683	11.58%	49,367,683	10.99%
Dr. Qiu[3][7]	Beneficiary of a trust; interest held jointly with another person	97,082,430	22.77%	97,082,430	21.61%
Dr. Zhu					
Emerald Forest[4]	Beneficial owner	29,604,176	6.94%	29,604,176	6.59%
Emerald Forest Investment Limited[4]	Interest in controlled corporation	29,604,176	6.94%	29,604,176	6.59%
Emerald Forest Holding[4]	Beneficiary of a trust	29,604,176	6.94%	29,604,176	6.59%
Dr. Zhu[4][7]	Beneficiary of a trust; interest held jointly with another person	97,082,430	22.77%	97,082,430	21.61%
Mr. Liu					
Sixsense[5]	Beneficial owner	18,110,571	4.25%	18,110,571	4.03%
CyberStone Holdings Limited[5]	Interest in controlled corporation	18,110,571	4.25%	18,110,571	4.03%
Realsense[5]	Beneficiary of a trust	18,110,571	4.25%	18,110,571	4.03%
Mr. Liu[5][7]	Beneficiary of a trust; interest held jointly with another person	97,082,430	22.77%	97,082,430	21.61%

Name of Shareholder	Nature of interest	Shares held as at the date of this document(1)		Shares held immediately following the completion of the Global Offering (2)	
		Number	Percentage	Number	Percentage
Trustees					
TMF (Cayman) Ltd.(3)(4)(5)(6)	Trustee	101,931,831	23.91%	101,931,831	22.69%
Futu Trustee Limited(8)	Trustee	30,660,751	7.19%	30,660,751	6.83%
Cainiao					
Cainiao(9)	Beneficial owner	47,005,063	11.03%	47,005,063	10.46%
Cainiao Smart Logistics Network Limited(9)	Interest in controlled corporation	47,005,063	11.03%	47,005,063	10.46%
Alibaba Group Holding Limited(9)	Interest in controlled corporation	47,005,063	11.03%	47,005,063	10.46%
China Renaissance					
China Renaissance(10)	Interest in controlled corporation	22,695,199	5.32%	22,695,199	5.05%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 449,211,723 Shares in issue immediately following the completion of the Global Offering assuming (i) the Over-allotment Option is not exercised and (ii) all Preferred Shares are reclassified as Ordinary Shares on a one-to-one basis immediately before the completion of the Global Offering.

(3) As of the Latest Practicable Date, BlackPearl is owned as to 99.9% by BlackPearl Investment Limited and 0.1% by Sunton Global. Sunton Global is wholly owned by Dr. Qiu. BlackPearl Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Sunton Global and Dr. Qiu as beneficiaries. As such, each of Dr. Qiu, BlackPearl Investment Limited, Sunton Global and TMF (Cayman) Ltd. is deemed to be interested in the Shares held by BlackPearl for the purpose of Part XV of the SFO.

(4) As of the Latest Practicable Date, Emerald Forest is owned as to 99.9% by Emerald Forest Investment Limited and 0.1% by Emerald Forest Holding. Emerald Forest Holding is wholly owned by Dr. Zhu. Emerald Forest Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Emerald Forest Holding and Dr. Zhu as beneficiaries. As such, each of Dr. Zhu, Emerald Forest Investment Limited, Emerald Forest Holding and TMF (Cayman) Ltd. is deemed to be interested in the Shares held by Emerald Forest for the purpose of Part XV of the SFO.

(5) As of the Latest Practicable Date, Sixsense is owned as to 99.9% by CyberStone Holdings Limited and 0.1% by Realsense. Realsense is wholly owned by Mr. Liu. CyberStone Holdings Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Realsense and Mr. Liu as beneficiaries. As such, each of Mr. Liu, CyberStone Holdings Limited, Realsense and TMF (Cayman) Ltd. is deemed to be interested in the Shares held by Sixsense for the purpose of Part XV of the SFO.

(6) As of the Latest Practicable Date, one of the ESOP Holding Entities, Ruby, holding 4,849,401 Shares underlying the awards in the form of Restricted Shares granted to Mr. Qiu pursuant to Pre-IPO Share Incentive Scheme A, is owned as to 99.9% by Ruby Group Holdings Limited and 0.1% by Sunton Limited, which is in turn wholly owned by Mr. Qiu. Ruby Group Holdings Limited is held by TMF (Cayman) Ltd. as the trustee of a trust, with Sunton Limited and Mr. Qiu as the beneficiaries. As such, TMF (Cayman) Ltd. is deemed to be interested in the Shares held by Ruby for the purpose of Part XV of the SFO.

(7) Each of Dr. Qiu, Dr. Zhu and Mr. Liu entered into the Concert Party Confirmation to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier). See "History, Reorganization and Corporate Structure – Parties Acting in Concert" for details of the Concert Party Confirmation. As such, each of Dr. Qiu, Dr. Zhu and Mr. Liu is deemed to be interested in the Shares held by other members of the Founders for the purpose of Part XV of the SFO.

(8) Robust and Hoping Dream are two of the ESOP Holding Entities, holding 13,450,225 Shares (being part of the Shares underlying the Pre-IPO Share Incentive Scheme A) and 17,216,526 Shares (being the Shares underlying the Pre-IPO Share Incentive Scheme B), respectively. Each of Robust and Hoping Dream is indirectly controlled by Futu Trustee Limited acting as the trustee of a trust to hold the Shares on trust for the participants of the Pre-IPO Share Incentive Scheme A and the Pre-IPO Share Incentive Scheme B, respectively. As such, Futu Trustee Limited is deemed to be interested in the Shares held by Robust and Hoping Dream for the purpose of Part XV of the SFO.

(9) Cainiao is wholly owned by Cainiao Smart Logistics Network Limited, which is a subsidiary of Alibaba Group Holding Limited. As such, each of Cainiao Smart Logistics Network Limited and Alibaba Group Holding Limited is deemed to be interested in the Shares held by Cainiao for the purpose of Part XV of the SFO.

(10) Golden Development is held as to over 70% by Huaxing Growth IV, whose general partner is Huaxing Associates IV, Ltd., an indirect wholly-owned subsidiary of China Renaissance. The general partner of Huaxing Growth III is Huaxing Associates III L.P., whose general partner is Huaxing Associates GP III, Ltd., an indirect wholly-owned subsidiary of China Renaissance. As such, China Renaissance is deemed to be interested in the Shares held by each of Golden Development and Huaxing Growth III, respectively for the purpose of Part XV of the SFO.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us 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 our share capital carrying rights to vote in all circumstances at general meetings of our Company.

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountant's Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. 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 that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document.

OVERVIEW

We are a global leader in the LiDAR and perception solutions market. By integrating hardware and software, we have differentiated ourselves from most LiDAR companies in the market who only focus on hardware. Combined with visual or other sensors, LiDAR forms perception solutions that endow automobiles and robots with perception capabilities. We develop our solutions based on chip-driven LiDAR hardware and AI perception software, expanding application scenarios and realizing large-scale commercialization in the industry.

We have experienced strong revenue growth in recent years. Our revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021, and further by 60.2% to RMB530.3 million in 2022. Our revenue also increased by 38.7% from RMB237.2 million for the six months ended June 30, 2022 to RMB329.0 million for the same period in 2023. Our gross profit was RMB75.4 million and RMB140.3 million in 2020 and 2021, respectively. We recorded a gross loss of RMB39.3 million in 2022 and subsequently recorded a gross profit of RMB12.8 million for the six months ended June 30, 2023. We had a net loss of RMB220.6 million, RMB1,654.5 million, RMB2,086.1 million and RMB768.3 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. Our adjusted net loss (non-IFRS measure), which was adjusted by adding back (i) share-based compensation, (ii) fair value changes in financial instruments issued to investors and (iii) listing expenses, amounted to RMB59.9 million, RMB107.6 million, RMB562.8 million and RMB243.6 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS, issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 to the Accountant's Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations.

Factors Affecting the LiDAR Industry

Our results of operations and financial condition are affected by general factors affecting the LiDAR industry, including the development of end markets, economic conditions in China and global markets that affect the business activities in general.

We anticipate strong demand for our LiDAR products and solutions across a broad range of industries, such as autonomous vehicles and robotics. According to CIC, the size of the global LiDAR solutions market as measured by gross sales amount is projected to grow at a CAGR of 78.8% from RMB12.0 billion in 2022 to RMB1,253.7 billion in 2030. The automotive industry is expected to be the most active and prominent market, which is expected to grow at a CAGR of 103.2% from RMB3.4 billion in 2022 to RMB1,000.3 billion in 2030, and accounting for 79.8% of the global LiDAR solutions market by 2030, according to CIC. This is driven by the accelerating application of autonomous driving technology and government support. China's National Development and Reform Commission has set a goal to achieve mass production of vehicles featuring L3 self-driving capabilities by 2025. In addition, according to CIC, the LiDAR solutions market in robotics in terms of gross sales amount is expected to grow at a CAGR of 50.6% from RMB8.2 billion in 2022 to RMB216.2 billion by 2030.

Market acceptance of LiDAR products and solutions depends upon many other factors, including product performance, reliability and affordability, driver preference and perception of autonomous driving technologies, and research and development progress in artificial intelligence, chip computing power and sensors.

Our Ability to Enhance Technology and Develop Products and Solutions

The growth of our revenue depends on our ability to make technological advancements and develop products and solutions that meet the evolving needs of our customers. According to CIC, we were the first among all LiDAR companies in the world to commence the delivery of mass-produced automotive-grade LiDAR. According to CIC, as of March 31, 2023, we are also the only LiDAR company that has concurrently achieved (i) mass production of LiDAR hardware, (ii) commercialization of proprietary chip-driven scanning, transmission, receiving and processing systems and (iii) commercialization of perception software. We believe that our all-rounded hardware and software capabilities have given us the flexibility to choose the right technology roadmap and deliver products and solutions that are satisfactory to our customers, and that our chip-driven LiDAR solutions with highly synergistic integration of hardware and software will continue to differentiate us from other competitors. As of the Latest Practicable Date, we had accumulated 460 patents and 918 patent applications. See "Business — Intellectual Property."

Empowered by our chip-driven LiDAR platforms, we offer a comprehensive suite of LiDAR products and solutions. We have also extended the application of our LiDAR products and solutions in non-automotive industries, contributing to the wide deployment of multi-channel mechanical LiDAR in various application scenarios. Despite the success of our existing products and solutions, we are fully aware that our customers' demands are constantly evolving. We will diversify our products and solutions to capture our customers' broad range of application scenarios. We believe our comprehensive portfolio of products and solutions, catering to customers' needs, will position us at the forefront of LiDAR technology and drive our revenue growth in the future.

Our Ability to Successfully Commercialize Our Products and Solutions

We achieved the success of the world's first mass-produced solid-state LiDAR M1 in 2021. As of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, ranking No. 1 globally, according to CIC. We obtained almost half of the total design-win vehicle models in the automotive LiDAR solutions market and had delivered LiDAR products and solutions to the largest number of customers as of March 31, 2023, according to CIC. As of June 30, 2023, our design wins for mass production of LiDAR products increased to 58 vehicle models with 21 automotive OEMs and Tier 1 suppliers. As of the same date, our LiDAR products had been selected by the world's best selling automotive OEM from 2020 to 2022 and nine of China's top ten largest automotive OEMs in terms of sales volume in 2022, according to CIC. As a global leader in the LiDAR and perception solutions market, we have highly adaptable offerings, which comprise (i) hardware products with high extensibility and (ii) software with super-perception capabilities. Our full-stack solutions that integrate such hardware and software components allow us to quickly cater to the needs of our customers, and position us as a one-stop solution provider to our customers. We will build on such success and pursue commercialization of our new products and solutions. As of June 30, 2023, we established cooperation with more than 250 automotive OEMs and Tier 1 suppliers globally. In addition, we had served approximately 2,200 customers in robotics and non-automotive industries as of the same date.

We began mass production of solid-state LiDAR products in 2021. The mass-produced LiDAR products for ADAS applications are typically priced at a lower unit price than their respective prototypes, which is in line with market practice according to CIC. Whilst such pricing may have impacted our overall margins, we believe the decrease in average unit price for mass-produced products would stabilize over time. In addition, the variety of the LiDAR products and solutions we offer and their respective revenue contributions will also have an impact on our financial performance. For instance, LiDAR products for ADAS applications are generally priced lower and have lower gross margins, as compared to those for applications in robotics and others. In addition, we enjoy higher gross margins in relation to the sales of LiDAR perception solutions. Therefore, the varied revenue contributions by different revenue segments will affect our margins.

We intend to further refine our products and solutions based on our chip-driven LiDAR platforms. We will continue to upgrade our existing products, including refining product design and simplifying product architecture with the use of our in-house designed SoCs. This will further enhance the competitiveness of our products in terms of performance, cost effectiveness and reliability. Because of our consistent product design, our customers are able to seamlessly upgrade to the next-generation LiDAR products on the same platform with minimal additional development cost, thereby enhancing customer loyalty. According to CIC, we ranked No. 1 globally in terms of sales volume for customers in the robotics industry (excluding low-end LiDARs with fewer than 16 channels) in 2022.

In addition, successful commercialization of our products and solutions depends on the end-market demand for our customers' products, which in turn depends on multiple factors, including the size of our customers' end markets, end-market penetration of our customers' products that incorporate our LiDAR products and solutions, our end customers' financial stability, reputation, and ability to sell their products. To contend with end-market uncertainty, we will continue enriching the range of our products and solutions for a variety of applications. We anticipate a sustainable revenue growth as we continue to expand our product and solution offerings.

Our Ability to Effectively Control Product Costs and Manage Supply Chain

Our future profitability depends significantly on our ability to control product costs, which are affected by a number of factors, such as costs of components, raw materials and other supplies, as well as our manufacturing efficiency. Engineering and manufacturing capabilities are crucial to the success of large-scale mass production and delivery. We currently produce our products in two self-operated factories, Honghualing factory and Shiyan factory, and may engage Luxsense, our associate, to manufacture our LiDAR products in the future. We plan to continuously invest in our manufacturing facilities, including refining our production processes and enhancing the level of automation of our smart manufacturing production lines, in order to ramp up our production capacity while lowering unit cost. We believe that as we ramp up the production volume of our LiDAR products, we will achieve economies of scale such that our manufacturing costs and operating expenses as a percentage of our total revenue will decrease. Additionally, we will also explore different ways to enhance our manufacturing capabilities by partnering with contract manufacturers in order to meet mass production needs while controlling capital expenditure.

A surge in demand for electronics containing semiconductor chips and stockpiling of chips by certain companies created disruptions in the supply chain from late 2021 to the second half of 2022, resulting in a global chip shortage impacting our industry. We worked closely with our suppliers and customers to minimize the potential impacts of any supply shortages including by securing additional inventory. For example, we have built strong cooperative relationships with semiconductor chip suppliers. Whilst such shortage had some impact on our costs of sales during these periods, we did not experience any chip shortage and do not expect the shortage to have a material near-term impact on our ability to meet existing demand for our current products. See "— Description of Key Components of Our Results of Operations — Cost of Sales." If our mitigating efforts are not successful in managing our supply chain or if the global chip shortage reoccurs or worsens in ways we did not anticipate, our ability to deliver our products and solutions to our customers in a timely manner could be adversely affected. See "Risk Factors — Risks Related to Our Business and Industry — We are susceptible to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs, adversely affect our profitability and delay deliveries of our products to customers."

Our Ability to Effectively Invest in Technology and Talent

Our financial performance is dependent on our ability to maintain our leadership position in the LiDAR market. This further depends on the investments we make in research and development, especially in our LiDAR hardware, in-house designed chips and intelligent perception technology. It is essential that we continually identify and respond to rapidly evolving customer requirements, develop and introduce innovative products, enhance existing products and features, and generate active market demand for our LiDAR products and solutions. In particular, we are committed to investing in our technologies, diversifying our product portfolio by pioneering different LiDAR technologies, and commercializing new products based on market trends.

In order to maintain our leadership position in technological innovation, we have established a highly experienced talent pool with strong expertise and capabilities in relevant fields, such as optics, electronics, chips, signal processing software, among others. Highly skilled and talented research and development personnel enable us to remain at the forefront of the LiDAR industry, and are therefore critical to our success. As of June 30, 2023, our R&D team consisted of 548 employees, accounting for 45.9% of our total employees. As there is a limited supply of research and development personnel with necessary experience and expertise, and such talent is highly sought after by LiDAR companies and other high-tech companies, we will continue to provide competitive compensation and benefits packages to attract talents. We also cultivate our in-house talents by providing them appealing professional development opportunities. As of the Latest Practicable Date, we had established three share incentive schemes, so as to retain talent and promote our business development in the long run. See "Statutory and General Information — D. Share Incentive Schemes" in Appendix IV to this document. The foregoing endeavors may result in the increase of our R&D expenses.

Seasonality

Our results of operations are affected by seasonal fluctuations in demand for our products for ADAS applications, as impacted by market trends of the automotive industry. Given our customers in the automotive industry usually experience a decline in their own sales volumes during and following the Chinese New Year holidays, it can have an impact on the sales of our LiDAR products in the first quarter. Sales of LiDAR products for ADAS applications tend to increase in the second half of the year, which is generally in line with the overall automotive industry in China. Such fluctuations are seasonal in nature and are not indicative of our results of operations for the full year. In addition, the sales volume of our LiDAR products is subject to the timing at which SOP is achieved for the respective design-win vehicle models during a year.

IMPACT OF THE COVID-19 PANDEMIC ON OUR OPERATIONS AND FINANCIAL PERFORMANCE

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus disease 2019 (the "COVID-19") outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. The COVID-19 virus continued to spread rapidly worldwide in 2022, including where we have business operations and where our customers, suppliers and business partners are located. To contain the virus spread within our office premises and manufacturing facilities and protect the well-being of our employees, we adopted various mitigation measures, such as remote working, social distancing and mask wearing, and other site-specific precautionary measures.

Although our offices and manufacturing facilities were able to stay open throughout the pandemic, we experienced certain disruptions and inconvenience in our operations as a result of employee health and safety concerns, travel restrictions, and other actions and restrictions mandated by governmental authorities. On the supply end, our suppliers experienced disruptions and temporary shutdowns, and for a period of time could not meet their contractual obligations toward us. We were able to mitigate such impact as we had previously purchased and stored certain raw materials and key components, which mainly include FPGA and semiconductor chips, in preparation for the anticipated disruptions and were able to find substitute suppliers in China and the United States. As such, our production and delivery were not disrupted during the Track Record Period. However, our efforts to mitigate the impacts from the COVID-19 pandemic resulted in heightened costs in procuring certain raw materials and components used in our production. For example, expedited fees were required while procuring certain raw materials and components during the supply shortage period. The additional expedited fees amounted to approximately RMB0.6 million, RMB2.4 million, RMB50.7 million and RMB5.2 million in 2020, 2021, 2022 and the six months ended June 30, 2023, respectively. The supply crunch of semiconductor chips from late 2021 to the second half of 2022 due to a global supply shortage contributed significantly to an increase in the procurement costs of raw materials and consumables in 2022. We recorded heightened procurement costs primarily for power management chips, amplifiers and gallium nitride drivers. In relation to the procurement of power management chips, we incurred expedited fees of approximately RMB1.1 million and RMB33.8 million in 2021 and 2022, respectively. As a result, the average procurement costs for our semiconductor chips increased from approximately RMB1,100 per unit in 2021 to approximately RMB2,100 per unit in 2022, which subsequently decreased to approximately RMB740 per unit in the six months ended June 30, 2023. For instance, the average procurement cost per unit of power management chips increased from approximately RMB7 in 2021 to approximately RMB15 in 2022, which subsequently decreased to approximately RMB5 in the six months ended June 30, 2023. See "— Description of Key Components of Our Results of Operations — Cost of Sales." In addition, as the pandemic impacted the performance of the end-markets of our customers, our production volume did not scale up as anticipated.

As the COVID-19 pandemic has since subsided, we do not anticipate further adverse impact by the pandemic on our business and financial performance.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances.

Revenue Recognition

Our Group generates revenue primarily from the sales of products, solutions, as well as the provision of services and others. Our Group enters into contracts that may involve multiple performance obligations among which our Group allocates the transaction price on the basis of the standalone selling prices of each performance obligation. Standalone selling prices are generally determined based on the prices charged to customers. If it is not directly observable, the standalone selling price is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information, the data utilized, and considering our Group's pricing policies and practices in making pricing decisions.

Revenue is recognized when or as the control of the goods or services is transferred to customers. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as our Group performs; or
- does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

When either party to a contract has performed, our Group presents the contract in the consolidated balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is our Group's right to consideration in exchange for goods and services that our Group has transferred to a customer. An accounts receivable is recorded when our Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or our Group has a right to an amount of consideration that is unconditional, before our Group transfers a good or service to the customer, our Group presents the contract liability when the payment is made or a receivable is recorded, whichever is earlier. A contract liability is our Group's obligation to transfer goods or services to a customer for which our Group has received consideration, or an amount of consideration is due, from the customer.

Our Group may provide rebates, discounts and incentives, which is accounted for either as variable consideration or material right, depending on the specific terms and conditions of the arrangement.

In general, our Group does not offer rights of return for its goods and services. If, however, in a contract with certain customers, the contract term specifically grants the customers a right to return the purchased product for a refund, our Group accounts for revenue at the transaction price, less the expected level of returns calculated using the guidance on variable consideration. Allowances for sales returns, which reduce revenue, are estimated using the expected value method and were immaterial as of December 31, 2020, 2021 and 2022 and June 30, 2023. The return of goods and services amounted to RMB1.2 million, RMB2.8 million, RMB1.7 million and RMB0.3 million in 2020, 2021, 2022 and the six months ended June 30, 2023, respectively.

Our Group offers a trade-in right to certain customers, which, during the Track Record Period, provided such customer an option to exchange the used product for an upgraded version of the product within two years of the sales by paying the difference between the selling price of the upgraded product and the trade-in value of the used products. Such trade-in value was closely referencing to the market price of such used LiDAR in the secondary market. The customer is not entitled to significant economic benefit from exercising the put option. As such, the arrangement is accounted for as a right of return under IFRS 15. As the trade-in was conducted at the market price of both the new products and used products involved, our Group did not provide the customer with any additional discount or other material right. Hence, our Group effectively provided a secondary market to its customers. As there was a limited secondary market for sale of the used LiDAR, the trade-in right was substantively the rights of return. Therefore, when a sales trade-in transaction occurs, our Group:

(i) recognized revenue for the transferred products in the amount of consideration to which the customer expects to be entitled, which means revenue would not be recognized for the products expected to be returned;

(ii) recognized a refund liability for the transaction price received for the products expected to be returned; and

(iii) recognized an asset with the corresponding adjustment to cost of sales for its right to recover products from customers on settling the refund liability.

Product Revenue

Product revenue is derived from sales of various types of hardware.

Sales of hardware are essentially sales of LiDAR sensor systems incorporating hardware together with in-house developed software applications that are licensed on a perpetual or term basis. The embedded software applications are not considered to be dominant and distinct performance obligations as the license forms part of the hardware and is integral of the functionality of the hardware so that the customers can obtain economic benefit from the LiDAR sensor systems as a whole. Thus, the sales of LiDAR sensor system are identified as one performance obligation.

Revenue from sales of hardware is recognized at a point in time when control of the goods is transferred to the customers, generally upon delivery or upon acceptance by the customers depending on the terms of the underlying contract.

Solutions Revenue

Our Group also generates revenue from sales of solutions, which usually include multiple elements of hardware, software and associated services.

Certain solutions provide the customer with a combination of hardware, software, deployment and professional services as our Group provides significant integration services to integrate the hardware and the software to meet customers’ unique specifications and are accounted for as one performance obligation.

While for other solutions, the service of a relatively straightforward or routine nature, such as technical support and / or training services, are separated from the sales of hardware and software and accounted for as separate performance obligations as these services do not require specialized knowledge and do not provide any significant integration, modification, or customization services. Solutions revenue derived from hardware and software is recognized at a point in time upon delivery or upon acceptance from the customer depending on the underlying contract terms. Solutions revenue derived from technical support and training services is recognized over the service period as the customer simultaneously receives and consumes the benefits provided by our Group.

Services and Others Revenue

Services and others revenue mainly generated from provision of technology development services. The revenue generated from the technology development services is recognized at a point in time upon acceptance of such services by the customer given that the customers usually cannot obtain benefit when our Group is performing the services. The cost of fulfilling the technology development services is recognized as an asset when the costs are expected to be recovered and amortized into cost of sales at a point in time when the corresponding revenue is recognized if they meet the capitalization criteria as described under IFRS 15. The fulfillment costs of the technology development services that are not recoverable are recognized as cost of sales.

Share-based Compensation

Our Group operates certain equity-settled share-based compensation plans (Note 28), under which our Group receives service from our eligible employees as consideration for the equity instruments of our Group. The fair value of the employee services in exchange for the grant of equity instruments is recognized as an expense over the vesting period with a corresponding increase in equity. The fair value of the equity instruments granted is determined:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The fair value of the employee services received is measured by reference to the fair value of the shares at grant date. The total expense is recognized over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied, using graded vesting method. At the end of each period, the entity revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. For awards with performance conditions, share-based compensation expenses are recognized if and when we conclude that it is probable that the performance condition will be achieved. The estimates shall be reassessed and revised in subsequent periods, if necessary.

Our Group may modify the terms and conditions on which share-based compensation plans were granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting period.

If our Group modifies the vesting conditions in a manner that is beneficial to the employee, for example, by reducing the vesting period or by modifying or eliminating a performance condition (other than a market condition), the modification is accounted for retrospectively, to reflect the best estimate available (as of that date) of awards that are expected to vest.

A grant of share-based compensation plans, that is canceled or settled during the vesting period, is treated as an acceleration of vesting. Our Group immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses (if any). Historical cost includes expenditure that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

See Note 2.7 to the Accountant's Report in Appendix I to this document.

Fair Value Estimation

Our Group analyzes our financial instruments' fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

See Note 3.3 to the Accountant's Report in Appendix I to this document.

Inventory Provision

Inventories are stated at the lower of cost and net realizable value as stated in Note 2.15 to the Accountant's Report in Appendix I to this document. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though our management has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situations.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated results of operations for the periods presented:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Revenue	170,931	331,063	530,322	237,243	329,048
Cost of sales	(95,561)	(190,795)	(569,617)	(204,131)	(316,296)
Gross profit/(loss)	**75,370**	**140,268**	**(39,295)**	**33,112**	**12,752**
Research and development expenses	(81,534)	(133,037)	(305,941)	(104,792)	(246,394)
Sales and marketing expenses	(23,613)	(46,891)	(67,381)	(29,418)	(40,174)
General and administrative expenses	(37,603)	(142,374)	(188,352)	(80,951)	(170,515)
Net impairment losses on financial assets	(1,732)	(2,884)	(2,502)	(2,102)	(182)
Other income	8,143	18,761	31,483	12,026	14,987
Other gains/(losses) — net	358	584	(44,118)	(31,732)	(31,966)
Operating loss	**(60,611)**	**(165,573)**	**(616,106)**	**(203,857)**	**(461,492)**
Finance income/(costs) — net	677	(928)	15,445	(312)	34,774
Share of net loss of an associate accounted for using the equity method	—	—	—	—	(942)
Fair value changes in financial instruments issued to investors	(160,667)	(1,487,788)	(1,484,649)	(414,761)	(339,762)
Loss before income tax	**(220,601)**	**(1,654,289)**	**(2,085,310)**	**(618,930)**	**(767,422)**
Income tax expenses	—	(237)	(803)	(62)	(866)
Net loss	**(220,601)**	**(1,654,526)**	**(2,086,113)**	**(618,992)**	**(768,288)**
(Loss)/profit attributable to					
Owners of the Company	(220,794)	(1,658,730)	(2,088,652)	(618,987)	(771,222)
Non-controlling interests	193	4,204	2,539	(5)	2,934

NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an 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 year to year and company to company by eliminating potential impacts of 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 (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. 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 an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss (non-IFRS measure) as net loss for the period adjusted by adding back share-based compensation, fair value changes in financial instruments issued to investors and listing expenses. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net loss (non-IFRS measure) for the periods presented with the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the period:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	(RMB in thousands)				
				(unaudited)	
Reconciliation of net loss to adjusted net loss (non-IFRS measure):					
Net loss	(220,601)	(1,654,526)	(2,086,113)	(618,992)	(768,288)
Add:					
— Share-based compensation[1]	—	59,113	35,086	7,810	165,683
— Fair value changes in financial instruments issued to investors[2]	160,667	1,487,788	1,484,649	414,761	339,762
— Listing expenses[3]	—	—	3,558	—	19,195
Adjusted net loss (non-IFRS measure)	**(59,934)**	**(107,625)**	**(562,820)**	**(196,421)**	**(243,648)**

Notes:

(1) Share-based compensation is non-cash in nature and mainly represents the arrangement that we receive services from employees as consideration for our equity instruments. Share-based compensation is not expected to result in future cash payments.

(2) Fair value changes in financial instruments issued to investors represent the fair value changes of the preferred shares, warrants and convertible notes issued by us, which will convert into equity upon Listing.

(3) Listing expenses are related to the Global Offering.

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we primarily derived revenue from sales of products to customers in different industries, such as automotive, robotics and others. We also generated revenue from the sales of solutions, as well as the provision of services and others.

Revenue by Product Category

The following table sets forth our revenue breakdown by product category, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(unaudited)			
Products										
— For ADAS	6,175	3.6	40,089	12.1	160,355	30.2	41,409	17.5	146,910	44.7
— For robotics and others	124,036	72.6	189,014	57.1	239,053	45.1	131,053	55.2	87,962	26.7
Subtotal	**130,211**	**76.2**	**229,103**	**69.2**	**399,408**	**75.3**	**172,462**	**72.7**	**234,872**	**71.4**
Solutions	**37,918**	**22.2**	**84,730**	**25.6**	**122,260**	**23.1**	**57,754**	**24.3**	**60,654**	**18.4**
Services and others	**2,802**	**1.6**	**17,230**	**5.2**	**8,654**	**1.6**	**7,027**	**3.0**	**33,522**	**10.2**
Total	**170,931**	**100.0**	**331,063**	**100.0**	**530,322**	**100.0**	**237,243**	**100.0**	**329,048**	**100.0**

Sales of Products

During the Track Record Period, we derived a substantial portion of our revenue from sales of various types of LiDAR hardware to customers in the automotive, robotics and other industries. In terms of the ADAS applications, we generate revenue from sales of products to automotive OEMs and Tier 1 suppliers of passenger vehicles and commercial vehicles. Revenue from the applications in robotics and others is primarily generated from sales of products that are used for robotics, such as robotaxi, cleaning, logistics and industrial.

In 2020, 2021 and 2022 and the six months ended June 30, 2023, revenue from sales of products amounted to RMB130.2 million, RMB229.1 million, RMB399.4 million and RMB234.9 million, accounting for 76.2%, 69.2%, 75.3% and 71.4% of our total revenue, respectively. The overall increase was mainly attributable to the increase in the sales volume of products driven by the increasing demand for LiDAR products for ADAS applications and robotics amid the rapid expansion of the LiDAR solutions market in the automotive and robotics industries. In 2020, we sold approximately 7,200 units of our LiDAR products, which increased to approximately 16,300 units in 2021 and further increased to approximately 57,000 units in 2022. For the six months ended June 30, 2022, we sold approximately 17,900 units of our LiDAR products, which increased to approximately 47,200 units in the same period in 2023.

Sales of Solutions

We also provide LiDAR perception solutions to our customers, which are a combination of products and services, including our LiDAR hardware, software and associated services. Such solutions are applied to ADAS applications, as well as robotics and others. In 2020, 2021 and 2022 and the six months ended June 30, 2023, revenue from sales of solutions amounted to RMB37.9 million, RMB84.7 million, RMB122.3 million and RMB60.7 million, accounting for 22.2%, 25.6%, 23.1% and 18.4% of our total revenue, respectively.

Services and Others

In addition, we provide technology development services to our customers with customization requirements to produce product prototypes. The revenue generated from such technology development services is recognized at a point in time upon acceptance of such services by the customer. Once such customized prototypes are confirmed, we would mass produce and sell those customized products to such customers and record such revenue under sales of products. In 2020, 2021 and 2022 and the six months ended June 30, 2023, revenue from services and others amounted to RMB2.8 million, RMB17.2 million, RMB8.7 million and RMB33.5 million, accounting for 1.6%, 5.2%, 1.6% and 10.2% of our total revenue, respectively.

Revenue by Geographical Location

The following table sets forth our revenue breakdown by geographical location, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(unaudited)			
Revenue from:										
PRC	148,188	86.7	282,793	85.4	419,124	79.0	183,412	77.3	294,244	89.4
US	3,711	2.2	31,023	9.4	75,660	14.3	38,373	16.2	20,812	6.3
Others[(1)]	19,032	11.1	17,247	5.2	35,538	6.7	15,458	6.5	13,992	4.3
Total	**170,931**	**100.0**	**331,063**	**100.0**	**530,322**	**100.0**	**237,243**	**100.0**	**329,048**	**100.0**

Note:

(1) Others mainly include South Korea, Japan and Germany.

The PRC market has been a focus in our business development since inception. Sales from the PRC market increased from RMB148.2 million in 2020 to RMB282.8 million in 2021 and further to RMB419.1 million in 2022, accounting for 86.7%, 85.4% and 79.0% of our total revenue for the same year, respectively. Sales from the PRC market also increased from RMB183.4 million for the six months ended June 30, 2022 to RMB294.2 million for the six months ended June 30, 2023, accounting for 77.3% and 89.4% of our total revenue for the same periods, respectively. Such revenue growth reflected the success of our sales and marketing strategies during the Track Record Period.

In addition, since 2018, we established our business presence in the United States and other overseas markets. In particular, sales from the US market increased from RMB3.7 million in 2020 to RMB31.0 million in 2021 and further to RMB75.7 million in 2022, accounting for 2.2%, 9.4% and 14.3% of our total revenue for the same year, respectively. Sales from the US market decreased from

RMB38.4 million for the six months ended June 30, 2022 to RMB20.8 million for the same period in 2023, accounting for 16.2% and 6.3% of our total revenue for the same periods, respectively. The decrease in sales revenue from the US market in the six months ended June 30, 2023 was mainly attributable to the completion of several projects with customers in the US in 2022. We began delivery of our mass-produced products to a North American automotive OEM in 2021 and thus recorded a significant increase in revenue contribution by the US market in 2021 and 2022. Sales from other overseas markets decreased from RMB19.0 million in 2020 to RMB17.2 million in 2021 and subsequently increased to RMB35.5 million in 2022, accounting for 11.1%, 5.2% and 6.7% of our total revenue for the same year, respectively. Sales from other overseas markets decreased from RMB15.5 million for the six months ended June 30, 2022 to RMB14.0 million for the six months ended June 30, 2023, accounting for 6.5% and 4.3% of our total revenue for the same periods, respectively.

Cost of Sales

Our cost of sales relates to (i) the production of LiDAR products and solutions, and (ii) provision of services and others. It mainly comprises (i) procurement costs of raw materials and consumables used in our production process (including changes in inventories of finished goods and work-in-progress), (ii) inventory provision, (iii) depreciation and amortization expenses, and (iv) employee benefit expenses. Our cost of sales increased throughout the Track Record Period, which was mainly attributable to the increase in sale volume of our products and solutions.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)						*(unaudited)*			
Raw materials and consumables used	75,629	79.1	136,625	71.6	336,811	59.1	95,540	46.8	184,819	58.4
Inventory provision	9,331	9.8	7,608	4.0	80,575	14.1	49,688	24.3	30,923	9.8
Depreciation and amortization	4,413	4.6	8,863	4.6	27,681	4.9	11,302	5.5	18,401	5.8
Employee benefit expenses	2,683	2.8	21,250	11.1	101,311	17.8	37,236	18.2	69,792	22.1
Travel, office and freight expenses	1,336	1.4	2,622	1.4	9,173	1.6	2,965	1.5	2,891	0.9
Variable license fees	—	—	4,426	2.3	6,255	1.1	3,416	1.7	1,708	0.5
Other expenses	2,169	2.3	9,401	5.0	7,811	1.4	3,984	2.0	7,762	2.5
Total	**95,561**	**100.0**	**190,795**	**100.0**	**569,617**	**100.0**	**204,131**	**100.0**	**316,296**	**100.0**

The procurement costs of raw materials and consumables used in the production of our LiDAR products and solutions increased throughout the Track Record Period, which was mainly attributable to the increase in sales volume of our products and solutions. In particular, there was a supply crunch of semiconductor chips from late 2021 to the second half of 2022. In order to ensure our production would not be disrupted due to such shortage, we procured and maintained an escalated level of semiconductor chips inventory at higher prices and expedited fees. Based on our management accounts, the costs of semiconductor chips in 2020, 2021 and 2022 and the six months ended June 30, 2023 amounted to RMB6.6 million, RMB16.1 million, RMB71.0 million and RMB42.7 million, respectively, which represented 6.9%, 8.4%, 12.5% and 13.5% of our total cost of sales, respectively.

We conduct inventory provision assessment quarterly. We had an inventory provision amounted to RMB70.3 million for products for ADAS applications in 2022 primarily due to: (i) higher inventory costs as a result of the accumulation of semiconductor chips procured at high prices; (ii) higher costs of product completion attributable to the expansion of the production capacity of our LiDAR products for ADAS applications whilst we are still in the ramp-up period of our production; and (iii) our strategic decision to not increase the selling price, so as to maintain price competitiveness.

In addition, as we ramped up our production capacity, we expanded our manufacturing team and production facilities, and purchased equipment. As a result, the employee benefit expenses increased from RMB2.7 million in 2020 to RMB21.3 million in 2021 and further to RMB101.3 million in 2022. The employee benefit expenses increased from RMB37.2 million for the six months ended June 30, 2022 to RMB69.8 million for the same period in 2023. Further, as such equipment is depreciated over their expected useful lives, we recorded an increase in depreciation and amortization expenses from RMB4.4 million in 2020 to RMB8.9 million in 2021, and further to RMB27.7 million in 2022. The depreciation and amortization expenses also increased from RMB11.3 million for the six months ended June 30, 2022 to RMB18.4 million for the same period in 2023.

The average production cost per unit is affected by the product mix under each product category and the varied production cost for each product, which is in turn affected by the complexity of products. Due to the number of products offered in each product category and their varying production costs, changes in production volumes may offset the effects and contribute to the overall changes of production cost per unit in each product category. The following table sets forth the average production cost per unit by product category for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Products					
— For ADAS	10.8	8.4	8.7	11.6	5.0
— For robotics and others	11.1	8.7	7.0	7.9	6.3
Solutions	129.5	246.0	275.7	204.0	367.5
Services and others	2,152.0	3,674.7	25,950.5	4,803.0	7,787.4

In June 2021, we commenced mass production of automotive-grade solid-state LiDARs, and began to enjoy a certain extent of economies of scale. As such, the production cost per unit of products for ADAS application decreased from RMB10.8 thousands in 2020 to RMB8.4 thousands in 2021. However, given the supply shortage of the semiconductor chips from late 2021 to the second half of 2022, we recorded heightened procurement costs primarily for power management chips, amplifiers and gallium nitride drivers. For instance, the average procurement cost per unit of power management chips increased from approximately RMB7 to approximately RMB15 in 2022, which subsequently decreased to approximately RMB5 in the six months ended June 30, 2023. In relation to the procurement of power management chips, we incurred expedited fees of approximately RMB1.1 million and RMB33.8 million in 2021 and 2022, respectively. As a result, the average procurement costs for semiconductor chips increased from approximately RMB1,100 per unit in 2021 to approximately RMB2,100 per unit in 2022. This in turn contributed to the increased production cost per unit of products for ADAS application from RMB8.4 thousands in 2021 to RMB8.7 thousands in 2022. The production cost per unit of products for ADAS application subsequently decreased to RMB5.0 thousand in the six months ended June 30, 2023, which was attributable to (i) the supply shortage eased off; and (ii) the economies of scales, as we scaled up our production volume for LiDAR products for ADAS applications.

The production cost per unit of products for robotics and others generally decreased throughout the Track Record Period, which was primarily due to (i) the overall increase in production volume of our LiDAR products and the economies of scale therefrom, and (ii) the production of products for robotics and others was less affected by the heightened procurement costs of semiconductor chips.

Our provision of solutions and services and others became more complex and required longer development time. As such, the production costs associated with such solutions and services increased significantly throughout the Track Record Period.

We have adopted a multi-pronged approach to optimize production costs, so as to improve our gross profit margin, which include (i) design optimization by our engineers in the R&D team, (ii) enhanced supplier selection processes by our procurement team with active communications to optimize our production processes, (iii) improved production processes by our engineers in the production team, and (iv) enhanced packaging to improve logistics and storage. In addition to ramping up our production volume, we believe that these efforts will contribute to achieving economies of scale and improving our profit margin performance.

As the unit costs of raw materials, especially semiconductor chips, decrease and we continue to expand our mass production and achieve economies of scale, we anticipate the cost of sales as a percentage of our total revenue to decrease generally going forward.

Gross Profit/(Loss) and Gross Margin

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

The following table sets forth our gross profit/(loss) and gross margin by product category for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	(RMB in thousands, except for percentages)									
							(unaudited)			
Products										
— For ADAS	3,196	51.8%	6,339	15.8%	(162,091)	(101.1)%	(49,146)	(118.7)%	(52,189)	(35.5)%
— For robotics and others	46,812	37.7%	81,855	43.3%	98,920	41.4%	51,562	39.3%	41,672	47.4%
Solutions	24,712	65.2%	45,868	54.1%	67,123	54.9%	33,275	57.6%	28,684	47.3%
Services and others	650	23.2%	6,206	36.0%	(43,247)	(499.7)%	(2,579)	(36.7)%	(5,415)	(16.2)%
Total	**75,370**	**44.1%**	**140,268**	**42.4%**	**(39,295)**	**(7.4)%**	**33,112**	**14.0%**	**12,752**	**3.9%**

Our overall gross margin performance was largely affected by costs of raw materials and consumables, manufacturing efficiency, and changes in revenue contributions from different product categories. In particular, the changes in our gross margin for our LiDAR products for ADAS applications during the Track Record Period were largely affected by (i) decrease in selling price from prototype stage to mass production, (ii) heightened procurement costs of semiconductor chips, and (iii) high overhead cost per unit at the initial stage of SOP. We began mass production of LiDAR products for ADAS applications in 2021, and revenue from sales of LiDAR products for ADAS applications experienced a significant ramp-up in 2022. In general, LiDAR products for ADAS applications are priced lower and have lower gross margins, as compared to those for robotics and others, as well as solutions. Furthermore, mass-produced LiDAR products for ADAS applications are typically sold at a lower unit price than their respective prototypes. The number of design-win vehicle models that achieved SOP was nil, one, seven, nine, 13 and 24 as of December 31, 2020, 2021 and 2022, March 31, 2023, June 30, 2023 and the Latest Practicable Date. See "Business — Our Products and Solutions" for details of the average selling prices across product categories. As we benefit from the economies of scale from mass production, the overhead cost per unit for manufacturing a product are typically higher at the initial stage of SOP. For instance, the M1 Plus was launched in February 2022 and we recorded an average overhead cost per unit of approximately RMB6,200 in May 2022, which decreased to approximately RMB1,000 in December 2022 and further to approximately RMB300 in May 2023.

Our overall gross margin remained relatively stable at 44.1% and 42.4% in 2020 and 2021, respectively, primarily because sales of LiDAR products for robotics and others and provision of LiDAR perception solutions contributed a significant majority of our revenues during these periods. In addition, the gross profit margin of our LiDAR products for robotics and others remained relatively stable at 43.3% and 41.4% in 2021 and 2022, respectively, primarily because the procurement costs of the semiconductor chips that were used in the production of these products remained relatively stable and did not involve significant additional expedited fees despite the global supply shortage.

As we started ramping up sales of our LiDAR products for ADAS applications in 2022, the revenue contribution by LiDAR products for ADAS applications increased significantly. The number of LiDAR products sold for ADAS applications increased from approximately 4,000 units in 2021 to approximately 36,900 units in 2022. However, this product category experienced a significant decrease in gross margin in 2022, as we generally offered mass-produced products at a lower unit price than their respective prototypes. The average selling price of our LiDAR products for ADAS applications decreased by 57.0% from approximately RMB10,000 in 2021 to approximately RMB4,300 in 2022. Whilst the gross margins of products for robotics and others and provision of solutions have remained relatively stable from 2021 to 2022, the revenue from these two product categories experienced a relatively moderate growth of 26.5% and 44.3%, respectively. As a result, we recorded a gross loss of RMB39.3 million with a gross loss margin of 7.4% in 2022.

Our gross loss position in 2022 subsequently turned around to a gross profit of RMB12.8 million with a gross profit margin of 3.9% for the six months ended June 30, 2023. This was primarily driven by the improved gross margins for the sales of LiDAR products. As we utilized the inventory of semiconductor chips that were procured at heightened prices, we started to procure such components at lower prices. As the prices for semiconductor chips began to normalize since late 2022, procurement costs of raw materials and consumables used that were recognized as cost of sales accounted for 56.2% of our total revenue in the six months ended June 30, 2023, which was significantly lower than that of 63.5% in 2022. This contributed to our improved gross margin for the first half of 2023. Our enhanced manufacturing efficiency also contributed to the improved gross margin performance in the first six months of 2023 for products for ADAS applications and products for robotics and others. In particular, the gross margin for products for ADAS applications and products for robotics and others both improved in the six months ended June 30, 2023, as compared to 2022, from negative 101.1% and 41.4% to negative 35.5% and 47.4%, respectively. We expect our gross margin to further improve as we continue to scale up and achieve economies of scale. As the revenue contributions by various product categories continue to evolve, our gross margins may be affected accordingly. See "Business — Business Sustainability."

R&D Expenses

Our R&D expenses primarily comprise (i) employee benefit expenses, (ii) procurement costs of raw materials and consumables used in our R&D activities, and (iii) depreciation and amortization.

The following table sets forth a breakdown of our R&D expenses by nature for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(unaudited)			
Employee benefit expenses	56,811	69.7	92,334	69.4	182,397	59.6	76,356	72.9	187,285	76.0
Raw materials and consumables used	6,518	8.0	19,821	14.9	47,430	15.5	12,996	12.4	14,913	6.1
Depreciation and amortization	6,030	7.4	6,757	5.1	14,417	4.7	6,371	6.1	13,216	5.4
Professional service fees	5,084	6.2	2,528	1.9	7,267	2.4	1,964	1.9	3,002	1.2
Design and development expenses	3,883	4.8	2,553	1.9	40,441	13.2	950	0.9	15,156	6.1
Travel, office and freight expenses	2,304	2.8	4,492	3.4	5,438	1.8	1,907	1.8	4,038	1.6
Other expenses	904	1.1	4,552	3.4	8,551	2.8	4,248	4.0	8,784	3.6
Total	**81,534**	**100.0**	**133,037**	**100.0**	**305,941**	**100.0**	**104,792**	**100.0**	**246,394**	**100.0**

During the Track Record Period, our R&D expenses amounted to RMB81.5 million, RMB133.0 million, RMB305.9 million and RMB246.4 million, accounting for 47.7%, 40.2%, 57.7% and 74.9% of our total revenue in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. Our R&D team expanded throughout the Track Record Period, from 109 as of December 31, 2020 to 293 as of December 31, 2021 and further to 482 and 548 as of December 31, 2022 and June 30, 2023, respectively. Such increased personnel resulted in the increase in employee benefit expenses. In addition, the procurement costs of raw materials and consumables used and the expenses on design and development in our R&D activities increased throughout the Track Record Period, as we enhanced our R&D efforts in developing new technologies and products. See "Business — Research and Development." We expect the R&D expenses to increase in absolute amount alongside our technological development and expansion of our product and solution offerings in the future.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise (i) employee benefit expenses and (ii) travel, office and freight expenses.

The following table sets forth a breakdown of our sales and marketing expenses by nature for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(unaudited)			
Employee benefit expenses	16,202	68.6	32,080	68.4	48,347	71.8	22,349	76.0	29,395	73.2
Travel, office and freight expenses	3,325	14.1	9,334	19.9	8,759	13.0	3,098	10.5	5,684	14.1
Advertising and promotion costs	1,551	6.6	2,134	4.6	3,928	5.8	977	3.3	2,025	5.0
Depreciation and amortization	986	4.2	1,270	2.7	1,107	1.6	319	1.1	1,281	3.2
Professional service fees	337	1.4	612	1.3	1,042	1.5	58	0.2	434	1.1
Other expenses	1,212	5.1	1,461	3.1	4,198	6.3	2,617	8.9	1,355	3.4
Total	**23,613**	**100.0**	**46,891**	**100.0**	**67,381**	**100.0**	**29,418**	**100.0**	**40,174**	**100.0**

Our sales and marketing expenses amounted to RMB23.6 million, RMB46.9 million, RMB67.4 million and RMB40.2 million, accounting for 13.8%, 14.2%, 12.7% and 12.2% of our total revenue in 2020, 2021, 2022 and the six months ended June 30, 2023, respectively. In particular, our employee benefit expenses in relation to our sales and marketing activities increased from RMB16.2 million in 2020 to RMB32.1 million in 2021, and further to RMB48.3 million in 2022, which was primarily due to the changes in personnel composition of the sales and marketing team. Our employee benefit expenses in relation to our sales and marketing activities also increased from RMB22.3 million for the six months ended June 30, 2022 to RMB29.4 million for the same period in 2023, which was in line with our business expansion. See "— Period-to-Period Comparison of Results of Operations." We expect our sales and marketing expenses in absolute amount to increase alongside our business expansion. In particular, we intend to increase our investments in relation to business development in domestic PRC market and overseas markets.

General and Administrative Expenses

Our general and administrative expenses primarily comprise (i) employee benefit expenses and (ii) professional service fees.

The following table sets forth a breakdown of our general and administrative expenses by nature for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(unaudited)			
Employee benefit expenses	21,300	56.6	110,790	77.8	128,512	68.2	57,197	70.7	138,380	81.2
Professional service fees	11,719	31.2	21,728	15.3	27,977	14.9	9,732	12.0	1,877	1.1
- Legal service fees	7,365	19.6	5,401	3.8	8,559	4.5	4,452	5.5	368	0.2
- Audit fees	3,587	9.5	7,775	5.5	1,064	0.6	997	1.2	281	0.2
- Consultancy fees[(1)]	427	1.1	4,448	3.1	12,194	6.5	2,336	2.9	23	0.0
- Recruitment fees	218	0.6	2,403	1.7	1,426	0.8	471	0.6	227	0.1
- Others	122	0.4	1,701	1.2	4,734	2.5	1,476	1.8	978	0.6
Depreciation and amortization	2,391	6.4	4,284	3.0	10,320	5.5	4,369	5.4	5,530	3.2
Travel, office and freight expenses	1,460	3.9	4,085	2.9	5,277	2.8	2,700	3.3	2,402	1.4
Listing expenses	—	—	—	—	3,558	1.9	—	—	19,195	11.3
Other expenses[(2)]	733	1.9	1,487	1.0	12,708	6.7	6,953	8.6	3,131	1.8
Total	**37,603**	**100.0**	**142,374**	**100.0**	**188,352**	**100.0**	**80,951**	**100.0**	**170,515**	**100.0**

Notes:

(1) Consultancy fees are mainly in relation to the engagement of professional service firms in light of our pre-IPO investments and the Reorganization.

(2) Other expenses mainly include certain expenses related to tax costs incurred on behalf of certain shareholders in connection with the Reorganization in preparation of the Listing, technical service fees and software licensing fees.

Our general and administrative expenses amounted to RMB37.6 million, RMB142.4 million, RMB188.4 million and RMB170.5 million, accounting for 22.0%, 43.0% and 35.5% and 51.8% of our total revenue in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. In particular, our employee benefit expenses in relation to our administrative personnel increased during the Track Record Period, primarily due to the expansion of our general and administrative team and the grant of share incentives. Professional service fees we incurred during the Track Record Period primarily include audit fees, legal service fees, consultancy fees and recruitment fees, and mainly relate to our financing activities. Whilst we expect our general and administrative expenses to increase in absolute amount alongside our business expansion, we plan to make continuous efforts to improve our administrative efficiency.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets primarily represent provision of impairment of trade and notes receivables. We recorded net impairment losses on financial assets of RMB1.7 million, RMB2.9 million, RMB2.5 million and RMB0.2 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively.

Other Income

Our other income primarily consists of government grants and amounted to RMB8.1 million, RMB18.8 million, RMB31.5 million and RMB15.0 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. Such government grants consist of specific subsidies and other subsidies. Such specific subsidies are provided by the government for specific purposes, such as completion of R&D projects. As the scale of our R&D efforts expanded throughout the Track Record Period, the government grants we received increased correspondingly.

Other Gains/(Losses) – Net

Our other net gains/(losses) primarily comprise (i) net fair value gains on financial assets at fair value through profit or loss ("**FVPL**"), and (ii) net foreign exchange losses.

The following table sets forth a breakdown of our other net gains/(losses) for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)			*(unaudited)*	
Net fair value gains on financial assets at FVPL	898	1,155	1,120	—	796
Net foreign exchange losses	(271)	(678)	(45,132)	(31,395)	(32,234)
Others	(269)	107	(106)	(337)	(528)
Total	**358**	**584**	**(44,118)**	**(31,732)**	**(31,966)**

In 2020, 2021 and 2022 and the six months ended June 30, 2023, we had net foreign exchange losses of RMB0.3 million, RMB0.7 million, RMB45.1 million and RMB32.2 million, respectively. See "— Period-to-period Comparison of Results of Operations" for details in relation to the net foreign exchange losses. In addition, in 2022, we recognized losses from currency translation of foreign operations of RMB1.9 million and currency translation losses from functional currency to presentation currency of RMB296.7 million in other comprehensive income. For the six months ended June 30, 2023, we recognized losses from currency translation of foreign operations of RMB12.1 million and currency translation losses from functional currency to presentation currency of RMB198.7 million in other comprehensive income.

Finance Income/(Costs) — Net

Finance income comprises (i) interest income from cash and cash equivalents and (ii) net foreign exchange gains. Finance costs primarily comprise (i) net foreign exchange losses and (ii) interest expenses on lease liabilities and license fees payable.

The following table sets forth a breakdown of our finance income and finance costs for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Finance income:					
Interest income from cash and cash equivalents	1,501	1,286	20,491	3,164	36,657
Net foreign exchange gains	—	345	—	—	—
Subtotal	**1,501**	**1,631**	**20,491**	**3,164**	**36,657**
Finance costs:					
Net foreign exchange losses	—	—	(2,006)	(1,885)	(603)
Interest expenses on bank borrowings	(253)	(112)	—	—	—
Interest expenses on lease liabilities	(571)	(843)	(1,648)	(923)	(613)
Interest expenses on license fees payable	—	(1,604)	(1,392)	(668)	(667)
Subtotal	**(824)**	**(2,559)**	**(5,046)**	**(3,476)**	**(1,883)**
Finance income/(costs) — net	**677**	**(928)**	**15,445**	**(312)**	**34,774**

Our finance income remained relatively stable at RMB1.5 million and RMB1.6 million in 2020 and 2021, respectively. Our finance income significantly increased from RMB1.6 million in 2021 to RMB20.5 million in 2022 and from RMB3.2 million for the six months ended June 30, 2022 to RMB36.7 million for the same period in 2023, primarily driven by the increase in the balance of our cash and cash equivalents mainly from the proceeds of our financing activities.

Our finance costs increased from RMB0.8 million in 2020 to RMB2.6 million in 2021, primarily due to the increase in the interest expense on license fees payable. Our finance costs further increased from RMB2.6 million in 2021 to RMB5.0 million in 2022, primarily due to the increase in net foreign exchange losses. Our finance costs decreased from RMB3.5 million for the six months ended June 30, 2022 to RMB1.9 million for the same period in 2023, primarily due to the decrease in the net foreign exchange losses and interest expenses on lease liabilities.

Income Tax Expenses

Enterprise income tax ("EIT") was made on the estimated assessable profits of entities within our Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC EIT rate is 25% during the Track Record Period.

Shenzhen Suteng and Suzhou Xijing MEMS have been approved as High and New Technology Enterprises ("HNTE") under relevant tax rules and regulations, and accordingly, are subjected to a preferential EIT rate of 15% during the Track Record Period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in R&D activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year ("Super Deduction"). Starting from October 1, 2022, the additional deduction ratio was increased to 100%.

Shanghai Lubo was granted the qualification as "Small and Medium-sized Sci-tech Enterprise", could claim additional 75% deduction of their research and development expenses before tax during the year ended December 31, 2021. Starting from January 1, 2022, the additional deduction ratio was increased to 100%.

Shanghai Lubo and Suzhou Xijing MEMS were qualified as "Small Low-Profit Enterprise". The entitled subsidiaries are subject to a preferential income tax rate from 2.5% to 10% during the Track Record Period.

As of December 31, 2020, 2021 and 2022 and June 30, 2023, our Group had unused tax losses of approximately RMB323.7 million, RMB471.4 million, RMB1,115.4 million and RMB1,508.5 million, respectively, which can be carried forward against future taxable income. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income.

Our Group principally conducted our business in Mainland China, where the accumulated tax losses will normally expire within five years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the expiry period of the accumulated unexpired tax losses of Shenzhen Suteng, which is qualified as HNTE, from 2019 had been extended from five years to ten years. Shenzhen Suteng re-applied for its HNTE status in 2022 and the approval was obtained in December 2022.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Revenue

Our total revenue increased by 38.7% from RMB237.2 million for the six months ended June 30, 2022 to RMB329.0 million for the same period in 2023. The increase was primarily due to the increased sales of products in the first six months of 2023.

- Revenue from the sales of products increased by 36.2% from RMB172.5 million for the six months ended June 30, 2022 to RMB234.9 million for the same period in 2023, primarily due to the increased sales of products for ADAS applications, such as our automotive-grade solid-state LiDAR. The total number of our LiDAR products sold increased from approximately 17,900 units in the first six months of 2022 to approximately 47,200 units in the 2023, of which the number of LiDAR products sold for ADAS applications significantly increased from approximately 7,800 units in the first six months of 2022 to approximately 39,900 units in the first six months of 2023. The revenue growth driven by the increase in sales volume of products for ADAS applications was partially offset by (i) the decrease in the average unit price of products for ADAS applications, as we sold more mass-produced LiDARs, which were typically priced at a lower unit price than their respective prototypes, in the first six months of 2023, and (ii) the decrease in sales volume of products for robotics and others, primarily because we strategically focused on capturing the market opportunities in the ADAS market, and have halted the production of RS-LiDAR-16 since December 2022.

- Revenue from the sales of solutions increased by 5.0% from RMB57.8 million for the six months ended June 30, 2022 to RMB60.7 million for the same period in 2023, primarily due to the increase in sales of V2X solutions that are tailored for smart infrastructure applications.

- Revenue from the provision of services and others increased significantly by 377.0% from RMB7.0 million for the six months ended June 30, 2022 to RMB33.5 million for the same period in 2023, primarily due to the completion and revenue recognition of five projects in the first six months of 2023.

Cost of Sales

Our cost of sales increased by 54.9% from RMB204.1 million for the six months ended June 30, 2022 to RMB316.3 million for the same period in 2023, primarily driven by the increase in sales of products in the first six months of 2023.

Gross Profit and Gross Margin

Our gross profit decreased from RMB33.1 million for the six months ended June 30, 2022 to RMB12.8 million for the same period in 2023. Accordingly, our gross profit margin decreased from 14.0% for the six months ended June 30, 2022 to 3.9% for the same period in 2023.

Our overall gross margin was largely affected by the changes in the sales contribution from different product categories. Despite the decrease in overall gross profit margin from 14.0% for the six months ended June 30, 2022 to 3.9% for the same period in 2023, our gross margins improved significantly across the three product categories, namely (i) LiDAR products for ADAS applications, (ii) LiDAR products for robotics and others, and (iii) provision of services. However, the improved gross margins across these product categories were offset by a decrease in the gross margin of our provision of LiDAR perception solutions.

In particular, for our LiDAR products for ADAS applications, we recorded a gross loss of RMB49.1 million and RMB52.2 million for the six months ended June 30, 2022 and 2023, respectively. The gross margin for this product category improved significantly from a gross loss margin of 118.7% for the six months ended June 30, 2022 to 35.5% for the same period in 2023. The prices of semiconductor chips we procured in 2023 were significantly lower than those procured at heightened costs in 2022. In 2022, due to the semiconductor chips supply shortage issue, the prices of semiconductor chip we procured were higher, which also resulted in a significant inventory provision incurred in 2022. In addition, our gross margin improvement was also attributable to the economies of scales, as we scaled up our production volume for LiDAR products for ADAS applications.

For our sales of LiDAR products for robotics and others, we recorded a gross profit of RMB51.6 million and RMB41.7 million for the six months ended June 30, 2022 and 2023, respectively. The gross profit margin for this product category improved significantly from 39.3%

for the six months ended June 30, 2022 to 47.4% for the same period in 2023. This was primarily because we have halted the production of RS-LiDAR-16 since December 2022, which were of a lower gross margin.

For our provision of LiDAR perception solutions, we recorded a gross profit of RMB33.3 million and RMB28.7 million for the six months ended June 30, 2022 and 2023, respectively. The gross profit margin for this product category decreased from 57.6% for the six months ended June 30, 2022 to 47.3% for the same period in 2023. This was primarily due to the increase in revenue contribution from the sales of our V2X solutions, which were generally of a lower gross margin compared to other perception solutions.

For our provision of services, we recorded a gross loss of RMB2.6 million and RMB5.4 million for the six months ended June 30, 2022 and 2023, respectively. The gross margin for this product category improved significantly from a gross loss margin of 36.7% for the six months ended June 30, 2022 to 16.2% for the same period in 2023. This was primarily because we provided one-off technology development service to our certain key customers at favorable prices in the first half of 2022.

R&D Expenses

Our R&D expenses increased significantly by 135.1% from RMB104.8 million for the six months ended June 30, 2022 to RMB246.4 million for the same period in 2023. The increase was primarily due to (i) the higher employee benefit expenses which were mainly attributable to (a) the increase in share-based compensation of RMB70.6 million, and (b) the increase in the number of R&D personnel from 417 as of June 30, 2022 to 548 as of June 30, 2023 and improved remuneration package; and (ii) the increased R&D efforts, resulting in higher design and development expenses. We recruited additional R&D personnel specialized in the development of proprietary chips, who enjoyed higher remuneration package.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 36.6% from RMB29.4 million for the six months ended June 30, 2022 to RMB40.2 million for the same period in 2023. The increase was primarily due to (i) the higher employee benefit expenses which were mainly attributable to (a) the increase in share-based compensation of RMB2.5 million, and (b) the remuneration package; and (ii) the increase in business development and promotion activities as the COVID-19 restrictions had been eased.

General and Administrative Expenses

Our general and administrative expenses increased significantly by 110.6% from RMB81.0 million for the six months ended June 30, 2022 to RMB170.5 million for the same period in 2023. The increase was primarily due to (i) the increase in share-based compensation of RMB84.7 million, resulting in the higher employee benefit expenses, and (ii) the listing expenses incurred in the first six months of 2023.

Net Impairment Losses on Financial Assets

We recorded net impairment losses on financial assets of RMB0.2 million for the six months ended June 30, 2023, as compared with that of RMB2.1 million for the same period in 2022. This was primarily due to the decrease in our provision of impairment of trade and notes receivables driven by the increased number of customers in the automotive industry with better credit profiles.

Other Income

Our other income increased by 25.0% from RMB12.0 million for the six months ended June 30, 2022 to RMB15.0 million for the same period in 2023. The increase was primarily due to the increase in interest income from time deposits.

Other Losses — Net

Our net other losses, which were primarily net foreign exchange losses, remained relatively stable at RMB31.7 million for the six months ended June 30, 2022 and RMB32.0 million for the same period in 2023.

Finance Income/(Costs) — Net

We recorded net finance income of RMB34.8 million for the six months ended June 30, 2023, as compared with net finance costs of RMB0.3 million for the same period in 2022. The turnaround was primarily due to the increase in interest income from cash and cash equivalents.

Net Loss

As a result of the foregoing, our net loss for the period increased by 24.1% from RMB619.0 million for the six months ended June 30, 2022 to RMB768.3 million for the same period in 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our total revenue increased by 60.2% from RMB331.1 million in 2021 to RMB530.3 million in 2022. The increase was primarily due to the increased sales of products in 2022.

- Revenue from the sales of products increased by 74.3% from RMB229.1 million in 2021 to RMB399.4 million in 2022, primarily due to the increased sales of products for ADAS applications, such as our automotive-grade solid-state LiDAR. The total number of our LiDAR products sold increased from approximately 16,300 units in 2021 to approximately 57,000 units in 2022, of which the number of LiDAR products sold for ADAS applications increased from approximately 4,000 units in 2021 to approximately 36,900 units in 2022. The revenue growth driven by the increase in sales volume was partially offset by the decrease in the average unit price of products for ADAS applications in 2022, as we generally offered mass-produced products at a lower unit price than their respective prototypes since June 2021. On the other hand, the average unit prices across majority of our LiDAR products for robotics and others remained relatively stable in 2021 and 2022, while maintaining price competitiveness.

- Revenue from the sales of solutions increased by 44.3% from RMB84.7 million in 2021 to RMB122.3 million in 2022, primarily due to the growing customer base in this segment. The number of customers who purchased our LiDAR perception solutions increased from approximately 160 in 2021 to approximately 200 in 2022.

- Revenue from the provision of services and others decreased by 49.8% from RMB17.2 million in 2021 to RMB8.7 million in 2022, primarily due to certain customization projects that remained ongoing as of December 31, 2022, which we will recognize such revenue upon acceptance of such services by the customers.

Cost of Sales

Our cost of sales increased by 198.5% from RMB190.8 million in 2021 to RMB569.6 million in 2022, which was mainly driven by the increase in sales of products in 2022. In particular, the procurement costs of raw materials and consumables used in our production process increased from RMB136.6 million in 2021 to RMB336.8 million in 2022, which was mainly attributable to (i) the increase in sales of products, and (ii) the supply crunch of semiconductor chips from late 2021 to the second half of 2022. We had a significant inventory provision in 2022 primarily due to: (i) higher inventory costs as a result of the accumulation of semiconductor chips procured at high prices; (ii) higher costs of product completion attributable to the expansion of the production capacity of our LiDAR products for ADAS applications whilst we are still in the ramp-up period of our production; and (iii) our strategic decision to remain price competitive with better cost advantage resulting from the economies of scale we enjoy, as we ramp-up the production volume.

In addition, we recorded an increase in depreciation and amortization expenses from RMB8.9 million in 2021 to RMB27.7 million in 2022, due to the expansion of facilities and purchased equipment as we depreciate the cost of such equipment over their expected useful lives. As we implemented mass production of automotive-grade solid-state LiDAR, there was an increase in the number of employees involved in the production, resulting in an increase in employee benefit expenses for manufacturing related personnel from RMB21.3 million in 2021 to RMB101.3 million in 2022.

Gross Profit/(Loss) and Gross Margin

We recorded a gross loss of RMB39.3 million in 2022, compared to a gross profit of RMB140.3 million in 2021.

Our overall gross margin decreased from a gross profit margin of 42.4% in 2021 to a gross loss margin of 7.4% in 2022. This is primarily because our overall gross margin was largely affected by the changes in the sales contribution from different product categories, and we started ramping up sales of our LiDAR products for ADAS applications in 2022. The number of LiDAR products sold for ADAS applications increased from approximately 4,000 units in 2021 to approximately 36,900 units in 2022. This product category experienced a significant decrease in gross margin in 2022, as we generally offered mass-produced products at a lower unit price than their respective prototypes. The average selling price of our LiDAR products for ADAS applications decreased by 57.0% from approximately RMB10,000 in 2021 to approximately RMB4,300 in 2022. Whilst the gross margins of products for robotics and others and provision of solutions have remained relatively stable from

2021 to 2022, the revenue from these two product categories experienced a relatively moderate growth of 26.5% and 44.3%, respectively.

In particular, for our LiDAR products for ADAS applications, we recorded a gross profit of RMB6.3 million and a gross loss of RMB162.1 million in 2021 and 2022, respectively. The gross margin for this product category decreased significantly from a gross profit margin of 15.8% in 2021 to a gross loss margin of 101.1% in 2022. The decreased margin was mainly attributable to (i) higher procurement costs of raw materials and consumables as a result of the accumulation of semiconductor chips procured at high prices due to the semiconductor chip supply shortage in 2022; (ii) higher costs of product completion given the expanded production capacity during the ramp-up period of our production; and (iii) our strategic decision to generally offer mass-produced products at a lower unit price than their respective prototypes. In particular, our total costs of semiconductor chips increased from RMB16.1 million in 2021 to RMB71.0 million in 2022. These factors also resulted in a significant inventory provision in 2022.

For our LiDAR products for robotics and others, we recorded a gross profit of RMB81.9 million and RMB98.9 million in 2021 and 2022, respectively. The gross margin for this product category remained relatively stable at 43.3% and 41.4% in 2021 and 2022, respectively.

For our provision of LiDAR perception solutions, we recorded a gross profit of RMB45.9 million and RMB67.1 million in 2021 and 2022, respectively. The gross margin for this product category remained relatively stable, at 54.1% and 54.9% in 2021 and 2022, respectively.

For our provision of services, we recorded a gross profit of RMB6.2 million and a gross loss of RMB43.2 million in 2021 and 2022, respectively. The gross margin for this product category experienced a significant decrease from a gross profit margin of 36.0% in 2021 to a gross loss margin of 499.7% in 2022. This was primarily because we provided one-off technology development service to our certain key customers at favorable prices in 2022.

R&D Expenses

Our R&D expenses increased by 130.0% from RMB133.0 million in 2021 to RMB305.9 million in 2022. The increase in R&D expenses was primarily due to (i) the increase in the number of R&D personnel from 293 as of December 31, 2021 to 482 as of December 31, 2022, resulting in higher employee benefit expenses, (ii) the increase in the design and development expenses, and (iii) the increase in the procurement costs of raw materials and consumables. We recruited additional R&D personnel specialized in the development of proprietary chips and designated R&D projects, who enjoyed higher remuneration package. We conducted various R&D projects in 2022 in relation to the development of (i) the M and E platform products, (ii) proprietary chips and (iii) multi-sensor fusion technology. The increase in the procurement costs of raw materials and consumables was also attributable to the increase in the prices at which we procured semiconductor chips since late 2021.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 43.7% from RMB46.9 million in 2021 to RMB67.4 million in 2022, primarily because we adjusted our sales and marketing team by hiring more experienced personnel to support our business expansion in the domestic and overseas automotive LiDAR solutions markets. However, the overall number of our sales personnel remained relatively stable in 2021 and 2022.

General and Administrative Expenses

Our general and administrative expenses increased by 32.3% from RMB142.4 million in 2021 to RMB188.4 million in 2022, mainly attributable to (i) expenses of RMB7.9 million related to tax costs incurred on behalf of certain shareholders in connection with the Reorganization in preparation of the Listing, which resulted in the increase in other expenses; and (ii) the increase in the number of administrative personnel, resulting in higher employee benefit expenses. In preparation of the Listing, we underwent the Reorganization and our Company became the holding company and listing vehicle of our Group. During the process of the Reorganization, certain shareholders were liable to make capital gain tax payments to the relevant PRC tax bureau in relation to the sales of their equity interests in Shenzhen Suteng, such that their capital contribution amounts at the Cayman level can be done net of the tax liabilities incurred. Such tax payments amounted to RMB7.9 million, which were recorded as general and administrative expenses as they represented tax costs absorbed by us as part of the Reorganization only for certain shareholders and not considered to be pro-rata distribution to all shareholders. In addition, professional service fees increased by 28.8% from RMB21.7 million in 2021 to RMB28.0 million in 2022, mainly attributable to the consultancy fees of RMB12.2 million and legal service fees of RMB8.6 million incurred in relation to the series G of its pre-IPO investments and the Reorganization.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets decreased from RMB2.9 million in 2021 to RMB2.5 million in 2022. The decrease was primarily due to the decrease in our provision of impairment of trade and notes receivables driven by our improved management of such receivables.

Other Income

Our other income increased by 67.6% from RMB18.8 million in 2021 to RMB31.5 million in 2022, mainly attributable to the increase in government grants which were related to the increase in our R&D efforts.

Other Gains/(losses) — Net

We incurred net other losses of RMB44.1 million in 2022, as compared to net other gains of RMB0.6 million in 2021, which was mainly attributable to the foreign exchange losses we incurred in 2022 in relation to a RMB-denominated intragroup borrowing by RoboSense HK to Shenzhen Suteng. The functional currency of RoboSense HK was U.S. dollars.

Finance Income/(Costs) — Net

Our net finance costs turned around from RMB0.9 million in 2021 to net finance income of RMB15.4 million in 2022, which was mainly attributable to the increase in interest income from cash and cash equivalents.

Net Loss

As a result of the foregoing, our net loss for the year increased by 26.1% from RMB1,654.5 million in 2021 to RMB2,086.1 million in 2022.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our total revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021. The increase was primarily due to the increase in sales of products and solutions in 2021.

- Revenue from the sales of products increased by 75.9% from RMB130.2 million in 2020 to RMB229.1 million in 2021, primarily due to the increased sales of products for ADAS applications, such as our automotive-grade solid-state LiDAR. The number of LiDAR products sold increased from approximately 7,200 units in 2020 to approximately 16,300 units in 2021, of which the number of LiDAR products sold for ADAS applications increased from approximately 300 units in 2020 to approximately 4,000 units in 2021. The revenue growth driven by the increase in sales volume was partially offset by the decrease in the average unit price of products for ADAS applications, as we generally offered such products at lower prices when we began mass production. On the other hand, we maintained competitive pricing across our LiDAR products for robotics and others in 2020 and 2021 in order to capture market opportunities.

- Revenue from the sales of solutions increased by 123.5% from RMB37.9 million in 2020 RMB84.7 million in 2021, primarily due to the increase in the overall pricing of the LiDAR perception solutions in 2021, which was attributable to the greater complexity in the customization requirements.

- Revenue from the provision of services and others increased by 514.9% from RMB2.8 million in 2020 to RMB17.2 million in 2021, primarily because we completed a major customization project for a North American automotive OEM in 2021.

Cost of Sales

Our cost of sales increased by 99.6% from RMB95.6 million in 2020 to RMB190.8 million in 2021, which was mainly driven by the overall increase in sales of products, solutions, as well as provision of services and others in 2021. Particularly, the procurement costs of raw materials and consumables increased from RMB75.6 million in 2020 to RMB136.6 million in 2021, which was mainly attributable to the increase in production volume in 2021 and, to a lesser extent, the increase in procurement prices for semiconductor chips. In addition, the employee benefit expenses increased from RMB2.7 million in 2020 to RMB21.3 million in 2021, primarily due to the new personnel recruited for the extended provision of services to our customers in 2021.

Gross Profit and Gross Margin

We recorded an increase in gross profit from RMB75.4 million in 2020 to RMB140.3 million in 2021. Our gross margin remained relatively stable at 44.1% and 42.4% in 2020 and 2021, respectively. See "— Description of Key Components of Our Results of Operations — Gross Profit/(Loss) and Gross Margin."

R&D Expenses

Our R&D expenses increased by 63.2% from RMB81.5 million in 2020 to RMB133.0 million in 2021. The increase in R&D expenses in 2021 was primarily due to the increase in the number of

R&D personnel from 109 as of December 31, 2020 to 293 as of December 31, 2021, resulting in higher employee benefit expenses. We recruited additional R&D personnel specialized in the development of LIDAR hardware. We conducted various R&D projects in 2021 in relation to the development of (i) the M platform products and (ii) proprietary chips.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 98.7% from RMB23.6 million in 2020 to RMB46.9 million in 2021, which was primarily due to the increase in the number of sales personnel, resulting in higher employee benefit expenses. We increased sales and marketing efforts to promote business relations with leading automotive OEMs and Tier 1 suppliers, so as to capture the market demand in the automotive LiDAR solutions market.

General and Administrative Expenses

Our general and administrative expenses increased by 278.7% from RMB37.6 million in 2020 to RMB142.4 million in 2021, which was primarily due to (i) the increase in the number of administrative personnel and the grant of share incentives to our employees, resulting in higher employee benefit expenses, and (ii) the increased professional service fees in 2021. Professional service fees increased by 85.4% from RMB11.7 million in 2020 to RMB21.7 million in 2021, mainly attributable to the increase in consultancy fees incurred in relation to the series F of its pre-IPO investments and the Reorganization in 2021 and audit fees.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets increased from RMB1.7 million in 2020 to RMB2.9 million in 2021. The increase was primarily due to the increase in our impairment loss on trade and notes receivables, which was driven by the increased sales volume.

Other Income

Our other income increased by 132.1% from RMB8.1 million in 2020 to RMB18.8 million in 2021, which was mainly attributable to the increase in government grants as we completed several R&D projects in 2021.

Other Gains — Net

Our net other gains increased by 50.0% from RMB0.4 million in 2020 to RMB0.6 million in 2021, which was mainly attributable to the increase in net fair value gains on financial assets at FVPL in 2021.

Finance Income/(Costs) — Net

Our net finance income decreased by 228.6% from RMB0.7 million in 2020 to net finance costs of RMB0.9 million in 2021, which was mainly attributable to the interest expenses on license fees payable incurred in relation to a license agreement we entered into in 2021.

Net Loss

As a result of the foregoing, our net loss for the year increased by 650.0% from RMB220.6 million in 2020 to RMB1,654.5 million in 2021.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this document:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Total current assets	330,117	1,569,239	3,029,363	2,820,168
Total non-current assets	28,158	172,960	398,071	420,154
Total assets	**358,275**	**1,742,199**	**3,427,434**	**3,240,322**
Total current liabilities	122,853	1,280,887	7,594,095	494,822
Total non-current liabilities	1,187,292	3,097,231	870,597	8,597,765
Total liabilities	**1,310,145**	**4,378,118**	**8,464,692**	**9,092,587**
Total deficits	**(951,870)**	**(2,635,919)**	**(5,037,258)**	**(5,852,265)**
Total deficits and liabilities	**358,275**	**1,742,199**	**3,427,434**	**3,240,322**

We recorded total deficits of RMB951.9 million, RMB2,635.9 million, RMB5,037.3 million and RMB5,852.3 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. The increases were mainly attributable to our net loss.

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

	As of December 31,			As of June 30,	As of October 31,
	2020	2021	2022	2023	2023
	(RMB in thousands)				
					(unaudited)
Current assets:					
Inventories	53,602	138,583	289,088	272,030	244,464
Trade and notes receivables	70,604	120,264	206,983	257,231	415,506
Prepayments, other receivables and other current assets	11,638	679,714	66,480	88,788	99,911
Financial assets at fair value through other comprehensive income	1,347	3,139	2,469	—	24,888
Financial assets at fair value through profit or loss	80,137	—	307,859	—	—
Time deposits	60,066	—	84,573	89,753	—
Restricted cash	—	—	530	735	9,130
Cash and cash equivalents	52,723	627,539	2,071,381	2,111,631	1,946,216
Total current assets	**330,117**	**1,569,239**	**3,029,363**	**2,820,168**	**2,740,115**
Current liabilities:					
Trade payables	44,469	70,927	223,849	198,708	319,656
Contract liabilities	11,197	11,608	19,651	23,029	12,367
Borrowings	4,700	—	—	—	2,005
Lease liabilities	6,008	11,831	17,356	16,373	16,737
Government grants	1,086	533	—	—	—
Financial instruments issued to investors	—	974,046	6,212,044	—	—
Other payables and accruals	55,393	211,942	1,121,195	256,712	213,282
Total current liabilities	**122,853**	**1,280,887**	**7,594,095**	**494,822**	**564,047**
Net current assets/(liabilities)	**207,264**	**288,352**	**(4,564,732)**	**2,325,346**	**2,176,068**

Our net current assets decreased from RMB2,325.3 million as of June 30, 2023 to RMB2,176.1 million as of October 31, 2023, primarily due to (i) the decrease of RMB165.4 million in cash and cash equivalents, (ii) the increase of RMB120.9 million in trade payables, (iii) the decrease of RMB89.8 million in time deposits, and (iv) the decrease of RMB27.6 million in inventories, partially offset by an increase of RMB158.3 million in trade and notes receivables.

We recorded net current assets of RMB2,325.3 million as of June 30, 2023, compared to net current liabilities of RMB4,564.7 million as of December 31, 2022. This was mainly attributable to (i) the reclassification of financial instruments issued to investors of RMB6,212.0 million from current liabilities to non-current liabilities, and (ii) a decrease of RMB864.5 million in other payables and accruals.

We recorded net current liabilities of RMB4,564.7 million as of December 31, 2022, compared to our net current assets of RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB5,238.0 million in the current portion of financial instruments issued to investors, (ii) an increase of RMB909.3 million in other payables and accruals, and (iii) an increase of RMB152.9 million in trade payables, partially offset by (i) an increase of RMB1,443.8 million in cash and cash equivalents, (ii) an increase of RMB307.9 million in financial assets at fair value through profit or loss and (iii) an increase of RMB150.5 million in inventories.

Our net current assets increased from RMB207.3 million as of December 31, 2020 to RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB668.1 million in prepayments, other receivables and other current assets, (ii) an increase of RMB574.8 million in cash and cash equivalents, and (iii) an increase of RMB85.0 million in inventories, partially offset by (i) an increase of RMB974.0 million in the current portion of financial instruments issued to investors, (ii) an increase of RMB156.5 million in other payables and accruals, and (iii) a decrease of RMB80.1 million in financial assets at fair value through profit or loss.

Inventories

Our inventories primarily comprise (i) raw materials, (ii) work-in-progress, and (iii) finished goods. Raw materials and work-in-progress primarily include (i) materials for production, such as optics, fasteners, electronics and packaging materials, and (ii) those mainly for trial production or R&D activities, which are expensed as incurred. Finished goods primarily consist of our LiDAR products that are ready for transit at our manufacturing facilities or in transit to fulfill customer orders.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Raw materials	16,203	49,124	103,039	95,299
Work-in-progress	21,946	67,523	174,402	154,554
Finished goods	35,461	49,276	102,804	100,582
Fulfillment cost	1,834	1,187	11,766	4,708
Subtotal	**75,444**	**167,110**	**392,011**	**355,143**
Less: provision for inventories	(21,842)	(28,527)	(102,923)	(83,113)
— Raw materials	(2,080)	(2,804)	(8,477)	(8,863)
— Work-in-progress	(10,356)	(8,339)	(53,981)	(32,304)
— Finished goods	(9,406)	(17,384)	(40,465)	(41,946)
Total	**53,602**	**138,583**	**289,088**	**272,030**

Our inventories increased from RMB53.6 million as of December 31, 2020 to RMB138.6 million as of December 31, 2021, and further increased to RMB289.1 million as of December 31, 2022. Such increase was driven by the increase in production and sales volume of our LiDAR products throughout the Track Record Period. There was a supply crunch of semiconductor chips from late 2021 to the second half of 2022. In order to ensure our production would not be disrupted due to such shortage, we procured and maintained an escalated level of semiconductor chips inventory at higher prices and expedited fees. This resulted in an increase in average manufacturing cost per unit for our LiDAR products in 2022.

Our inventories subsequently decreased from RMB289.1 million as of December 31, 2022 to RMB272.0 million as of June 30, 2023, primarily due to (i) the utilization of raw materials and work-in-progress accumulated in 2022, and (ii) the decrease in the cost of procuring certain raw materials in the first six months of 2023 as compared to that in the same period of 2022. As we maintained an escalated level of inventories as of December 31, 2022, we reduced the procurement of raw materials in the first six months of 2023.

As we generate revenue from the technology development services, the fulfillment cost of such technology development services is recognized as an asset when the costs are expected to be recovered. Such costs are subsequently amortized into cost of sales at a point in time when the corresponding revenue is recognized if they meet the capitalization criteria as described under IFRS 15. The fulfillment costs of the technology development services that are not recoverable are recognized as cost of sales. The fulfillment cost accounted for in our inventories amounted to RMB1.8 million, RMB1.2 million, RMB11.8 million and RMB4.7 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. The significant increase in fulfillment cost in 2022 was mainly attributable to the increased number of technology development service contracts signed with automotive OEMs and Tier 1 suppliers but not yet delivered to these customers.

Inventories are stated at the lower of cost and net realizable value as stated in Note 2.15 to the Accountant's Report in Appendix I to this document. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. During the Track Record Period, we recognized provision for inventories primarily due to (i) global shortage of semiconductor chips which resulted in heightened procurement costs of such components, (ii) relatively low utilization of our inventories due to the lower sales volume of LiDAR products than anticipated, and (iii) relatively higher production costs for certain products that had yet reached the mass production stage. We had provision for inventories of RMB21.8 million, RMB28.5 million, RMB102.9 million and RMB83.1 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. The provision for inventories in 2020, 2021 and 2022 and the six months ended June 30, 2023 was mainly made to net realizable value of our inventories. We believe the provisions for inventories were sufficient as of the end of each period of the Track Record Period, primarily because (i) the provision in relation to raw materials were made to recognize the reduced market prices, but they remain in working order and suitable for production of our LiDAR products, and (ii) the provision in relation to work in progress and finished goods were made to net realizable value of our inventories, having considered the expansion of our product range and the subsequent sales of these products. The number of LiDAR products sold increased from approximately 7,200 units in 2020 to approximately 16,300 units in 2021, and further to approximately 57,000 in 2022. The total number of our LiDAR products sold also increased from approximately 17,900 units in the first six months of 2022 to approximately 47,200 units in the first six months of 2023. In light of the increased demand and sales volume, we believe that sufficient provision has been made.

The following table sets forth an aging analysis of our inventories based on recognition date as of the dates indicated:

	As of December 31			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Up to 3 months	56,795	119,243	275,553	225,373
3 months to 6 months	7,884	15,122	68,163	41,594
6 months to 1 year	4,023	10,664	22,561	59,328
Over 1 year	6,742	22,081	25,734	28,848
Total	**75,444**	**167,110**	**392,011**	**355,143**

As of June 30, 2023, the inventories that aged over 1 year amounted to RMB28.8 million, representing less than 10% of total inventories, which we believe to be insignificant.

The following table sets forth our inventory turnover days for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2020	2021	2022	2023
	(days)			
Inventory turnover days(1)	167	184	137	161

Note:

(1) Calculated using the average of opening balance and closing balance of the inventories for such periods divided by cost of sales for the relevant periods and multiplied by the number of days during such periods (i.e. 365 or 366 days for one fiscal year, as the case may be, and 181 days for the first half of 2023).

Our inventory turnover days increased from 167 days in 2020 to 184 days in 2021, primarily because we procured and maintained an escalated level of semiconductor chips inventory in late 2021 in light of the global chip shortage. See "— Key Factors Affecting Our Results of Operations — Our Ability to Effectively Control Product Costs and Manage Supply Chain" for details of our mitigating efforts in response to the global chip shortage. Subsequently, our inventory turnover days decreased from 184 days in 2021 to 137 days in 2022, primarily due to our enhanced inventory management protocol. Our inventory turnover days increased from 137 days in 2022 to 161 days for the six months ended June 30, 2023, primarily due to the escalated level of inventories as of December 31, 2022 as the opening balance of inventories in 2023, which subsequently decreased from RMB289.1 million as of December 31, 2022 to RMB272.0 million as of June 30, 2023.

Our management team reviews the ageing and recoverability of inventories at the end of each reporting period. We procured additional raw materials in 2021 in light of the anticipated production volume at the time. However, there was relatively low utilization of our inventories due to the lower sales volume of LiDAR products than anticipated, resulting in such inventories to age over 1 year as of June 30, 2023. Based on our assessment of the recoverability of the raw materials and the provisions made at each balance sheet date, we continued to consume and utilize these inventories in the production process of our LiDAR products, and such inventories are expected to be consumed and utilized. As such, we believe that there is no recoverability issue for inventories despite the prolonged inventory turnover days.

As of October 31, 2023, RMB226.0 million, or approximately 63.6% of our inventories as of June 30, 2023 had been sold or utilized.

Trade and Notes Receivables

Our trade and notes receivables mainly comprise trade receivable and notes receivable. The following table sets forth a breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Trade receivables	69,120	122,724	206,604	255,755
Notes receivables	3,347	2,287	7,533	8,535
Subtotal	**72,467**	**125,011**	**214,137**	**264,290**
Less: credit loss allowances	(1,863)	(4,747)	(7,154)	(7,059)
Total	**70,604**	**120,264**	**206,983**	**257,231**

Our trade and notes receivables increased from RMB70.6 million as of December 31, 2020 to RMB120.3 million as of December 31, 2021, and further to RMB207.0 million as of December 31, 2022 and RMB257.2 million as of June 30, 2023, primarily due to our strong sales growth throughout the Track Record Period.

Our Group applies the simplified approach in relation to the impairment of trade and notes receivables as prescribed by IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. Trade and notes receivables are grouped based on shared credit risk characteristics and aging period for the measuring of expected credit losses. Our Group divided trade and notes receivables into two categories to measure the expected credit loss rates: (i) category 1 is for customers who have a relatively low credit risk and no default history. Also, these customers are financially capable of settling the outstanding amount; and (ii) category 2 is for customers who have a relatively higher credit risk. With different types of customers, our Group calculated the expected credit loss rates separately. The expected loss rates are determined based on the credit rating of counterparties, and adjusted to reflect the current conditions and the forward-looking information on the macroeconomic environment that may affect the ability of counterparties to settle the receivables. We recorded net impairment losses on financial assets of RMB1.7 million, RMB2.9 million, RMB2.5 million and RMB0.2 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively, which primarily represent provision of impairment of trade and notes receivables. As of December 31, 2020, 2021 and 2022 and June 30, 2023, we recognized credit loss allowances of RMB1.9 million, RMB4.7 million, RMB7.2 million and RMB7.1 million, respectively, which we believe were sufficient as of the end of each period of the Track Record Period. These relate to a number of established customers in the automotive industry for whom there is no significant financial difficulty, and based on past experience, the management believes the overdue amounts can be recovered.

In order to enhance the collection of overdue trade receivables, our finance team monitors overdue payments closely and prepares a monthly aging report showing the customers' overdue amounts for the management's review. Our sales team also evaluates such overdue invoices on a case-by-case basis and follows up with the customers to collect the overdue trade receivables. We generally endeavor to collect our overdue trade receivables through friendly negotiation, in order to maintain long term business relationship with these customers. However, if the outstanding trade receivables are not settled despite further communications, we may take legal actions against our customers to recover the balances. The following table sets forth an aging analysis of our trade and notes receivables based on recognition date as of the dates indicated:

	As of December 31			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Up to 6 months	63,837	105,353	170,853	217,116
6 months to 1 year	6,346	10,654	30,422	33,164
1 to 2 years	885	6,913	10,510	11,870
Over 2 years	1,399	2,091	2,352	2,140
Total	**72,467**	**125,011**	**214,137**	**264,290**

The following table sets forth the turnover days of our trade and notes receivables for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2020	2021	2022	2023
	(days)			
Trade and notes receivable turnover days[1]	101	105	113	128

Note:

(1) Calculated using the average of opening balance and closing balance of trade and notes receivables for such periods divided by total revenue for the relevant periods and multiplied by the number of days during such periods (i.e. 365 or 366 days for one fiscal year, as the case may be, and 181 days for the first half of 2023).

Our trade and notes receivable turnover days remained relatively stable at 101 days and 105 days in 2020 and 2021, respectively. Our trade and notes receivable turnover days subsequently increased from 105 days in 2021 to 113 days in 2022 and further to 128 days for the six months ended June 30, 2023, primarily due to the increased number of customers in the automotive industry, who are typically given a longer credit period.

As of October 31, 2023, RMB186.5 million, or approximately 70.6% of our trade and notes receivables as of June 30, 2023 had been settled.

Prepayments, other receivables and other current assets

Our prepayments, other receivables and other current assets represent our rights to consideration for obligations of completed contracts which are conditional on certain requirements for the payment of government subsidies. The following table sets forth a breakdown of our prepayments, other receivables and other current assets as of the dates indicated:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Other receivables:				
— Withholding individual income tax	—	1,547	1,547	1,547
— Amounts due from related parties	5,408	213,990	1,990	1,990
— Deposits	513	1,396	1,400	1,581
— Receivables due from investors	—	440,200	—	—
— Others	937	1,099	2,111	2,827
Subtotal	**6,858**	**658,232**	**7,048**	**7,945**
Prepayments for:				
— Products and services procurement	887	2,594	5,358	8,386
— Deferred listing expenses	—	—	—	2,738
— License fees	1,339	—	—	—
— Service from a related party	6	—	—	—
Subtotal	**2,232**	**2,594**	**5,358**	**11,124**
Value-added tax ("VAT") recoverable	45	18,169	50,940	67,174
Right to returned goods	2,503	719	3,134	2,545
Total	**11,638**	**679,714**	**66,480**	**88,788**

Our prepayments, other receivables and other current assets mainly consist of (i) amounts due from related parties, (ii) right to returned goods, (iii) receivables due from investors and (iv) VAT recoverable.

Our prepayments, other receivables and other current assets increased by 5,759.5% from RMB11.6 million as of December 31, 2020 to RMB679.7 million as of December 31, 2021, and subsequently decreased to RMB66.5 million as of December 31, 2022. Our prepayments, other receivables and other current assets further increased from RMB66.5 million as of December 31, 2022 to RMB88.8 million as of June 30, 2023. In particular, we recorded receivables due from investors of RMB440.2 million and amounts due from related parties of RMB214.0 million in 2021, which arose upon the capital reduction of Shenzhen Suteng and the investment amounts by its shareholders became due. See "History, Reorganization and Corporate Structure — Reorganization and Series E Pre-IPO Investment — 2. Capital Reduction of Shenzhen Suteng and Series E Pre-IPO Investment." Such receivables had been settled in 2022.

As of October 31, 2023, RMB64.7 million, or approximately 72.8% of the prepayments, other receivables and other assets as of June 30, 2023 had been subsequently settled.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss primarily include investments in current assets, which are our investments in wealth management products issued by major reputable commercial banks, namely China Construction Bank and Bank of Ningbo. We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. We endeavor to increase the return of idle cash and bank balances by placing investments in wealth management products with high liquidity and low risk such that our risk exposure arising from such investments is controlled. Our investment policy in relation to the purchase of such financial assets is to monitor our level of idle cash and bank balances and, based on the working capital required at the relevant time, utilize such idle cash to increase the return. In order to monitor and control the investment risks associated with our portfolio of low risk wealth management products, we have adopted a comprehensive set of internal policies and guidelines to manage our investments.

In addition to investing in wealth management products, we invested in the 1.2% equity interests in Vertilite Co., Ltd ("Vertilite") with total consideration of RMB30.0 million in July 2022. As Vertilite is engaged in the development of its proprietary chips technologies, this investment is part of our efforts to explore potential strategic partnerships or alliance opportunities with potential key component suppliers. See Note 23 to the Accountant's Report in Appendix I to this document.

Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise's operations. In particular, Mr. Lau Wing Kee, our joint company secretary of our Company and chief financial officer, has approximately 20 years of experience in financial services. Prior to making any material investments in wealth management products or modifying our existing investment portfolio, the proposal shall be reviewed and approved by Mr. Qiu Chunxin, our Co-founder, chairman of the Board, executive Director and Chief Executive Officer. According to our Articles of Association, such decision does not require a decision by the Board.

Our investment strategy related to such products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns. To control our risk exposure, we make investment decisions related to wealth management products, after thoroughly considering a number of factors, including, but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment.

Upon Listing, we intend to continue our investments, such as wealth management products, strictly in accordance with our internal policies (which include approval by Mr. Qiu Chunxin, our Co-founder, chairman of the Board, executive Director and Chief Executive Officer in respect of material investments in such products), Articles of Association and, to the extent that an investment in wealth management products is a notifiable transaction under Chapter 14 of the Listing Rules, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

In relation to the valuation of the financial assets at fair value through profit or loss, we have adopted the following procedures:

(i) reviewed the terms of the relevant wealth management products;

(ii) reviewed the fair value measurement assessment of the relevant wealth management products presented by our finance department and carefully considered all information available and various applicable valuation techniques and processes in determining the valuation of the relevant wealth management products; and

(iii) reviewed the fair value measurement of the financial investments, taking into account the valuation techniques and assumptions of unobservable inputs in order to determine if the fair value measurement of level 3 investments is in compliance with the applicable IFRS.

Based on the above procedures, our Directors are of the view that the valuation analysis is fair and reasonable, and our financial statements are properly prepared. In relation to the valuation of the financial assets categorized with level 3 fair value measurements, the Joint Sponsors have conducted relevant due diligence work, including, but not limited to: (i) review of relevant notes in the Accountant's Report as contained in Appendix I to this document; and (ii) those matters discussed with the Company about the methodology and procedures adopted for the valuation of the financial assets. Having considered the work done by the Directors, the audit opinion on the historical financial information set forth in the Accountant's Report, and the relevant due diligence carried out by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would cause them to cast doubt on the reasonableness of the above-mentioned Directors' view.

Details of the fair value measurement of financial assets at fair value through profit or loss, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, and the relationship of unobservable inputs to fair value are disclosed in Note 3.3 to the Accountant's Report in Appendix I to this document. The Reporting Accountant has carried out audit procedures in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on our Group's Historical Financial Information for the Track Record Period as a whole in Appendix I to this document. The Reporting Accountant's opinion on the Historical Financial Information, as a whole, of the Group for the Track Record Period is set out on page I-1 to I-3 of Appendix I to the Prospectus.

The following table sets forth our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Non-current assets				
Investment in puttable shares	—	—	30,000	30,000
Current assets				
Investment in wealth management products issued by banks	80,137	—	307,859	—
Total	**80,137**	**—**	**337,859**	**30,000**

Our financial assets at fair value through profit or loss decreased from RMB80.1 million as of December 31, 2020 to nil as of December 31, 2021, primarily due to the disposals of wealth management products in 2021. Our financial assets at fair value through profit or loss subsequently increased to RMB337.9 million as of December 31, 2022, primarily due to an increase in the investment of wealth management products in 2022 in light of the proceeds we received from the financing activities. Our financial assets at fair value through profit or loss decreased from RMB337.9 million as of December 31, 2022 to RMB30.0 million as of June 30, 2023, primarily due to the disposals of wealth management products in the first six months of 2023.

Trade Payables

Trade payables mainly consist of payables to our suppliers of hardware components and contract manufacturers. Trade payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Our trade payables are due to third parties and amounted to RMB44.5 million, RMB70.9 million, RMB223.8 million and RMB198.7 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively.

The increasing trend in 2020, 2021 and 2022 was primarily due to (i) the increase in the procurement of raw materials, driven by the increase in production and sales volume of our products and solutions alongside the expansion of our business scale, and (ii) the longer credit periods given by our suppliers. In the first six months of 2023, as we focused on utilizing our inventories as of December 31, 2022, the procurement of raw materials decreased, resulting in the decrease in our trade payables.

The following table sets forth an aging analysis of our trade payables based on the date of the goods and services received as of the dates indicated:

	As of December 31			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Up to 6 months	43,088	69,924	222,122	191,043
6 months to 1 year	192	419	1,723	6,035
Over 1 years	1,189	584	4	1,630
Total	**44,469**	**70,927**	**223,849**	**198,708**

The following table sets forth the turnover days of our trade payables for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2020	2021	2022	2023
	(days)			
Trade payable turnover days[1]	108	110	94	121

Note:

(1) Calculated using the average of opening balance and closing balance of trade payables for such periods divided by cost of sales for the relevant periods and multiplied by the number of days during such periods (i.e. 365 or 366 days for one fiscal year, as the case may be, and 181 days for the first half of 2023).

Our trade payable turnover days remained relatively stable at 108 days and 110 days in 2020 and 2021, respectively. Our trade payable turnover days subsequently decreased from 110 days in 2021 to 94 days in 2022. For the six months ended June 30, 2023, our trade payable turnover days increased from 94 days in 2022 to 121 days, mainly attributable to our enhanced bargaining power with our suppliers for more favorable credit terms.

Our Directors confirmed that we had no material defaults in payment of trade payables during the Track Record Period. As of October 31, 2023, RMB163.9 million, or approximately 82.5% of our trade payables as of June 30, 2023 had been settled.

Contract Liabilities

Our contract liabilities represent advance payments made by customers while the underlying goods or services are yet to be provided. Our contract liabilities amounted to RMB11.2 million, RMB11.6 million, RMB19.7 million and RMB23.0 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively.

As of October 31, 2023, RMB14.5 million, or approximately 63.1% of the contract liabilities as of June 30, 2023 had been subsequently recognized as revenue.

Other Payables and Accruals

Other payables and accruals primarily consist of deposits paid by investors, salaries and welfare payable, accrued expenses, payables for long-term assets and refundable government grants. Our other payables and accruals increased from RMB55.4 million as of December 31, 2020 to RMB211.9 million as of December 31, 2021, primarily due to an increase in the commitment on repurchase of ordinary shares and refundable government grants. Our other payables and accruals subsequently increased significantly from RMB211.9 million as of December 31, 2021 to RMB1,121.2 million as of December 31, 2022, primarily due to (i) receipt of financing deposit from investors of RMB850.3 million in relation to series G-1 and G-2 of our Pre-IPO Investments, and (ii) an increase in payables for long-term assets to expand our manufacturing facilities. Our other payables and accruals decreased significantly from RMB1,121.2 million as of December 31, 2022 to RMB256.7 million as of June 30, 2023, primarily due to the Series G-1 and G-2 warrants were exercised into Series G-1 and G-2 preferred shares, at an aggregated consideration of RMB400.0 million and RMB450.3 million, respectively. See Note 34 to the Accountant's Report in Appendix I to this document.

As of October 31, 2023, RMB160.8 million, or approximately 62.6% of the other payables and accruals as of June 30, 2023 had been subsequently settled.

Our Directors confirmed that we had no material default in payment of other payables and accruals during the Track Record Period.

Financial Instruments Issued to Investors

Financial instruments issued to investors consist of preferred shares issued to investors and convertible notes. The current portion of our financial instruments issued to investors as of December 31, 2022 and June 30, 2023 amounted to RMB6,212.0 million and nil, respectively. See "— Indebtedness — Financial Instruments Issued to Investors and Deposits Paid by Investors".

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2023, we had RMB2,202.1 million in cash and cash equivalents, restricted cash and time deposits. Our cash and cash equivalents primarily consist of cash at banks under RMB and USD denominations.

Our net operating cash outflow in 2020, 2021 and 2022 and the six months ended June 30, 2023 was RMB75.2 million, RMB180.5 million, RMB523.1 million and RMB273.8 million, respectively.

Consolidated Statements of Cash Flows

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

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(Unaudited)	
Operating loss before changes in working capital	(41,829)	(83,195)	(419,824)	(97,031)	(201,666)
Changes in working capital	(34,052)	(95,809)	(119,974)	(128,259)	(106,931)
Interest received	1,501	1,286	20,491	3,164	36,657
Interest paid	(824)	(2,559)	(3,040)	(1,591)	(613)
Income taxes paid	—	(183)	(725)	(74)	(1,284)
Net cash used in operating activities	(75,204)	(180,460)	(523,072)	(223,791)	(273,837)
Net cash (used in)/generated from investing activities	(103,746)	60,380	(569,952)	(52,890)	262,916
Net cash generated from/(used in) financing activities	111,970	711,431	2,416,858	1,113,864	(18,492)
Net (decrease)/increase in cash and cash equivalents	(66,980)	591,351	1,323,834	837,183	(29,413)
Cash and cash equivalents at the beginning of the year/period	120,153	52,723	627,539	627,539	2,071,381
Effects of exchange rate changes on cash and cash equivalents	(450)	(16,535)	120,008	68,907	69,663
Cash and cash equivalents at the end of the year/period	52,723	627,539	2,071,381	1,533,629	2,111,631

Net Cash Used in Operating Activities

Net cash used in operating activities primarily comprises our loss before income tax for the period adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital. We had negative cash flows from our operating activities during the Track Record Period.

We intend to further enhance our working capital efficiency to improve our cash flow positions, mainly through the following measures:

- We intend to improve our forecasting capability on customer demand, improve manufacturing planning and enhance inventory management protocol to optimize inventory levels.
- We plan to reinforce our collection efforts of receivables, emphasize on assessing customers' creditworthiness and financial condition before engagement to ensure recoverability of trade and notes receivables, and negotiate better credit terms to shorten payment cycles with customers.
- We expect our bargaining power to rise as we scale up our business, and we plan to negotiate with suppliers for better credit terms to extend payment cycles and other terms more favorable to us.

For the six months ended June 30, 2023, our net cash used in operating activities was RMB273.8 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB767.4 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB201.7 million. Our movements in working capital primarily reflect (i) an increase in trade and notes receivables of RMB50.4 million, (ii) a decrease in trade payables of RMB25.1 million, (iii) an increase in prepayments, other receivables and other current assets of RMB19.5 million, (iv) a decrease in other payables and accruals of RMB17.4 million, and (v) an increase in inventories of RMB13.9 million, partially offset by an increase in other non-current liabilities of RMB12.8 million.

In 2022, our net cash used in operating activities was RMB523.1 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB2,085.3 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB419.8 million. Our movements in working capital primarily reflect (i) an increase in inventories of RMB231.1 million, and (ii) an increase in trade and notes receivables of RMB90.7 million, partially offset by (i) an increase in trade payables of RMB152.9 million, and (ii) an increase in prepayments, other receivables and other current assets of RMB38.1 million.

In 2021, our net cash used in operating activities was RMB180.5 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,654.3 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB83.2 million. Our movements in working capital primarily reflect (i) an increase in inventories of RMB92.6 million, (ii) an increase in trade and notes receivables of RMB52.5 million, and (iii) an increase in prepayments, other receivables and other current assets of RMB22.8 million, partially offset by (i) an increase in other payables and accruals of RMB45.7 million, and (ii) an increase in trade payables of RMB26.5 million.

In 2020, our net cash used in operating activities was RMB75.2 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB220.6 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB41.8 million. Our movements in working capital primarily reflect (i) an increase in trade and notes receivables of RMB48.8 million, and (ii) an increase in inventories of RMB29.1 million, partially offset by an increase in trade payables of RMB32.6 million.

Net Cash (Used in)/Generated from Investing Activities

For the six months ended June 30, 2023, our net cash generated from investing activities was RMB262.9 million, which was mainly attributable to (i) the proceeds from disposal of financial assets at fair value through profit or loss of RMB415.7 million, and (ii) the proceeds from maturity of time deposits of RMB83.4 million, partially offset by (i) the purchase of financial assets at fair value through profit or loss of RMB107.0 million, and (ii) the purchase of time deposits of RMB84.7 million, and (iii) the purchase of property, plant and equipment of RMB51.5 million.

In 2022, our net cash used in investing activities was RMB570.0 million. This was mainly attributable to (i) the purchase of financial assets at fair value through profit or loss of RMB444.0 million, (ii) the purchase of property, plant and equipment of RMB108.3 million, and (iii) the purchase of time deposits of RMB83.6 million, partially offset by the proceeds from disposal of financial assets at fair value through profit or loss of RMB107.3 million.

In 2021, our net cash generated from investing activities was RMB60.4 million. This was mainly attributable to (i) the proceeds from disposal of financial assets at fair value through profit or loss of RMB246.3 million, and (ii) the proceeds from maturity of time deposits of RMB60.0 million, partially offset by (i) the purchase of financial assets at fair value through profit or loss of RMB165.0 million, and (ii) the purchase of property, plant and equipment of RMB92.1 million.

In 2020, our net cash used in investing activities was RMB103.7 million. This was mainly attributable to (i) the purchase of financial assets at fair value through profit or loss of RMB209.5 million, and (ii) the purchase of time deposits of RMB60.0 million, partially offset by the proceeds from disposal of financial assets at fair value through profit or loss of RMB160.5 million.

Net Cash Generated from/(Used in) Financing Activities

For the six months ended June 30, 2023, our net cash used in financing activities was RMB18.5 million, which was mainly attributable to (i) the repurchase of restricted shares of RMB12.3 million, and (ii) the principal elements of lease payments of RMB9.0 million.

In 2022, our net cash generated from financing activities was RMB2,416.9 million, which was mainly attributable to (i) the proceeds from issuance of financial instruments to investors of RMB960.7 million, (ii) the receipt of financing deposit in advance of RMB850.3 million, and (iii) the receipt from investors for offshore capital injection in our Company in relation to the Reorganization of RMB652.2 million, partially offset by the repurchase of restricted shares and restricted share units of RMB32.8 million.

In 2021, our net cash generated from financing activities was RMB711.4 million, which was mainly attributable to the proceeds from issuance of financial instruments to investors of RMB1,375.9 million, partially offset by the repayment to investors for offshore capital injection in our Company in relation to the Reorganization of RMB652.2 million.

In 2020, our net cash generated from financing activities was RMB112.0 million, which was mainly attributable to the proceeds from issuance of financial instruments to investors of RMB123.0 million, partially offset by (i) the repayment of bank borrowings of RMB9.3 million, and (ii) the principal element of lease payments of RMB6.7 million.

INDEBTEDNESS

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

	As of December 31,			As of June 30,	As of October 31,
	2020	**2021**	**2022**	**2023**	**2023**
			(RMB in thousands)		
					(unaudited)
Borrowings	4,700	—	—	—	2,005
Lease liabilities	9,629	29,876	30,507	21,848	18,853
License fees payable	—	27,664	28,172	29,923	22,747
Financial instruments issued to investors	1,144,280	4,010,472	6,996,043	8,503,120	9,338,909
Deposits paid by investors	—	—	850,250	—	—
Total	**1,158,609**	**4,068,012**	**7,904,972**	**8,554,891**	**9,382,514**

Borrowings

As of December 31, 2020, 2021 and 2022, June 30, 2023 and October 31, 2023, we had total borrowings of RMB4.7 million, nil, nil, nil and RMB2.0 million, respectively. Such borrowings included bank borrowings as of December 31, 2020 and other borrowings as of October 31, 2023. The bank borrowings bore an effective interest rate of 4.6% per annum, and were fully repaid in 2021. As of the Latest Practicable Date, we did not have any unutilized banking facilities.

Lease Liabilities

Leases are initially recognized as right-of-use assets and corresponding liability at the date when the leased asset is available for use by our Group. As of December 31, 2020, 2021 and 2022, June 30, 2023 and October 31, 2023, we recognized total lease liabilities, including current and non-current lease liabilities, of RMB9.6 million, RMB29.9 million, RMB30.5 million, RMB21.8 million and RMB18.9 million, respectively. The total lease liabilities increased from RMB9.6 million as of December 31, 2020 to RMB29.9 million as of December 31, 2021, primarily due to new lease of offices and factories. The total lease liabilities remained relatively stable at RMB29.9 million, RMB30.5 million, RMB21.8 million and RMB18.9 million as of December 31, 2021 and 2022, June 30, 2023 and October 31, 2023, respectively.

License Fees Payable

The license rights are recognized as intangible assets. The license fees payable is initially recorded at fair value on the date of the license agreement. As of December 31, 2020, 2021 and 2022, June 30, 2023 and October 31, 2023, we recognized total license fees payable, including current and non-current license fees payable, of nil, RMB27.7 million, RMB28.2 million, RMB29.9 million and RMB22.7 million, respectively.

Financial Instruments Issued to Investors and Deposits Paid by Investors

We recognized financial instruments issued to investors, including current and non-current, of RMB1,144.3 million, RMB4,010.5 million, RMB6,996.0 million, RMB8,503.1 million and RMB9,338.9 million as of December 31, 2020, 2021 and 2022, June 30, 2023 and October 31, 2023, respectively, primarily because we have completed several rounds of financing by issuing shares with certain preferred rights upon capital contribution. Accordingly, we recognized the financial instruments with preferred rights as financial liabilities considering that all triggering events for the key redemption rights that could be exercised by the investors, are out of our control and these financial instruments do not meet the definition of equity for our Company. The financial liabilities are initially measured at present value and subsequently measured at amortized cost. The present value is the amount expected to be paid to the investors upon redemption which is assumed at the dates of issuance of the financial instruments. See Note 31 to the Accountant's Report in Appendix I to this document.

The deposits paid by investors in relation to series G-2 of our Pre-IPO Investments amounted to RMB850.3 million, nil and nil as of December 31, 2022, June 30, 2023 and October 31, 2023, respectively. See Note 34(a) to the Accountant's Report in Appendix I to this document.

Contingent Liabilities

As of December 31, 2020, 2021 and 2022 and June 30, 2023 and October 31, 2023, we did not have any significant contingent liabilities. Our Directors confirmed that there had not been any material change in the contingent liabilities of our Company since October 31, 2023 and up to the Latest Practicable Date.

Indebtedness Statement

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group 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.

Except as disclosed above, as of October 31, 2023, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since October 31, 2023 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures were RMB3.7 million, RMB72.7 million, RMB160.4 million and RMB71.4 million in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. In these periods, our capital expenditures were primarily used for the construction of our manufacturing facilities. See "Business — Our Strategies — Strengthening manufacturing and supply chain capabilities" for details of our expansion plans. We expect to finance such capital expenditures through existing cash on hand, bank loans and the net proceeds from the Global Offering. We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

Our capital commitments as of December 31, 2020, 2021 and 2022 and June 30, 2023 were related to (i) property, plant and equipment and (ii) intangible assets. See Note 38 to the Accountant's Report in Appendix I to this document. The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2020	**2021**	**2022**	**2023**
	(RMB in thousands)			
Property, plant and equipment	—	6,154	8,085	13,347
Intangible assets	—	4,680	—	4,812
Total	**—**	**10,834**	**8,085**	**18,159**

FINANCIAL RISK DISCLOSURE

Our Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Our Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. Risk management is carried out by the senior management of our Group.

Our management regularly manages and monitors the financial risks of our Group to ensure appropriate measures are implemented in a timely and effective manner. During the Track Record Period, no hedging activity was undertaken by our Group.

Market Risk

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our Group's entities. The functional currency of our Company and majority of its overseas subsidiaries is USD whereas the functional currency of the PRC subsidiaries is RMB. Our Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and USD.

Our Group currently does not hedge transactions undertaken in foreign currencies but manages its foreign exchange risk by performing regular reviews of our Group's net foreign exchange exposures.

See Note 3.1(a)(i) to the Accountant's Report in Appendix I to this document.

Interest Rate Risk

Our Group's interest rate risk primarily arises from time deposits and cash and cash equivalents. Those carried at floating rates expose our Group to cash flow interest rate risk whereas those carried at fixed rates expose our Group to fair value interest rate risk. Our Group has no significant interest-bearing liabilities during the Track Record Period.

Our Group has no significant interest-bearing assets except for time deposits and cash and cash equivalents.

If the interest rate of time deposits and cash and cash equivalents had been 50 basis points higher/lower, the loss before income tax for the years ended December 31, 2020, 2021 and 2022 and for the six months ended June 30, 2023 would have been RMB5,000, RMB29,000, RMB886,000 and RMB849,000 lower/higher respectively.

The fair value interest rate risk arises from financial assets and liabilities carried at fixed rates is not significant for our Group.

Our Group regularly monitors the interest rate risk to ensure there is no undue exposure to significant interest rate movements.

Price Risk

Our Group is exposed to price risk in respect of financial assets at FVPL, which mainly include investments in wealth management products. Our Group is not exposed to commodity price risk. See Note 3.3 to the Accountant's Report in Appendix I to this document.

See Note 3.1(a) to the Accountant's Report in Appendix I to this document.

Credit Risk

Our Group is exposed to credit risk in relation to its cash and cash equivalents, time deposits, restricted cash, trade and notes receivables, other receivables and financial assets at FVOCI. The carrying amounts of above items represent our Group's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed on a group basis. Time deposits are mainly placed with reputable financial institutions in the PRC, which management considers being of high credit quality. For accounts receivables, our Group assesses the credit quality of the receivables by taking account of various factors, including past operational and financial performance and other factors.

Impairment of Financial Assets

Our Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade and notes receivables;
- Financial assets at FVOCI;
- Other receivables;
- Time deposits;
- Cash and cash equivalents; and
- Restricted cash.

Trade and Notes Receivables

Our Group applies the simplified approach prescribed by IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. Trade and notes receivables are grouped based on shared credit risk characteristics and aging period for the measuring of expected credit losses.

Our Group divided trade and notes receivables into two categories to measure the expected credit loss rates. Category 1 is for customers who have a relatively low credit risk and no default history. Also, these customers are financially capable of settling the outstanding amount. Category 2 is for customers who have a relatively higher credit risk. With different types of customers, our Group calculated the expected credit loss rates respectively. The expected loss rates are determined based on the credit rating of counter parties, and adjusted to reflect the current conditions and the forward-looking information on the macroeconomic environment that may affect the ability of counterparties to settle the receivables. Our Group has identified the Gross Domestic Product and Consumer Price Index to be the most relevant factors.

Financial Asset at FVOCI

Our Group applies the simplified approach to measure expected credit loss of financial asset at FVOCI under IFRS 9. As of December 31, 2020, 2021 and 2022 and June 30, 2023, our management considers that the expected credit loss is immaterial.

Other Financial Assets at Amortized Cost

Credit risk also arises from restricted cash, time deposits, cash and cash equivalents and other receivables. The carrying amount of each class of these financial assets represents our Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage risk arising from cash and cash equivalents and time deposits, our Group mainly transacts with state-owned or reputable financial institutions in the PRC and reputable international banks outside of the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

For impairment on other receivables, it is measured as either 12-months expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Our management makes periodic collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

The expected credit loss on other financial assets at amortized cost is insignificant to our Group.

See Note 3.1(b) to the Accountant's Report in Appendix I to this document.

Liquidity Risk

Liquidity risk is the risk that our Group is unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, our management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash available.

See Note 3.1(c) to the Accountant's Report in Appendix I to this document.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, substantially all of our balances with related parties were trade in nature. The following table summarizes the transactions carried out with related parties for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(Unaudited)	
Sales of goods and services					
Alibaba Cloud Computing Ltd.	444	390	295	–	1,552
Alibaba Damo Academy (Hangzhou) Technology Co., Ltd.	–	–	264	42	115
Zhejiang Alibaba Cloud Computing Co., Ltd.	–	3,668	2,343	1,122	66
Hangzhou XiaoManLv Intelligent Technology Co., Ltd.	–	739	2,155	805	2
Taobao (China) Software Co., Ltd.	1,958	265	4	–	–
Zhejiang Tmall Technology Co., Ltd.	471	–	–	–	–
Alibaba (China) Co., Ltd.	85	–	–	–	–
	2,958	5,062	5,061	1,969	1,735
Purchase of goods and services					
Luxsense	–	–	–	–	21,180
Alibaba Cloud Computing Ltd.	15	6	5	–	4
	15	6	5	–	21,184
Payments on behalf of related parties					
Dr. Qiu Chunxin	–	504	–	–	–
Mr. Qiu Chunchao	–	1,434	–	–	–
Mr. Liu Letian	–	52	–	–	–
	–	1,990	–	–	–
Capital reduction from Shenzhen Suteng					
Cainiao	–	212,000	–	–	–

The following table summarizes the balances with related party transactions of our Group as of the dates indicated:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Trade and note receivables (trade in nature)				
Alibaba Cloud Computing Ltd.	412	544	334	1,495
Alibaba Damo Academy (Hangzhou) Technology Co., Ltd.	–	–	230	90
TaoBao (China) Software Co., Ltd.	2,080	2,150	5	5
Zhejiang Alibaba Cloud Computing Co., Ltd.	–	1,460	–	–
Alibaba (China) Co., Ltd.	96	–	–	–
Hangzhou XiaoManLv Intelligent Technology Co., Ltd.	–	–	–	2
	2,588	**4,154**	**569**	**1,592**
Other receivables (non-trade in nature)				
Mr. Qiu Chunchao	–	1,434	1,434	1,434
Dr. Qiu Chunxin	2,766	504	504	504
Mr. Liu Letian	1,622	52	52	52
Dr. Zhu Xiaorui	1,020	–	–	–
Cainiao	–	212,000	–	–
	5,408	213,990	1,990	1,990
Prepayments (trade in nature)				
Alibaba Cloud Computing Ltd.	6	–	–	–
Other payables (trade in nature)				
Luxsense	–	–	–	90
Alibaba Cloud Computing Ltd.	14	–	–	–

See Note 36 to Accountant's Report in Appendix I to this document. Our Directors believe that these transactions were conducted in the ordinary and usual course of business, and did not distort our results of operations or make our historical results unreflective of our future performance. The balances of other receivables with related parties, which are non-trade in nature, had been subsequently settled in November 2023.

DIVIDEND POLICY

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. We are a holding company incorporated in the Cayman Islands. For our cash requirements, including any payment of dividends to our Shareholders, we rely upon payments from our operating entities. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that any of our PRC subsidiaries makes will have to be first applied to make up for its historically accumulated losses, after which it will be obliged to allocate 10% of its net 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) our PRC subsidiaries' historically accumulated losses have been made up for; and (ii) our PRC subsidiaries have allocated sufficient net profit to their statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of June 30, 2023, we did not have any distributable reserves.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view, and the Joint Sponsors concur, that taking into account our available resources including cash and cash equivalents on hand and the net estimated proceeds from the Global Offering, we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Unaudited Pro Forma Financial Information in Appendix II to this document for details.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK$108.1 million (assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$43.00), which accounts for approximately 11.0% of the gross proceeds from the Global Offering. We estimate the listing expenses to consist of approximately HK$41.4 million in underwriting fees and HK$66.7 million in non-underwriting fees (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately HK$41.0 million and other fees and expenses of approximately HK$25.7 million). Among the total listing expenses, approximately HK$44.5 million will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the Global Offering, and the remaining approximately HK$63.6 million will be expensed in our consolidated statements of comprehensive loss.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2023, being the end date of the periods reported on in the Accountant's Report in Appendix I to this document, and there is no event since June 30, 2023 that would materially affect the information as set out in the Accountant's Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

Based on the Offer Price of HK$43.00 per Share, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming that the Over-allotment Option is not exercised, we estimate that we will receive net proceeds of approximately HK$877.0 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 45% of the net proceeds, or HK$394.7 million, is expected to be used on research and development to continue building and enhancing our product pipeline as well as team expansion for supporting our research and development initiatives, including:

  - approximately 15% of the net proceeds, or HK$131.6 million, will be used for upgrading and iterating existing LiDAR products in our solid-state LiDAR platforms, to further enhance the perception capabilities and cost-effectiveness of our products. Specifically, we plan to further refine product design and simplify product architecture with the use of our in-house designed SoCs;

  - approximately 15% of the net proceeds, or HK$131.6 million, will be used for developing and commercializing new products according to market trends such as LiDARs with a wide range of detection distances, to address the demands of a broader range of customers. In addition, we plan to use part of the proceeds on collaboration with our customers, including leading automotive OEMs and Tier 1 suppliers and robotics industry customers, to develop customized products and solutions that meet their unique needs;

  - approximately 15% of the net proceeds, or HK$131.6 million, will be used for further advancing our AI perception software to improve the perception capabilities and computing power efficiency of our LiDAR solutions. This includes continuously optimizing our software through abundant high-quality training data and developing our multi-sensor fusion technology, in order to provide customers with highly synergistic LiDAR hardware and AI perception software and offer a full spectrum of perception solutions to our customers.

    To support the aforementioned research and development plans, we plan to continually expand our R&D team by hiring professionals with expertise and experience in areas such as chip design, algorithms, engineering, and optomechanics. By the end of 2023, we expect our R&D team to grow by over 15% as compared to the year end of 2022. Over the next four years, we anticipate hiring approximately 500 new R&D personnel, including approximately 200 in the field of algorithms, 200 in optomechanics, 50 in chip design and 50 in engineering. As of June 30, 2023, nearly half of our R&D team held master's or doctoral degrees, and we expect the proportion of R&D personnel with such qualifications to remain at or above this level in the future;

- approximately 20% of the net proceeds, or HK$175.4 million, is expected to be used for enhancing our manufacturing, testing and verification capabilities. We plan to upgrade and invest in existing manufacturing facilities to support our increasing sales orders. We expect that the utilization rate of our self-operated production facilities will ramp up significantly in the next few years with the rapidly growing orders for our LiDAR products. As of June 30, 2023, we had design wins with 21 automotive OEMs and Tier 1 suppliers for 58 vehicle models, while having achieved SOP for only 13 vehicle models for nine of the 21 aforementioned automotive OEMs and Tier 1 suppliers. As we continue to achieve SOP for the remaining design-win vehicle models, we plan to increase our in-house production capacity to support this expected growth in production needs and meet rising market demand. We will also continue to enhance the automation level of our production lines to improve operational and cost efficiency, as well as devising stringent quality control measures at various stages of our manufacturing process to ensure that our products are delivered with high quality;

- approximately 20% of the net proceeds, or HK$175.4 million, is expected to be used for enhancing our sales and marketing efforts, which includes hiring experienced sales and marketing staff domestically and in overseas countries such as the United States and Germany, to facilitate our business collaborations with domestic and global automotive OEMs and Tier 1 suppliers;

- approximately 5% of the net proceeds, or HK$43.9 million, is expected to be used for exploring potential strategic partnerships or alliance opportunities. For example, we plan to seek strategic partnerships with industry leaders, especially our key component suppliers, to ensure stable supply and more favorable prices; and

- approximately 10% of the net proceeds, or HK$87.7 million, is expected to be used for working capital and for general corporate purposes to support our business operation and growth.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be HK$140.4 million (based on the Offer Price of HK$43.00 per Share).

To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks or authorized financial institutions (as defined under the SFO or applicable laws and regulations in Hong Kong or the PRC) for so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

J.P. Morgan Securities (Asia Pacific) Limited

China Renaissance Securities (Hong Kong) Limited

China International Capital Corporation Hong Kong Securities Limited

CCB International Capital Limited

Essence International Securities (Hong Kong) Limited

Fosun International Securities Limited

CMB International Capital Limited

ABCI Securities Company Limited

Livermore Holdings 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 2,291,000 Hong Kong Offer Shares and the International Offering of initially 20,618,800 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "The Structure of the Global Offering" in this Prospectus 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, the 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.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares to be offered pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the Shares on the Hong Kong 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) shall be entitled to terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there develops, occurs, exists or comes into effect:

(a) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, Cayman Islands, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), or other jurisdictions relevant to the Company (each a "**Relevant Jurisdiction**" and collectively the "**Relevant Jurisdictions**"); or

(b) any change or development involving a prospective change, or any event or series of events likely to result in a change or prospective change, in local, national, regional or international financial, political, military, industrial, economic, fiscal, regulatory, currency, credit or market conditions or sentiments, equity securities or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) or currency exchange rate or controls in or affecting any Relevant Jurisdictions; or

(c) any event or series of events in the nature of force majeure (including, without limitation, acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, public disorder, paralysis in government operations, acts of war, acts of God, epidemic, pandemic, outbreak or escalation of infectious disease (including without limitation COVID-19, SARS, MERS, H5N1, H1N1, swine or avian influenza or such related/mutated forms), in or affecting any of the Relevant Jurisdictions; or

(d) the imposition or declaration of (a) any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange or the NASDAQ Global Market; (b) any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of the Company listed or quoted on a stock exchange or

(c) any moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services in any of the Relevant Jurisdictions; or

(e) other than with the prior written consent of the Joint Sponsors, the issue or requirement to issue by the Company of a supplement or amendment to this Prospectus, the offering circular, the CSRC filings or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the SFC and/or the CSRC; or

(f) any (a) change or prospective change in exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar or 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 the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control in any of the Relevant Jurisdictions, or (b) any change or prospective change in taxation in any Relevant Jurisdiction adversely affecting an investment in the Shares; or

(g) the commencement by any Governmental Authority or other regulatory or political body or organization of any public action or investigation against a Director or an announcement by any such Governmental Authority or regulatory or political body or organization that it intends to take any such action; or

(h) the imposition of sanctions on any members of the Group or Dr. Qiu, Sunton Global, BlackPearl, Mr. Liu, Realsense, and Sixsense (the "**Warranting Shareholders**") or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or on, any Relevant Jurisdiction; or

(i) any adverse change or development or event involving a prospective adverse change in the Group's assets, liabilities, profits, losses, performance, financial condition, business, earnings, trading position or prospects, or any change in capital stock or long-term debt of the Group, or any loss or interference with the assets, operations or business of the Group, which (in any such case) is not set out in this Prospectus; or

(j) any event, act or omission which gives rise or is likely to give rise to any liability of the Company pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(k) any demand by creditors for repayment of indebtedness or an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or any non-compliance of this Prospectus, the CSRC filings (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares) or any aspect of the Global Offering with the Listing Rules, the Trial Measures and the Confidentiality Provisions or any other applicable law; or

(l) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this Prospectus; or

(m) that (a) any Director or member of senior management of the Company named in this Prospectus is removed or vacated from office, (b) any certificate given by the Company or any of its respective officers to the Overall Coordinators under or in connection with the Hong Kong Underwriting Agreement or the Global Offering is false or misleading in any respect, or (c) any Director or any member of senior management of the Company named in this Prospectus is being prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(n) any litigation or claim instigated, or any litigation or claim being threatened against any member of the Group or any Director in any Relevant Jurisdiction; or

(o) any contravention by the Company or any Director of the Listing Rules or applicable laws,

which, in any such case individually or in the aggregate, in the absolute opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(A) has or will or may have a material adverse effect or any development involving a prospective material adverse effect, on the profits, losses, assets, liabilities, general affairs, business, management, performance, prospects, shareholders' equity, results of operations, or prospects of the Group, taken as a whole;

(B) has or will or may have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(C) has or will or may have a material adverse effect on the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(D) make, will or may make it impracticable, inadvisable to proceed with the Hong Kong Public Offering and/or the Global Offering, to market the Global Offering or the delivery of Shares on the Listing Date; or

(E) has or will 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 the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of any of the Joint Sponsors, the Sponsor-OC and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(p) that any statement contained in any of the offering documents and any other notices, announcements, advertisements, document, materials, communications or information made, issued, given, released or used by or approved by the Company in connection with or in relation to the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering, including any supplement or amendment thereto (collectively, the "**Offering Documents**"), or the CSRC filings issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (save and except for the names, logos, addresses and qualifications of the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers and the Underwriters (as the case may be) contained in the Offering Documents) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading in any respect; or

(q) that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Offering Documents or the CSRC filings issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith, when taken as a whole; or

(r) any matter which would, if the Offering Documents or the CSRC filings issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) were issued at that time, constitute a material omission therefrom; or

(s) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties given by the Warranting Shareholders in the Hong Kong Underwriting Agreement; or

(t) any material breach of any of the obligations of the Company or any of the Warranting Shareholders to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (to the extent they are party to such agreement); or

(u) the Company withdraws this Prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or

(v) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(w) any expert (other than any of the Joint Sponsors), whose consent is required to the issue of this Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears, has withdrawn its respective consent to the issue of this Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to such reports, letters and/or legal opinion included in the form and context in which it respectively appears; or

(x) that a material portion of the orders placed or confirmed in the bookbuilding process or investment commitments made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, have been withdrawn, terminated or canceled; or

(y) any prohibition on the Company for whatever reason by a government authority from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering,

then the Joint Sponsors, the Sponsor-OC and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice orally or in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not issue any further Shares, or securities convertible into equity securities of the Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering and the Over-allotment Option or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six Month Period**"), it will not without the prior written consent of the Joint Sponsors, the Sponsor-OC and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (such consent shall not be unreasonably withheld) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, 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 convertible into equity securities of the Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company); 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 (legal or beneficial) of the Shares or any other securities convertible into equity securities of the Company, or any interest therein (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above or announce any intention to do so,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other equity securities of the Company in cash or otherwise (whether or not the issue of such share capital or other equity securities of the Company will be completed within the First Six-Month Period).

The Company further agrees that, in the event the Company is allowed to enter into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the "**Second Six Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any Shares or other equity securities of the Company.

Undertakings by the Warranting Shareholders

Each of the Warranting Shareholders has undertaken to each of the Company, the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong

Underwriters that, without the prior written consent of the Joint Sponsors, the Sponsor-OC and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) or otherwise unless in compliance with the requirements of the Listing Rules:

(a) it/he will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him and the companies controlled by it/him will not, at any time during the First Six Month Period, (i) 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, 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 interest therein (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 any such other securities, as applicable or any interest in any of the foregoing) held by, or otherwise beneficially owned by, such Shareholder immediately following completion of the Global Offering (the "**Locked-up Securities**"), 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 Locked-up Securities; or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six Month Period; and

(b) at any time during the First Six Month Period, it/he will (i) if and when it/he or the relevant registered holder(s) pledges or charges any Locked-up Securities, as soon as reasonably practicable inform the Company and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and (ii) if and when it/he or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of the Company will be disposed of, as soon as reasonably practicable inform the Company and the Overall Coordinators in writing of such indications.

Each of the Warranting Shareholders has also undertaken to each of the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that he/it shall procure the Company and each other member of the Group to comply with the undertakings above.

Lock-up Undertakings by our existing Shareholders

Lock-up undertakings have also been given by each of our existing Shareholders (the "**Lock-up Undertaking**") other than the Warranting Shareholders which have given lock-up undertakings in the Hong Kong Underwriting Agreement. Pursuant to the Lock-up Undertakings, they will not and, will procure that none of companies controlled by them (whether through equity or board control) or any nominee or trustee holding in trust for them will, at any time during the period commencing on their respective effective date which in any event shall not be later than the Listing Date and ending on and including the date that is six months after the Listing Date (the "**Lock-up Period**"):

(a) offer, pledge, charge, hedge, sell, make any short sale of, contract or agree to sell, mortgage, charge, 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 (each a "**transfer**"), either directly or indirectly, conditionally or unconditionally, the Locked-up Securities;

(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;

(c) enter into any transaction with the same economic effect as any transaction described in clause (a) or (b) of this paragraph;

(d) enter into any sale and purchase of the Locked-up Securities or other securities of the Company with the effect of creating a short position or enter into any transaction with the same economic effect; or

(e) offer to or contract to or agree to or publicly disclose that such Shareholder will or may enter into any transaction specified in clause (a), (b), (c) or (d) of this paragraph,

in each case, whether any of the transactions specified in clause (a), (b), (c) or (d) of this paragraph is to be settled by delivery of Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the Lock-up Period); provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by them in open market transactions on or after the Listing Date.

Hong Kong Underwriters' Interests in the Company

Save for (i) their respective obligations under the Hong Kong Underwriting Agreement, and (ii) the holding company of China Renaissance Securities (Hong Kong) Limited being deemed to be interested in approximately 3.60% and 1.72% of the total issued Shares immediately before the completion of the Global Offering respectively through the Shareholders, Golden Development Asia Limited and Huaxing Growth Capital III, L.P., as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the 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 the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the 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, the Company and the Warranting Shareholders expect to enter into the International Underwriting Agreement with the Overall Coordinators on behalf of the International Underwriters on or around the January 3, 2024. 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 or is terminated, the Global Offering will not proceed. See "The Structure of the Global Offering – The International Offering."

Over-allotment Option

The 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 the Company may be required to issue up to an aggregate of 3,436,400 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 (if any) in the International Offering. See "The Structure of the Global Offering – Over-allotment Option."

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 3% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters and the Capital Market Intermediaries may receive a discretionary incentive fee of not less than 0.5% and up to a maximum of 2.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the "**Discretionary Fee**"). For the purpose of disclosure of the ratio of fixed and discretionary fees payable (the "**Fee Split Ratio**") as required under paragraph 3B of Appendix 1A to the Listing Rules, the Fee Split Ratio is approximately 59.3:40.7, assuming the maximum amount of the Discretionary Fee will be paid, whether or not the Over-allotment Option is exercised.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (based on the Offer Price of HK$43.00 per Offer Share and assuming the payment of the maximum amount of discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK$48.8 million, netted of HK$7.8 million total sponsor fees payable to the Joint Sponsors and fully deductible from the underwriting commissions and fees.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the AFRC transaction levy, the SFC 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 HK$115.5 million (based on the Offer Price of HK$43.00 per Offer Share and assuming the payment of the maximum amount of discretionary incentive fee and the exercise of the Over-allotment Option in full), which will be made by the Company.

Joint Sponsors' Fee

An amount of US$500,000 is payable by the Company as sponsor fee to each Joint Sponsor.

Indemnity

Each of the Company and the Warranting Shareholders has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of the Company and the Warranting Shareholders of the Hong Kong Underwriting Agreement.

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 trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the 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 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 Shares, which may have a negative impact on the trading price of the 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 Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the 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 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 Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "The Structure of the Global Offering" in this Prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the 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 its affiliates 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.

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 the 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.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. J.P. Morgan Securities (Far East) Limited and China Renaissance Securities (Hong Kong) Limited are the Joint Sponsors, J.P. Morgan Securities (Asia Pacific) Limited is the Sponsor-OC, and J.P. Morgan Securities (Asia Pacific) Limited, China Renaissance Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, CCB International Capital Limited, Essence International Securities (Hong Kong) Limited and Fosun International Securities Limited are the Overall Coordinators of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus.

22,909,800 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 2,291,000 Shares (subject to reallocation) in Hong Kong as described in the sub-section "The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 20,618,800 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 sub-section headed "The International Offering" this section below.

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 5.10% 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 (including Shares issued pursuant to the full exercise of the Over-allotment Option) will represent approximately 5.82% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-Allotment Option.

References in this Prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 2,291,000 Shares (subject to reallocation) 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 0.51% 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 the sub-section headed "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 into two pools (with any odd lots being allocated to pool A): pool A and pool B. 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 AFRC transaction levy, the SFC 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 AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

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. 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 1,145,500 Hong Kong Offer Shares is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing 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 if the International Offer Shares are fully subscribed or oversubscribed and certain prescribed total demand levels under the Hong Kong Public Offering are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 6,873,000 Offer Shares (in the case of (a)), 9,164,000 Offer Shares (in the case of (b)) and 11,454,900 Offer Shares (in the case of (c)), representing approximately 30%, approximately 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). 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 addition, the Overall Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate.

The Overall Coordinators may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL91-18. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, up to 2,291,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 4,582,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/her/it 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 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/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK$43.00 per Offer Share in addition to the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$4,343.37 for one board lot of 100 Shares. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 20,618,800 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 4.59% of the total number of 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 sub-section headed "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 Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

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 it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any allocation of Offer Shares under the Hong Kong Public 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 clawback arrangement described in the subsection "The Hong Kong Public Offering — Reallocation" in this section above, 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, the 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 the Company to issue up to an aggregate of 3,436,400 additional 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 (if any) in the International Offering.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.76% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option. 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.

In connection with the Global Offering, the Stabilization Manager (or its affiliates 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 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 Stabilization Manager (or its affiliates 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 Stabilization Manager (or its affiliates or any person acting for it) and in what the Stabilization Manager reasonably regards as the best interest of the 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 Shares, (b) selling or agreeing to sell the 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 Shares, (c) purchasing, or agreeing to purchase, the 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 Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (e) selling or agreeing to sell any 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 items (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilization Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilization Manager (or its affiliates or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilization Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;

(d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Thursday, February 1, 2024, 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 Shares, and therefore the price of the Shares, could fall;

(e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

(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.

The 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 Shares in connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilization Manager (or its affiliates 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.

ALLOCATION

The Offer Price will be HK$43.00 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channel), the Offer Price of HK$43.00 per Offer Share plus brokerage of 1.0%, the AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$4,343.37 for one board lot of 100 Shares. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

The International Underwriters will be soliciting from prospective investors 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 it deems 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 the 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, the 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 the Company and the Stock Exchange at **www.robosense.ai/en** and **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. Our 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 Offering and/or the 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. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, will under no circumstances be set at a price that is not the Offer Price as stated in this Prospectus. However, if the number of Offer Shares and/or the Offer Price is reduced, the Company will issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

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 the section headed "How to Apply for Hong Kong Offer Shares — (B) Publication of Results" in this Prospectus.

STOCK BORROWING AGREEMENT

To cover any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may choose to borrow up to 3,436,400 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from BlackPearl Global Limited pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager (or its affiliates or any person acting for it) and BlackPearl Global Limited on or before Tuesday, January 2, 2024.

The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules as BlackPearl Global Limited is not our Controlling Shareholder. The stock borrowing arrangement will strictly comply with the following restrictions: (a) such stock borrowing arrangement with BlackPearl Global Limited will only be effected by the Stabilizing Manager for settlement of over-allocations in the International Offering and covering any short position prior to the exercise of the Over-allotment Option; (b) the maximum number of Shares borrowed from BlackPearl Global Limited under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option; (c) the same number of Shares so borrowed must be returned to BlackPearl Global Limited or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised and (ii) the day on which the Over-allotment Option is exercised in full, or such time as may be otherwise agreed by the parties; (d) the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and (e) no payment will be made to BlackPearl Global Limited by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

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.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around Wednesday, January 3, 2024.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed "Underwriting" in this Prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval and permission not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the execution and delivery of the International Underwriting Agreement on or about Wednesday, January 3, 2024; and

(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 the Company on the websites of the Company and the Stock Exchange at **www.robosense.ai/en** and **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 the section headed "How to Apply for Hong Kong Offer Shares — (D) Despatch/Collection of Share Certificates and Refund of Application Monies" in this Prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks 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 at 8:00 a.m. on Friday, January 5, 2024, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, January 5, 2024, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, January 5, 2024.

The Shares will be traded in board lots of 100 Shares each and the stock code of the Shares will be 2498.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.robosense.ai/en.

The contents of this Prospectus 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. APPLICATIONS FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, 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 or close associates; or
- are a Director or any of his/ her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Wednesday, December 27, 2023 and end at 12:00 noon on Tuesday, January 2, 2024 (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
HK eIPO White Form service	**www.hkeipo.hk** or the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/ IPOApp or www.tricorglobal.com/ IPOApp**).	Investors who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Wednesday, December 27, 2023 to 11:30 a.m. on Tuesday, January 2, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, January 2, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would not like to receive a physical 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 **HK eIPO White Form** 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.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** 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 **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** 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 prospectus 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 Prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants	**For Corporate Applicants**
• Full name(s)[2] as shown on your identity document	• Full name(s)[2] as shown on your identity document
• Identity document's issuing country or jurisdiction	• Identity document's issuing country or jurisdiction
• Identity document type, with order of priority:	• Identity document type, with order of priority:
i. HKID card; or	i. LEI registration document; or
ii. National identification document; or	ii. Certificate of incorporation; or
iii. Passport; and	iii. Business registration certificate; or
• Identity document number	iv. Other equivalent document; and
	• Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** 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. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used. 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, 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 account holders on FINI is capped at 4 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.

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).

   1 Subject to change, if the Company's Articles of Association and applicable company law prescribe a lower cap.

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our 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	:	100
Permitted number of Hong Kong Offer Shares for application and amount payable on application/ successful allotment	:	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. The Offer Price is HK$43.00 per 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. 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 **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
100	4,343.37	2,000	86,867.31	10,000	434,336.56	300,000	13,030,096.50
200	8,686.73	2,500	108,584.13	20,000	868,673.10	400,000	17,373,462.00
300	13,030.10	3,000	130,300.96	30,000	1,303,009.66	500,000	21,716,827.50
400	17,373.46	3,500	152,017.79	40,000	1,737,346.20	600,000	26,060,193.00
500	21,716.82	4,000	173,734.62	50,000	2,171,682.76	700,000	30,403,558.50
600	26,060.20	4,500	195,451.44	60,000	2,606,019.30	800,000	34,746,924.00
700	30,403.56	5,000	217,168.28	70,000	3,040,355.86	900,000	39,090,289.50
800	34,746.92	6,000	260,601.94	80,000	3,474,692.40	1,000,000	43,433,655.00
900	39,090.29	7,000	304,035.59	90,000	3,909,028.96	1,145,500(1)	49,753,251.80
1,000	43,433.65	8,000	347,469.25	100,000	4,343,365.50		
1,500	65,150.48	9,000	390,902.90	200,000	8,686,731.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(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) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

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 **HK eIPO White Form** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Shares in the Global Offering.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference numbers according to the Best Practice Note on Treatment of Multiple / Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** 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 authorize us and/or the Overall Coordinators, as our 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 Prospectus, the **IPO App** and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(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 shares set out in this Prospectus 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 Prospectus 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 Relevant Persons[(2)], the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this Prospectus 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 us, the Relevant Persons, the Hong Kong 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;

(2) As defined in the Prospectus, Relevant Persons would include the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

(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 Hong Kong 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;

(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 we 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 prospectus;

(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 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 we 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 application channel of the **HK eIPO White Form** Service Provider 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 the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

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 the **HK eIPO White Form** service or HKSCC EIPO channel:		
Website	From the "IPO Results" function in the **IPO App** or at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	24 hours, from 11:00 p.m. on Thursday, January 4, 2024 to 12:00 midnight on Wednesday, January 10, 2024 (Hong Kong time)
	The Stock Exchange's website at www.hkexnews.hk and our website at www.robosense.ai/en which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Thursday, January 4, 2024 (Hong Kong time).
Telephone	+852 3691 8488 - the allocation results telephone enquiry line provided by the Hong Kong Share Registrar	between 9:00 a.m. and 6:00 p.m., from Friday, January 5, 2024 to Wednesday, January 10, 2024 (Hong Kong time) on a business day

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Wednesday, January 3, 2024 (Hong Kong time)

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, January 3, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the Offer Price, the level of indications of interest in the Global 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 and our website at www.robosense.ai/en by no later than 11:00 p.m. on Thursday, January 4, 2024 (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 we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the Hong Kong 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 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 us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— *A. Applications 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;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted 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 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 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 Global 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 us, the Relevant Persons, the Hong Kong 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 SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one 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 Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid at 8:00 a.m. on Friday, January 5, 2024 (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 Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/ collection of Share certificate[3]		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong **Time:** 9:00 a.m. to 1:00 p.m. on Friday, January 5, 2024 (Hong Kong time) 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. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. **Note:** If you do not collect your 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	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
For application of less than 1,000,000 Hong Kong Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Date:** Thursday, January 4, 2024	

	HK eIPO White Form service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Friday, January 5, 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto 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	

[3] Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an Extreme Conditions in the morning on Thursday, January 4, 2024 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and 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 Tuesday, January 2, 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, January 2, 2024.

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 Prospectus, an announcement will be made and published on the Stock Exchange's website at www.hkexnews.hk and our website at www.robosense.ai/en of the revised timetable.

If a **Severe** Weather Signal is hoisted on Thursday, January 4, 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository's service counter so that they would be available for trading on Friday, January 5, 2024.

If a **Severe** Weather Signal is hoisted on Thursday, January 4, 2024, the despatch of physical Share certificates of less than 1,000,000 Offer Shares issued under your own name will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Thursday, January 4, 2024 or on Friday, January 5, 2024).

If a **Severe** Weather Signal is hoisted on Friday, January 5, 2024, physical Share certificates of 1,000,000 Offer Shares or more issued under your own name are available for collection in person at the Hong Kong Share Registrar's office after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Friday, January 5, 2024 or on Monday, January 8, 2024).

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the 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 Shares 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 HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the 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 Hong Kong Share Registrar, the receiving bank 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.

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 Hong Kong 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 Hong Kong 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 Hong Kong 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 Hong Kong 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 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 Hong Kong 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 **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this Prospectus 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 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 Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the 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 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 Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong 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 advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case 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 Hong Kong 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.

5. Retention of personal data

The Company and the Hong Kong 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 Hong Kong 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 Hong Kong 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 Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this Prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong 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-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ROBOSENSE TECHNOLOGY CO., LTD (速騰聚創科技有限公司) AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED AND CHINA RENAISSANCE SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of RoboSense Technology Co., Ltd (速騰聚創科技有限公司) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-118, which comprises the consolidated balance sheets as of December 31, 2020, 2021 and 2022 and June 30, 2023, the balance sheets of the Company as of December 31, 2021 and 2022 and June 30, 2023, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 (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-118 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 27, 2023 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

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 presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting accountant's 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 accountant's judgement, 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 accountant considers 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 presentation and preparation set out in Notes 1.3 and 2.1 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, 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 accountant's report, a true and fair view of the financial position of the Company as of December 31, 2021 and 2022 and June 30, 2023, the consolidated financial position of the Group as of December 31, 2020, 2021 and 2022 and June 30, 2023 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 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 comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 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 International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 International 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 purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 27 to the Historical Financial Information which states that no dividends have been paid by RoboSense Technology Co., Ltd (速騰聚創科技有限公司) in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, December 27, 2023

I 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 accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("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 COMPREHENSIVE LOSS

	Notes	Year ended December 31,			Six months ended June 30,	
		2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue	5	170,931	331,063	530,322	237,243	329,048
Cost of sales	8	(95,561)	(190,795)	(569,617)	(204,131)	(316,296)
Gross profit/(loss)		75,370	140,268	(39,295)	33,112	12,752
Research and development expenses	8	(81,534)	(133,037)	(305,941)	(104,792)	(246,394)
Sales and marketing expenses	8	(23,613)	(46,891)	(67,381)	(29,418)	(40,174)
General and administrative expenses	8	(37,603)	(142,374)	(188,352)	(80,951)	(170,515)
Net impairment losses on financial assets		(1,732)	(2,884)	(2,502)	(2,102)	(182)
Other income	6	8,143	18,761	31,483	12,026	14,987
Other gains/(losses) – net	7	358	584	(44,118)	(31,732)	(31,966)
Operating loss		(60,611)	(165,573)	(616,106)	(203,857)	(461,492)
Finance income	10	1,501	1,631	20,491	3,164	36,657
Finance costs	10	(824)	(2,559)	(5,046)	(3,476)	(1,883)
Finance income/(costs) – net		677	(928)	15,445	(312)	34,774
Share of net loss of an associate accounted for using the equity method	16	–	–	–	–	(942)
Fair value changes in financial instruments issued to investors	31	(160,667)	(1,487,788)	(1,484,649)	(414,761)	(339,762)
Loss before income tax		(220,601)	(1,654,289)	(2,085,310)	(618,930)	(767,422)
Income tax expenses	11	–	(237)	(803)	(62)	(866)
Net loss		(220,601)	(1,654,526)	(2,086,113)	(618,992)	(768,288)
(Loss)/profit attributable to:						
Owners of the Company		(220,794)	(1,658,730)	(2,088,652)	(618,987)	(771,222)
Non-controlling interests		193	4,204	2,539	(5)	2,934
		(220,601)	(1,654,526)	(2,086,113)	(618,992)	(768,288)
Other comprehensive income/(loss)						
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations		13	19	(1,910)	(989)	(12,140)
Items that will not be reclassified to profit or loss						
Exchange differences on translation from functional currency to presentation currency		(25)	288	(296,737)	(150,015)	(198,690)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a), (c)	5,375	(8,864)	(5,968)	(1,955)	(1,572)
Other comprehensive income/(loss), net of tax		5,363	(8,557)	(304,615)	(152,959)	(212,402)
Total comprehensive loss		(215,238)	(1,663,083)	(2,390,728)	(771,951)	(980,690)
Total comprehensive (loss)/income attributable to:						
Owners of the Company		(215,431)	(1,667,287)	(2,393,267)	(771,946)	(983,624)
Non-controlling interests		193	4,204	2,539	(5)	2,934
		(215,238)	(1,663,083)	(2,390,728)	(771,951)	(980,690)
Loss per share for loss attributable to the ordinary equity holders of the Company:						
Basic and diluted (expressed in RMB per share)	12	(2.18)	(16.47)	(21.47)	(6.35)	(7.94)

CONSOLIDATED BALANCE SHEETS

	Notes	As of December 31,			As of June 30,
		2020	2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	13	13,671	79,029	208,066	254,089
Right-of-use assets	14	8,750	26,823	27,536	19,570
Intangible assets	15	3,886	37,224	52,243	48,447
Investment in an associate accounted for using the equity method	16	–	–	–	48,058
Financial assets at fair value through profit or loss	23	–	–	30,000	30,000
Other non-current assets	17	1,851	29,884	80,226	19,990
		28,158	172,960	398,071	420,154
Current assets					
Inventories	18	53,602	138,583	289,088	272,030
Trade and notes receivables	20	70,604	120,264	206,983	257,231
Prepayments, other receivables and other current assets	21	11,638	679,714	66,480	88,788
Financial assets at fair value through other comprehensive income	22	1,347	3,139	2,469	–
Financial assets at fair value through profit or loss	23	80,137	–	307,859	–
Time deposits	24	60,066	–	84,573	89,753
Restricted cash		–	–	530	735
Cash and cash equivalents	25	52,723	627,539	2,071,381	2,111,631
		330,117	1,569,239	3,029,363	2,820,168
Total assets		358,275	1,742,199	3,427,434	3,240,322
EQUITY					
Share capital	26(a)	–	88	81	86
Other reserves	26(b)	(11,700)	(41,384)	(355,509)	(402,059)
Accumulated losses	26(b)	(944,241)	(2,602,898)	(4,692,005)	(5,463,401)
Capital and reserves attributable to owners of the Company		(955,941)	(2,644,194)	(5,047,433)	(5,865,374)
Non-controlling interests		4,071	8,275	10,175	13,109
Total deficits		(951,870)	(2,635,919)	(5,037,258)	(5,852,265)
LIABILITIES					
Non-current liabilities					
Lease liabilities	14	3,621	18,045	13,151	5,475
Government grants	29	12,752	9,468	45,270	39,804
Financial instruments issued to investors	31	1,144,280	3,036,426	783,999	8,503,120
Other non-current liabilities	30	26,639	33,292	28,177	49,366
		1,187,292	3,097,231	870,597	8,597,765
Current liabilities					
Trade payables	32	44,469	70,927	223,849	198,708
Contract liabilities	5	11,197	11,608	19,651	23,029
Bank borrowings	33	4,700	–	–	–
Lease liabilities	14	6,008	11,831	17,356	16,373
Government grants	29	1,086	533	–	–
Financial instruments issued to investors	31	–	974,046	6,212,044	–
Other payables and accruals	34	55,393	211,942	1,121,195	256,712
		122,853	1,280,887	7,594,095	494,822
Total liabilities		1,310,145	4,378,118	8,464,692	9,092,587
Total deficits and liabilities		358,275	1,742,199	3,427,434	3,240,322

BALANCE SHEETS OF THE COMPANY

	Notes	As of December 31, 2021	As of December 31, 2022	As of June 30, 2023
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Investments in subsidiaries	1.2(c)	–	3,769,471	4,076,525
Prepayment for investments in subsidiaries	17	2,087,765	–	–
		2,087,765	3,769,471	4,076,525
Current assets				
Prepayments, other receivables and other current assets	21	1,562,916	2,262,905	3,229,509
Cash and cash equivalents	25	277,540	707,002	758,677
		1,840,456	2,969,907	3,988,186
Total assets		3,928,221	6,739,378	8,064,711
EQUITY				
Share capital	26(a)	88	81	86
Other reserves	26(c)	(16,532)	1,386,814	1,526,121
Accumulated losses	26(c)	(146,397)	(1,666,581)	(1,991,330)
Total deficits		(162,841)	(279,686)	(465,123)
LIABILITIES				
Non-current liabilities				
Financial instruments issued to investors	31	3,036,426	783,999	8,503,120
Current liabilities				
Financial instruments issued to investors	31	974,046	6,212,044	–
Other payables and accruals	34	80,590	23,021	26,714
		1,054,636	6,235,065	26,714
Total liabilities		4,091,062	7,019,064	8,529,834
Total deficits and liabilities		3,928,221	6,739,378	8,064,711

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company					
		Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total deficits
		RMB'000 (Note 26(a))	*RMB'000* (Note 26(b))	*RMB'000* (Note 26(b))	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2020		–	(17,063)	(723,447)	(740,510)	3,878	(736,632)
Net (loss)/profit		–	–	(220,794)	(220,794)	193	(220,601)
Other comprehensive income, net of tax:							
Fair value changes on convertible redeemable preferred shares due to own credit risk	31(a)	–	5,375	–	5,375	–	5,375
Currency translation differences		–	(12)	–	(12)	–	(12)
Total comprehensive income/(loss)		–	5,363	(220,794)	(215,431)	193	(215,238)
As of December 31, 2020		–	(11,700)	(944,241)	(955,941)	4,071	(951,870)
As of January 1, 2021		–	(11,700)	(944,241)	(955,941)	4,071	(951,870)
Net (loss)/profit		–	–	(1,658,730)	(1,658,730)	4,204	(1,654,526)
Other comprehensive income, net of tax:							
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a),(c)	–	(8,864)	–	(8,864)	–	(8,864)
Currency translation differences		–	307	–	307	–	307
Total comprehensive (loss)/income		–	(8,557)	(1,658,730)	(1,667,287)	4,204	(1,663,083)
Transactions with owners in their capacity as owners:							
Issuance of ordinary shares to ordinary shareholders	26(a)(i)	65	–	–	65	–	65
Issuance of treasury shares to Employee Stock Ownership Plans ("ESOP")	26(a)(ii)	23	(23)	–	–	–	–
Repurchase of ordinary shares and treasury shares	31(a)(iii)	–	(4,337)	–	(4,337)	–	(4,337)
Modification of convertible redeemable preferred shares		–	(116)	116	–	–	–
Issuance of Series E Preferred Shares upon conversion of Series E convertible notes		–	43	(43)	–	–	–
Commitment to repurchase ordinary shares	31(a)(iv)	–	(45,435)	–	(45,435)	–	(45,435)
Employee share scheme – value of employee services	28(a)	–	28,741	–	28,741	–	28,741
Total transactions with owners in their capacity as owners		88	(21,127)	73	(20,966)	–	(20,966)
As of December 31, 2021		88	(41,384)	(2,602,898)	(2,644,194)	8,275	(2,635,919)

	Notes	Attributable to owners of the Company				Non-controlling interests	Total deficits
		Share capital	Other reserves	Accumulated losses	Total		
		RMB'000 (Note 26(a))	*RMB'000* (Note 26(b))	*RMB'000* (Note 26(b))	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2022		88	(41,384)	(2,602,898)	(2,644,194)	8,275	(2,635,919)
Net (loss)/profit		–	–	(2,088,652)	(2,088,652)	2,539	(2,086,113)
Other comprehensive income, net of tax:							
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a),(c)	–	(5,968)	–	(5,968)	–	(5,968)
Currency translation differences		–	(298,647)	–	(298,647)	–	(298,647)
Total comprehensive (loss)/income		–	(304,615)	(2,088,652)	(2,393,267)	2,539	(2,390,728)
Transactions with owners in their capacity as owners:							
Repurchase of ordinary shares	31(a)(iv)	(2)	2	–	–	–	–
Modification of convertible redeemable preferred shares	31(a)(vi)	–	27,236	40	27,276	–	27,276
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes		–	495	(495)	–	–	–
Deregistration of a subsidiary		–	–	–	–	(639)	(639)
Repurchase of restricted shares and cancellation of treasury shares	26(a)(iii), 28(a)	(5)	(36,803)	–	(36,808)	–	(36,808)
Employee share scheme - value of employee services	28(a)	–	(440)	–	(440)	–	(440)
Total transactions with owners in their capacity as owners		(7)	(9,510)	(455)	(9,972)	(639)	(10,611)
As of December 31, 2022		81	(355,509)	(4,692,005)	(5,047,433)	10,175	(5,037,258)

	Notes	Attributable to owners of the Company				Non-controlling interests	Total deficits
		Share capital	Other reserves	Accumulated losses	Total		
		RMB'000 (Note 26(a))	*RMB'000* (Note 26(b))	*RMB'000* (Note 26(b))	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)							
As of January 1, 2022		88	(41,384)	(2,602,898)	(2,644,194)	8,275	(2,635,919)
Net Loss		–	–	(618,987)	(618,987)	(5)	(618,992)
Other comprehensive income, net of tax:							
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a),(c)	–	(1,955)	–	(1,955)	–	(1,955)
Currency translation differences		–	(151,004)	–	(151,004)	–	(151,004)
Total comprehensive loss		–	(152,959)	(618,987)	(771,946)	(5)	(771,951)
Transactions with owners in their capacity as owners:							
Repurchase of ordinary shares	31(a)(iv)	(2)	2	–	–	–	–
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes		–	495	(495)	–	–	–
Repurchase of restricted shares	28(a)	–	(36,808)	–	(36,808)	–	(36,808)
Employee share scheme - value of employee services	28(a)	–	(440)	–	(440)	–	(440)
Total transactions with owners in their capacity as owners		(2)	(36,751)	(495)	(37,248)	–	(37,248)
As of June 30, 2022		86	(231,094)	(3,222,380)	(3,453,388)	8,270	(3,445,118)

	Notes	Attributable to owners of the Company				Non-controlling interests	Total deficits
		Share capital	Other reserves	Accumulated losses	Total		
		RMB'000 (Note 26(a))	*RMB'000* (Note 26(b))	*RMB'000* (Note 26(b))	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2023		81	(355,509)	(4,692,005)	(5,047,433)	10,175	(5,037,258)
Net (loss)/profit		–	–	(771,222)	(771,222)	2,934	(768,288)
Other comprehensive income, net of tax:							
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a),(c)	–	(1,572)	–	(1,572)	–	(1,572)
Currency translation differences		–	(210,830)	–	(210,830)	–	(210,830)
Total comprehensive (loss)/income		–	(212,402)	(771,222)	(983,624)	2,934	(980,690)
Transactions with owners in their capacity as owners:							
Modification of convertible redeemable preferred shares	31(a)(vi)	–	(106)	106	–	–	–
Issuance of treasury shares to ESOP	26(a)(iii)	5	(5)	–	–	–	–
Employee share scheme - value of employee services	28(a)	–	165,683	–	165,683	–	165,683
Total transactions with owners in their capacity as owners		5	165,572	106	165,683	–	165,683
Appropriation to safety reserves		–	280	(280)	–	–	–
As of June 30, 2023		86	(402,059)	(5,463,401)	(5,865,374)	13,109	(5,852,265)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,			Six months ended June 30,	
		2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cash flows from operating activities						
Cash used in operations	35(a)	(75,881)	(179,004)	(539,798)	(225,290)	(308,597)
Interest received		1,501	1,286	20,491	3,164	36,657
Interest paid		(824)	(2,559)	(3,040)	(1,591)	(613)
Income taxes paid		–	(183)	(725)	(74)	(1,284)
Net cash used in operating activities		(75,204)	(180,460)	(523,072)	(223,791)	(273,837)
Cash flows from investing activities						
Purchase of property, plant and equipment		(2,989)	(92,134)	(108,253)	(58,655)	(51,465)
Proceeds from disposal of property, plant and equipment		3	336	–	–	23
Receipt of government grants related to assets		10,481	11,833	19,722	11,280	12,539
Purchase of intangible assets		(2,258)	(2,366)	(12,107)	(5,515)	(6,832)
Purchase of financial assets at fair value through profit or loss	3.3(a)	(209,500)	(165,000)	(444,000)	–	(107,000)
Proceeds from disposal of financial assets at fair value through profit or loss	3.3(a)	160,465	246,292	107,261	–	415,655
Purchase of time deposits		(60,000)	–	(83,575)	–	(84,677)
Proceeds from maturity of time deposits		–	60,000	–	–	83,423
Prepayment for investment in an associate	17(d)	–	–	(49,000)	–	–
Interest received from time deposits		52	1,419	–	–	1,250
Net cash (used in)/generated from investing activities		(103,746)	60,380	(569,952)	(52,890)	262,916

	Notes	Year ended December 31, 2020	2021	2022	Six months ended June 30, 2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cash flows from financing activities						
Proceeds from issuance of financial instruments to investors		123,000	1,375,917	960,706	493,875	850,250
Receipt of share capital from ordinary shareholders		–	5,408	–	–	–
Proceeds from an employee for granting restricted share units	28(a)(ii)	–	–	3,750	3,750	3,588
Repayment to investors for offshore capital injection in the Company in relation to the Reorganization		–	(652,200)	–	–	–
Receipt from investors for offshore capital injection in the Company in relation to the Reorganization		–	–	652,200	652,200	–
Receipt/(repayment) of financing deposits in advance	34(c)	–	–	850,250	–	(850,250)
Proceeds from bank borrowings		5,000	–	–	–	–
Repayment of bank borrowings		(9,300)	(4,700)	–	–	–
Repurchase of restricted shares		–	–	(32,766)	(32,766)	(12,292)
Principal elements of lease payments	35(b)	(6,730)	(7,099)	(15,495)	(1,408)	(8,963)
Principal elements of license fees payable	30(a)	–	(5,895)	(1,787)	(1,787)	–
Payments for listing expenses		–	–	–	–	(825)
Net cash generated from/(used in) financing activities		111,970	711,431	2,416,858	1,113,864	(18,492)
Net (decrease)/increase in cash and cash equivalents		(66,980)	591,351	1,323,834	837,183	(29,413)
Cash and cash equivalents at the beginning of the year/period		120,153	52,723	627,539	627,539	2,071,381
Effects of exchange rate changes on cash and cash equivalents		(450)	(16,535)	120,008	68,907	69,663
Cash and cash equivalents at the end of year/period	25	52,723	627,539	2,071,381	1,533,629	2,111,631

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information, Reorganization and basis of presentation

1.1 General information

RoboSense Technology Co., Ltd ("RoboSense" or the "Company") was incorporated in the Cayman Islands on June 23, 2021 as an exempted company with limited liability. The address of the Company's registered office is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Suteng Innovation Technology Co., Ltd. ("Shenzhen Suteng") was incorporated in the People's Republic of China (the "PRC") in August 2014. Upon the completion of the reorganization (the "Reorganization") in January 2022 as described in Note 1.2(a), Shenzhen Suteng became an indirect wholly owned subsidiary of the Company. The Company and its subsidiaries are collectively referred to as the "Group".

The Company is an investment holding company. The Company and its subsidiaries are engaged in (i) developing and producing LiDAR products for applications in advanced driver assistance systems ("ADAS"), as well as robotics and others, (ii) LiDAR perception solutions, combing LiDAR hardware and AI perception software, (iii) services, collectedly referred to as the "Listing Business" in the PRC. On April 21, 2023, Dr. Qiu Chunxin, Dr. Zhu Xiaorui, and Mr. Liu Letian (collectively the "Founders") entered into the Concert Party Confirmation, to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of the Group and aligning their votes in the board and shareholders' meetings of the Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier).

1.2 Reorganization

(a) Reorganization of the Group

Prior to the incorporation of the Company and the completion of the Reorganizations described below, the Listing Business was mainly carried out by Shenzhen Suteng and its subsidiaries (collectively, the "Operating Companies"). The Group commenced its operation through Shenzhen Suteng in the PRC since 2014. Shenzhen Suteng was established by the Founders, and subsequently issued a series of convertible redeemable preferred shares ("Preferred Shares"), warrants and convertible notes to various third-party investors (collectively the "Third Party Investors"), further details of which were set out in Note 31(a).

In preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "IPO"), the Group underwent the Reorganization, pursuant to which the Listing Business was transferred to the Company:

(i) In June 2021, the Company was established under the laws of the Cayman Islands as an exempted company with limited liability with authorized share capital of 500,000,000 shares of par value of United States Dollars ("USD") 0.0001 each, of which 100,682,430 ordinary shares by the Company were issued to the Founders.

(ii) In June 2021, RoboSense Limited was incorporated in British Virgin Islands as a direct wholly owned subsidiary of the Company.

(iii) In July 2021, RoboSense HongKong Limited ("RoboSense HK") was incorporated in Hong Kong as a direct wholly owned subsidiary of RoboSense Limited.

(iv) In December 2021, Shenzhen Suteng completed capital reduction ("Capital Reduction") to shareholders except for Founders and one shareholder.

(v) After Capital Reduction, in December 2021, 18,299,626 ordinary shares, 7,949,650 Series Angel Preferred Shares, 2,269,732 Series Seed Preferred Shares, 6,495,271 Series A Preferred Shares, 3,031,525 Series B Preferred Shares, 1,634,886 Series D Preferred Shares, 858,306 Series D-1 Preferred Shares, 11,444,146 Series D-2 Preferred Shares and warrants to purchase an aggregate of 147,334,428 Preferred Shares, respectively, were issued to the existing shareholders of Shenzhen Suteng or their affiliates ("Existing Shareholders"), in proportion to their respective equity interests holding in Shenzhen Suteng.

(vi) In January 2022, RoboSense HK purchased 100% equity interests in Shenzhen Suteng, from Founders and one shareholder as mentioned in note (iv). Consequently, Shenzhen Suteng became an indirect wholly owned subsidiary of the Company.

(vii) In January 2022, the Company issued 8,045,851 Series Angel Preferred Shares, 17,701,999 Series Seed Preferred Shares, 9,026,100 Series A Preferred Shares, 10,511,598 Series A+ Preferred Shares, 28,828,219 Series B Preferred Shares, 57,104,870 Series C Preferred Shares, 8,419,607 Series D Preferred Shares, 5,243,874 Series D-1 Preferred Shares, and 2,452,310 Series D-2 Preferred Shares to respective Existing Shareholders of Shenzhen Suteng, including the offshore investor, upon the exercise of the warrants issued in December 2021 in proportion to their respective equity interests holding in Shenzhen Suteng.

Upon the completion of the Reorganization in January 2022, the Company became the holding company of the companies now comprising the Group. The shareholdings in the Company and Shenzhen Suteng were substantially the same immediately before and after the Reorganization. All shareholders of Shenzhen Suteng immediately before the Reorganization as a group, who remain as shareholders after the Reorganization, did not lose control of the Company after the Reorganization.

As part of the Reorganization, the Company assumed the obligation of Shenzhen Suteng and issued financial instruments to Third Party Investors in proportion to the equity interest they held in Shenzhen Suteng.

In January 2022, the Company conducted a share split of all its ordinary shares and Preferred Shares. The number of the issued shares and nominal amount per share presented in the consolidated financial statements have been retrospectively adjusted to reflect the share split.

(b) Subsidiaries of the Company

Upon completion of the Reorganization, the Company has direct or indirect interests in the following subsidiaries during the Track Record Period:

				Equity interest held (%)						Statutory auditors		
				As of December 31,						As of December 31,		
Name	Place of incorporation/ establishment	Date of incorporation/ establishment	Registered/ issued capital	2020	2021	2022	As of June 30, 2023	As of the date of this report	Principal activities	2020	2021	2022
Direct Interests												
RoboSense Limited	British Virgin Islands ("BVI")	June 25, 2021	USD50,000	N/A	100%	100%	100%	100%	Investment holding	N/A	N/A	N/A
Indirect Interests												
RoboSense HongKong Limited	Hong Kong	July 16, 2021	Hong Kong Dollars ("HKD") 10,000	N/A	100%	100%	100%	100%	Investment holding	N/A	Richful CPA Limited	N/A
Hong Kong Suteng Innovation Technology Co., Ltd. . . .	Hong Kong	February 7, 2018	HKD100,000	100%	100%	100%	100%	100%	Investment holding	N/A	Richful CPA Limited	N/A
RoboSense Inc.	United States ("US")	December 21, 2017	USD100,000	100%	100%	100%	100%	100%	Technology development and marketing services	N/A	N/A	N/A
RoboSense EMEA GmbH	Germany	November 26, 2020	Euro ("EUR")25,000	100%	100%	100%	100%	100%	Technology development	N/A	N/A	N/A
Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司)*	PRC	August 28, 2014	RMB540,344,000	100%	100%	100%	100%	100%	Manufacturing and sales of LiDAR products	Shenzhen Zhixin Certified Public Accountants	Shenzhen Huatu Certificated Public Accountants	Shenzhen Huatu Certificated Public Accountants

Name	Place of incorporation/ establishment	Date of incorporation/ establishment	Registered/ issued capital	Equity interest held (%)						Principal activities	Statutory auditors		
				As of December 31,			As of June 30,	As of the date of this report			As of December 31,		
				2020	2021	2022	2023				2020	2021	2022
Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司)* . . .	PRC	December 4, 2018	RMB1,000,000	100%	100%	100%	100%	100%		Sales of LiDAR Products	Shanghai Liyong Certified Public Accountants	Shanghai Liyong Certified Public Accountants	Shanghai Liyong Certified Public Accountants
Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司)* .	PRC	October 19, 2016	RMB5,800,000	100%	100%	100%	100%	100%		Technology development	N/A	N/A	N/A
Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司)*	PRC	July 19, 2019	RMB1,000,000	100%	100%	100%	100%	100%		Manufacturing LiDAR products	N/A	N/A	N/A
RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司)*	PRC	September 2, 2021	USD100,000	N/A	100%	100%	100%	100%		Investment holding	N/A	N/A	N/A

Name	Place of incorporation/ establishment	Date of incorporation/ establishment	Registered/ issued capital	Equity interest held (%)					Principal activities	Statutory auditors		
				As of December 31,			As of June 30,	As of the date of this report		As of December 31,		
				2020	2021	2022	2023			2020	2021	2022
RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司)*	PRC	September 6, 2021	USD50,000,000	N/A	100%	100%	100%	100%	Investment holding	N/A	Shenzhen Huatu Certificated Public Accountants	N/A
Tianjin Lubo Shengshi Technology Co., Ltd. (天津路泊盛世科技有限公司)*	PRC	November 9, 2022	RMB1,000,000	N/A	N/A	100%	100%	100%	Sales of LiDAR products	N/A	N/A	N/A
Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司)*(i) ...	PRC	November 29, 2017	RMB1,088,889	55%	55%	55%	55%	55%	Manufacturing and sales of LiDAR related materials	Suzhou Zhonghe Certified Public Accountants	Suzhou Wanlong Yongding Certificated Public Accountants	Suzhou Wanlong Yongding Certificated Public Accountants
Shenzhen Paineng 720 Technology Co., Ltd. (深圳市拍能七二零科技有限公司)*(ii) .	PRC	September 19, 2016	RMB1,428,571	70%	70%	N/A	N/A	N/A	Development and sales of panoramic cameras	N/A	N/A	N/A

* The English name of certain subsidiaries represented the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

(i) In accordance with the Article of Association of Suzhou Xijing MEMS Technology Co., Ltd. ("Suzhou Xijing MEMS"), the Company has the power to control the board of directors of Suzhou Xijing MEMS to unilaterally govern the operating, financing and investing policies of Suzhou Xijing MEMS. Therefore, the Group consolidates this entity.

(ii) In October 2022, Shenzhen Paineng 720 Technology Co., Ltd., a subsidiary of the Group, was deregistered.

(c) Investments in subsidiaries – the Company

	As of December 31, 2022	As of June 30, 2023
	RMB'000	*RMB'000*
Investment in subsidiaries – Capital contribution to Shenzhen Suteng for assuming the obligation to investors	2,280,604	2,366,136
Investment in subsidiaries – Capital contribution from shareholder for obtaining 100% equity interest of Shenzhen Suteng	1,488,867	1,544,706
Investment in subsidiaries – Deemed investments arising from share-based compensation	–	165,683
	3,769,471	4,076,525

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the Listing Business is held by the Shenzhen Suteng. The Listing Business is conducted by Shenzhen Suteng and its subsidiaries. Pursuant to the Reorganization, Shenzhen Suteng and the Listing Business are transferred to and held by the Company. The Company and the newly incorporated intermediaries holding companies have not been involved in any other business prior to the Reorganization and do not meet the definition of a business. The Reorganization is merely a recapitalization of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain substantially the same.

Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Listing Business under Shenzhen Suteng and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the Shenzhen Suteng, with the assets and liabilities of the Group recognized and measured at the carrying amounts of the Listing Business under the consolidated financial statements of Shenzhen Suteng for all periods presented.

2. Material accounting policy information

This note provides a list of material accounting policies adopted in the preparation of the Historical Financial Information are set out as below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with IFRS Accounting Standards

The Historical Financial Information of the Group has been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board ("IASB"). The principal accounting policies set out below have been consistently applied to all the years and periods presented, unless otherwise stated.

(ii) Historical cost convention

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets and liabilities, including derivative instruments, that are measure at fair value.

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 its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

(a) Going Concern

As of June 30, 2023, the Group had a total deficit of RMB5,852,265,000 and cash and cash equivalents of RMB2,111,631,000. The Group has Preferred Shares issued to the investors with carrying amount of RMB8,503,120,000 which were presented as financial instruments issued to investors under non-current liabilities. According to the modification, those Preferred Shares were not contractually redeemable within the next twelve months under normal circumstances while subject to certain redemption clauses as set out in Note 31. Such Preferred Shares issued to investors will automatically and irrevocably be converted into ordinary shares upon the closing of a Qualified IPO with initial conversion ratio of 1:1. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

In view of such circumstance, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position:

(i) On June 29, 2023, the Company successfully entered into the modification agreements with relevant investors of the Preferred Shares to extend the earliest redemption date of the Preferred Shares from December 31, 2023 to December 31, 2024.

(ii) The Group is contemplating the IPO to raise additional funding. The redemption rights of the Preferred Shares will be lapsed and the Preferred Shares will be automatically converted to ordinary shares of the Company upon the successful listing of the shares of the Company.

(iii) The Group will continue to implement its business plan to improve its operating performance and cash flows. The Group will also monitor its cash position from time to time and may adjust its uncommitted expenditure where necessary.

The directors of the Company have reviewed the Group's cash flow projection prepared by management, which cover a period of not less than twelve months from June 30, 2023. In the opinion of the directors of the Company, taking into account the anticipated cash flows to be generated from the Group's operations as well as reasonable possible changes of its operation, the Group's financial resources on hand and the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from June 30, 2023. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

(b) New Standards, amendments to standards and interpretations

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

2.2 New and amended standards, improvements, interpretations and accounting guideline which are not yet effective and have not been early adopted by the Group

New standards and interpretations not yet adopted, new and amended standards, amendments and interpretations have been issued but are not effective for the Track Record Period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective.

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated balance sheets, respectively.

2.3.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates in the form of ordinary shares are accounted for using the equity method of accounting (Note 2.3.3), after initially being recognized at cost. The Group's investments in these associates include goodwill identified on acquisition, net of any accumulated impairment loss. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is treated as goodwill.

2.3.3 Equity method of accounting

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivables from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

2.4 Separate financial statements

The Company initially measures its investment in subsidiaries at cost.

Investments in subsidiaries are subsequently accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivables.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Company that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is USD. The Company's primary subsidiaries are incorporated in the PRC and these subsidiaries consider RMB as their functional currency. The Group determined to present its Historical Financial Information in RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings or financing activities are presented in the consolidated statements of comprehensive loss, within "finance income/(costs) - net". Foreign exchange gains and losses that relate to financial instruments issued to investors are presented in the statements of profit or loss within "fair value changes in financial instruments issued to investors". All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statements of comprehensive loss within "other gains/(losses) – net".

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each statement of comprehensive loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognized in other comprehensive income or loss.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income or loss. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses (if any). Historical cost includes expenditure that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives or, in case of leasehold improvements, the shorter lease term, as follows:

Machinery and equipment	5-10 years
Mold and tooling	3 years
Computer, electronic equipment and others	3-5 years
Vehicles	4 years
Leasehold improvements	Lesser of the term of the lease or the estimated useful lives of the assets

The assets' residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses)–net" in the consolidated statements of comprehensive loss.

Construction in progress represents unfinished construction and equipment under construction or pending for installation, and is stated at cost less accumulated impairment losses, if any. Cost includes construction costs, installation costs and other costs necessary to bring the construction in progress ready for their intended use. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the construction activities necessary to prepare the assets for their intended use are completed, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.8 Intangible assets

(a) Software

Acquired software is recognized at historical cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. The Group's software is amortized on a straight-line basis over their estimated useful lives of 3-5 years.

(b) Patent

Patents are shown at cost when acquired. Patents have a finite useful life and are carried at cost less accumulated amortization and impairment, if any. Amortization is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives of 10 years.

(c) License rights

License rights are stated at historical cost less accumulated amortization. They are initially measured at the present value of the consideration given to acquire the license at the time of the acquisition, which represents historical cost comprising the capitalized present values of the fixed minimum periodic payments to be made on date of acquisition and in the subsequent years in respect of the acquisition of the license rights. License rights are amortized as a fixed overhead expenditure using the straight-line method to allocate the cost of the licenses over the period of the respective contractual rights of 9 years.

(d) Research and development ("R&D")

Research expenditure is recognized as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for the Group;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and

- the expenditure attributable to the research and development project during its development can be reliably measured.

Directly attributable costs which are eligible to be capitalized as part of the research and development project may include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

During the Track Record Period, there were no internally generated development costs meeting these criteria and capitalized as intangible assets.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and

- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The Group's financial assets comprise trade and notes receivables, time deposits, other receivables, financial assets measured at fair value through profit or loss ("FVPL"), financial assets measured at fair value through other comprehensive income ("FVOCI"), cash and cash equivalents and restricted cash.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group held debt instruments classified as financial assets at amortized costs, FVPL and FVOCI.

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other gains/(losses) – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses) – net" and impairment expenses are presented as separate line item in the consolidated statements of comprehensive loss.

- FVPL: Assets that do not meet the criteria for amortized cost or financial assets at FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "other gains/(losses) – net" in the period in which it arises.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Impairment on other financial assets measure at amortized cost is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets where the Group has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.12 Trade and notes receivables

Trade and notes receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of trade and notes receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and notes receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and notes receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

See Note 3.1(b)(i) for a description of the Group's impairment policies.

2.13 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

2.14 Time deposits

Bank deposits with initial terms of over three months are included in "time deposits" in the consolidated balance sheets.

2.15 Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade and other payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less of the reported period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

The Group designated deposits paid by investors as financial liabilities at fair value through profit or loss. All other trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.18 Financial instruments issued to investors

Financial instruments issued to investors consist of Preferred Shares, warrants for purchase of Preferred Shares ("Warrants") and convertible notes for conversion to Preferred Shares ("Convertible Notes").

(a) Preferred Shares

During the Track Record Period and as of the date of this report, the Group entered into a series of share purchase agreements with financial investors and issued various series of Preferred Shares (Note 31). The Group designated the Preferred Shares as financial liabilities at fair value through profit or loss.

Financial liabilities at fair values through profit or loss is subsequently measured at fair value. The changes in the fair value of the financial liability related to changes in own credit risk shall be presented in other comprehensive income, and the remaining amount of changes in the fair value of the liabilities shall be presented in profit or loss. Amounts recorded in other comprehensive loss related to own credit risk are not subject to recycling in profit or loss, but are transferred to accumulated loss when realized.

The Preferred Shares were classified as current liabilities unless the Group has the unconditional right to defer the redemption of the Preferred Shares for at least 12 months after the end of the reporting period.

(b) Warrants

During the Track Record Period, the Company issued various warrants to investors to subscribe for certain series of the Company's Preferred Shares at a predetermined price during a specific period (Notes 31). As the Preferred Shares which the Warrants are exercisable into are financial liabilities, the warrants are not contracts that will or may be settled in the entity's own equity instruments and are accounted for as derivatives.

The Warrants were classified as current liabilities when the Preferred Shares which the warrants were exercisable into are classified as current liabilities.

(c) Convertible Notes

During the Track Record Period, the Company issued Convertible Notes to certain investors, which can be converted into Series E and F (as applicable) Preferred Shares of the Company at the respective predetermined conversion prices. Series E and F Preferred Shares are financial liabilities and conversion features on financial liabilities are considered as derivatives to be bifurcated and accounted for separately from the host contract. The Group has elected to designate the Convertible Notes as financial liabilities at fair value through profit or loss (Note 31).

The Convertible Notes were classified as current liabilities unless the Group has the unconditional right to defer repaying the principal and interest for at least 12 months after the reporting period.

2.19 Bank borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated balance sheets of the Group or the Company's balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of bank borrowings that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

2.20 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

2.21 Current and deferred income tax

The income tax expenses or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.22 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheets.

(b) Pension costs — defined contribution plans

The Group contributes on a monthly basis to a defined contribution plan organized by the relevant governmental authorities based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these plans is limited to the contributions payable in each period. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid. The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(c) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(d) Housing funds, medical insurances and other social insurances

The employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the monthly contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.23 Share-based compensation

The Group operates certain equity-settled share-based compensation plans (Note 28), under which the Group receives service from its eligible employees as consideration for the equity instruments of the Group. The fair value of the employee services in exchange for the grant of equity instruments is recognized as an expense over the vesting period with a corresponding increase in equity. The fair value of the equity instruments granted is determined:

- Including any market performance conditions.
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The fair value of the employee services received is measured by reference to the fair value of the shares at grant date. The total expense is recognized over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied, using graded vesting method. At the end of each period, the entity revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. For awards with performance conditions, share-based compensation expenses are recognized if and when the Group concludes that it is probable that the performance condition will be achieved. The estimates shall be reassessed and revised in subsequent periods, if necessary.

The Group may modify the terms and conditions on which share-based compensation plans were granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting period.

If the Group modifies the vesting conditions in a manner that is beneficial to the employee, for example, by reducing the vesting period or by modifying or eliminating a performance condition (other than a market condition), the modification is accounted for retrospectively, to reflect the best estimate available (as of that date) of awards that are expected to vest.

A grant of share-based compensation plans, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

2.24 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

The portion of the warranty provisions expected to be incurred within the next 12 months is included within other payables and accruals, while the remaining balance is included within other non-current liabilities in the consolidated balance sheets. Warranty expense is recorded as a component of cost of sales in the consolidated statements of comprehensive loss.

Warranties

The Group provides standard warranty for all LiDARs sold or services provided. The Group considers that the standard warranty is not providing incremental service to customers rather an assurance to the quality of the LiDAR, and therefore is not a separate performance obligation and should be accounted for as an assurance-type standard warranty.

The Group records warranty liabilities at the time of sale for the estimated costs that will be incurred according to the warranty policy provided to customers and reassesses its estimates on a quarterly basis to assess the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

2.25 Revenue recognition

The Group generates revenue primarily from the sales of products, solutions, as well as the provision of services and others. The Group enters into contracts that may involve multiple performance obligations among which the Group allocates the transaction price on the basis of the standalone selling prices of each performance obligation. Standalone selling prices are generally determined based on the prices charged to customers. If it is not directly observable, the standalone selling price is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information, the data utilized, and considering the Group's pricing policies and practices in making pricing decisions.

Revenue is recognized when or as the control of the goods or services is transferred to customers. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. An accounts receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded, whichever is earlier. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration, or an amount of consideration is due, from the customer.

The Group may provide rebates, discounts and incentives, which is accounted for either as variable consideration or material right, depending on the specific terms and conditions of the arrangement.

In general, the Group does not offer rights of return for its goods and services. If, however, in a contract with certain customers, the contract term specifically grants the customers a right to return the purchased product for a refund, the Group accounts for revenue at the transaction price, less the expected level of returns calculated using the guidance on variable consideration. Allowances for sales returns, which reduce revenue, are estimated using the expected value method and were immaterial as of December 31, 2020, 2021 and 2022 and June 30, 2023.

The Group offers a trade-in right to certain customers. The customer is not entitled to significant economic benefit from exercising the put option. As such, the arrangement is accounted for as a right of return under IFRS 15.

(a) Product revenue

Product revenue is derived from sales of various types of hardware.

Sales of hardware are essentially sales of LiDAR sensor systems incorporating hardware together with in-house developed software applications that are licensed on a perpetual or term basis. The embedded software applications are not considered to be dominant and distinct performance obligations as the license forms part of the hardware and is integral of the functionality of the hardware so that the customers can obtain economic benefit from the LiDAR sensor systems as a whole. Thus, the sales of LiDAR sensor system are identified as one performance obligation.

Revenue from sales of hardware is recognized at a point in time when control of the goods is transferred to the customers, generally upon delivery or upon acceptance by the customers depending on the terms of the underlying contract.

(b) Solutions revenue

The Group also generates revenue from sales of solutions, which usually include multiple elements of hardware, software and associated services.

Certain solutions provide the customer with a combination of hardware, software, deployment and professional services as the Group provides significant integration services to integrate the hardware and the software to meet customers' unique specifications and are accounted for as one performance obligation.

While for other solutions, the service of a relatively straightforward or routine nature, such as technical support and / or training services, are separated from the sales of hardware and software and accounted for as separate performance obligations as these services do not require specialized knowledge and do not provide any significant integration, modification, or customization services.

Solutions revenue derived from hardware and software is recognized at a point in time upon delivery or upon acceptance from the customer depending on the underlying contract terms. Solutions revenue derived from technical support and training services is recognized over the service period as the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Services and others revenue

Services and others revenue mainly generated from provision of technology development services. The revenue generated from the technology development services is recognized at a point in time upon acceptance of such services by the customer given that the customers usually cannot obtain benefit when the Group is performing the services. The cost of fulfilling the technology development services is recognized as an asset when the costs are expected to be recovered and amortized into cost of sales at a point in time when the corresponding revenue is recognized if they meet the capitalization criteria as described under IFRS 15. The fulfillment costs of the technology development services that are not recoverable are recognized as cost of sales.

2.26 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year/period, adjusted for bonus elements in ordinary shares issued during the year/period and excluding treasury shares.

(b) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.27 Leases

Lease as lessee

The Group leases various offices and factories. Leases are initially recognized as a right-of-use asset and corresponding liability at the date when the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and

Lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs, if any.

Payments associated with short-term leases are recognized on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.28 Government grants

The Group's PRC based subsidiaries received government subsidies from certain governments. Subsidies from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

The Group's government subsidies consist of specific subsidies and other subsidies. Specific subsidies are subsidies that the government has provided for a specific purpose, such as completion of research and development projects. Other subsidies are the subsidies that the government has not specified its purpose for and are not tied to future trends or performance of the Group, receipt of such subsidy income is not contingent upon any further actions or performance of the Group and the amounts do not have to be refunded under any circumstances.

Specific subsidies relating to cost that are received in advance are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Specific subsidies relating to property, plant and equipment that are received in advance are included in non-current liabilities as government grants and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Other subsidies are recognized as other income upon receipt as no condition is attached to these subsidies and no further performance by the Group is required.

Some of the specific subsidies received were refundable as the Group has no reasonable assurance that the Group will comply with all attached conditions. Refundable government grants are recognized as other non-current liabilities upon receipt. Refundable government grants are reclassified from other non-current liabilities to other payables and accruals when the expected acceptance of completion is due in one year and then will be reclassified as government grants upon government's acceptance of completion of the related project development and amortized as other income.

2.29 Interest income

Interest income on financial assets at amortized cost and debt investments measured at FVOCI calculated using the effective interest method is recognized in profit or loss.

Interest income is presented as finance income where it is earned from cash and cash equivalents, see (Note 10) below. Any other interest income is included in other income.

2.30 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in Note (a);

(vii) a person identified in Note (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

Management regularly manages and monitors the financial risks of the Group to ensure appropriate measures are implemented in a timely and effective manner. During the Track Record Period, no hedging activity was undertaken by the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's entities. The functional currency of the Company and majority of its overseas subsidiaries is USD whereas the functional currency of the subsidiaries which operate in the PRC is RMB. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and USD.

The Group currently does not hedge transactions undertaken in foreign currencies but manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As of December 31, 2020, 2021 and 2022 and June 30, 2023, the carrying amounts of the Group's monetary assets and liabilities that are denominated in currency other than functional currencies of the respective group entities are as follows:

	December 31, 2020		December 31, 2021		December 31, 2022		June 30, 2023	
	RMB	USD	RMB	USD	RMB	USD	RMB	USD
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	–	12,177	–	31,775	–	58,533	6,782	102,760
Trade and notes receivables	–	6,594	–	10,549	–	22,852	–	3,850
Trade payables	–	(6,557)	–	(8,183)	–	(36,712)	–	(38,228)
Other payables and accruals	–	(7,318)	(70,627)	(2,147)	(12,401)	(6,519)	(7,338)	(36,127)
Other non-current liabilities	–	–	–	(25,790)	–	(22,546)	–	(18,503)
Financial instruments issued to investors	–	–	(4,010,472)	–	(6,996,043)	–	(8,503,120)	–

For the PRC subsidiaries whose functional currencies are RMB, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, Group's net loss for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 would have been approximately RMB208,000, RMB264,000, RMB660,000 and RMB581,000 lower/higher, respectively, mainly as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in USD.

For group companies outside of the PRC whose functional currencies are USD, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, Group's net loss for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 would have been approximately nil, RMB204,055,000, RMB350,422,000 and RMB425,184,000 higher/lower, respectively, mainly as a result of net foreign exchange losses/gains on translation of net monetary liabilities denominated in RMB.

Transactions related to financial instruments issued to investors were denominated in RMB and were recorded in Shenzhen Suteng before the Reorganization. No foreign exchange risk arises as of December 31, 2020 since denominated currency and functional currency were both RMB. However, during and after the Reorganization of the Group, the Company assumed these RMB denominated liabilities and foreign exchange risk arose as of December 31, 2021 and 2022 and June 30, 2023.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from time deposits and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The Group has no significant interest-bearing liabilities during the Track Record Period.

The Group has no significant interest-bearing assets except for time deposits and cash and cash equivalents.

If the interest rate of time deposits and cash and cash equivalents had been 50 basis points higher/lower, the loss before income tax for the years ended December 31, 2020, 2021 and 2022 and for the period ended June 30, 2023 would have been RMB5,000, RMB29,000, RMB886,000 and RMB849,000 lower/higher respectively.

The fair value interest rate risk that arises from financial assets and liabilities carried at fixed rates is not significant for the Group.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(iii) Price risk

The Group is exposed to price risk in respect of financial assets at FVPL, which mainly include investments in wealth management products. The Group is not exposed to commodity price risk. See Note 3.3 for details.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, time deposits, restricted cash, trade and notes receivables, other receivables and financial assets at FVOCI. The carrying amounts of above items represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed on a group basis. Time deposits are mainly placed with reputable financial institutions in the PRC, which management considers being of high credit quality. For accounts receivables, the Group assesses the credit quality of the receivables by taking account of various factors, including past operational and financial performance and other factors.

Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade and notes receivables;
- Financial assets at FVOCI;
- Other receivables;
- Time deposits;
- Cash and cash equivalents
- Restricted cash

(i) Trade and notes receivables

The Group applies the simplified approach prescribed by IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. Trade and notes receivables are grouped based on shared credit risk characteristics and aging period for the measuring of expected credit losses.

The Group divided trade and notes receivables into two categories to measure the expected credit loss rates. Category 1 is for customers who have a relatively low credit risk and no default history. Also, these customers are financially capable of settling the outstanding amount. Category 2 is for customers who have a relatively higher credit risk. With different types of customers, the Group calculated the expected credit loss rates respectively. The expected loss rates are determined based on the credit rating of counter parties, and adjusted to reflect the current conditions and the forward-looking information on the macroeconomic environment that may affect the ability of counterparties to settle the receivables. The Group has identified the Gross Domestic Product and Consumer Price Index to be the most relevant factors.

In 2021, as certain customers of Category 2 were insolvent or in operating difficulty due to the further negative impact of the COVID-19, the expected loss rates as of December 31, 2021 were assessed and determined to be 51.43%, higher than those as of December 31, 2020, considering the collectability of these accounts receivable of Category 2.

As of December 31, 2020, 2021 and 2022 and June 30, 2023, the loss allowance provision for the trade receivables was determined as follows. The expected credit losses below also incorporated forward-looking information.

	Category 1	Category 2	Total
As of December 31, 2020			
Gross carrying amount (RMB'000)	67,972	4,495	72,467
Expected credit loss rates	0.93%	27.34%	2.57%
Loss allowance (RMB'000)	(634)	(1,229)	(1,863)
Net carrying amount (RMB'000)	67,338	3,266	70,604
As of December 31, 2021			
Gross carrying amount (RMB'000)	118,128	6,883	125,011
Expected credit loss rates	1.02%	51.43%	3.80%
Loss allowance (RMB'000)	(1,207)	(3,540)	(4,747)
Net carrying amount (RMB'000)	116,921	3,343	120,264
As of December 31, 2022			
Gross carrying amount (RMB'000)	204,971	9,166	214,137
Expected credit loss rates	1.18%	51.70%	3.34%
Loss allowance (RMB'000)	(2,415)	(4,739)	(7,154)
Net carrying amount (RMB'000)	202,556	4,427	206,983
As of June 30, 2023			
Gross carrying amount (RMB'000)	259,330	4,960	264,290
Expected credit loss rates	1.65%	55.83%	2.67%
Loss allowance (RMB'000)	(4,290)	(2,769)	(7,059)
Net carrying amount (RMB'000)	255,040	2,191	257,231

Movements on the Group's allowance for credit loss of trade and notes receivables are as follows:

	Trade and notes receivables
	RMB'000
As of January 1, 2020	131
Net impairment losses on financial assets	1,732
As of December 31, 2020	1,863
As of January 1, 2021	1,863
Net impairment losses on financial assets	2,884
As of December 31, 2021	4,747
As of January 1, 2022	4,747
Net impairment losses on financial assets	2,502
Receivables written off during the year as uncollectible	(95)
As of December 31, 2022	7,154
(Unaudited)	
As of January 1, 2022	4,747
Net impairment losses on financial assets	2,102
Receivables written off during the period as uncollectible	(95)
As of June 30, 2022	6,754
As of January 1, 2023	7,154
Net impairment losses on financial assets	182
Receivables written off during the period as uncollectible	(277)
As of June 30, 2023	7,059

(ii) Financial asset at FVOCI

The Group applies the simplified approach to measure expected credit loss of financial asset at FVOCI under IFRS 9. As of December 31, 2020, 2021 and 2022 and June 30, 2023, management considers that the expected credit loss is immaterial.

(iii) Other financial assets at amortized cost

Credit risk also arises from restricted cash, time deposits, cash and cash equivalents and other receivables. The carrying amount of each class of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage risk arising from cash and cash equivalents and time deposits, the Group mainly transacts with state-owned or reputable financial institutions in the PRC and reputable international banks outside of the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

For impairment on other receivables, it is measured as either 12-months expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

The expected credit loss on other financial assets at amortized cost is insignificant to the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash available.

The table below analyzes the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the date of the consolidated balance sheets to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities					
As of December 31, 2020					
Trade payables	44,469	–	–	–	44,469
Other payables and accruals (excluding non-financial liabilities)	21,589	–	–	–	21,589
Other non-current liabilities (excluding non-financial liabilities)	–	19,896	6,000	–	25,896
Bank borrowings and interest payments	4,812	–	–	–	4,812
Lease liabilities (including interest to be paid)	6,157	2,579	518	593	9,847
	77,027	22,475	6,518	593	106,613
As of December 31, 2021					
Trade payables	70,927	–	–	–	70,927
Other payables and accruals (excluding non-financial liabilities)	155,326	–	–	–	155,326
Other non-current liabilities (excluding non-financial liabilities)	–	13,118	5,101	18,817	37,036
Lease liabilities (including interest to be paid)	12,852	11,715	6,997	41	31,605
	239,105	24,833	12,098	18,858	294,894

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities					
As of December 31, 2022					
Trade payables	223,849	–	–	–	223,849
Other payables and accruals (excluding non-financial liabilities)	1,029,951	–	–	–	1,029,951
Other non-current liabilities (excluding non-financial liabilities)	–	6,183	5,572	17,684	29,439
Lease liabilities (including interest to be paid)	18,358	12,326	1,114	–	31,798
	1,272,158	18,509	6,686	17,684	1,315,037
As of June 30, 2023					
Trade payables	198,708	–	–	–	198,708
Other payables and accruals (excluding non-financial liabilities)	188,128	–	–	–	188,128
Other non-current liabilities (excluding non-financial liabilities)	–	6,071	4,625	37,162	47,858
Lease liabilities (including interest to be paid)	16,999	5,181	400	–	22,580
	403,835	11,252	5,025	37,162	457,274

The Group also has Preferred Shares and Convertible Notes that are subject to liquidity risk, details of which are disclosed in Note 31(a) and Note 31(c).

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital, share premium, Preferred Shares on an as-if-converted basis, Warrants and Convertible Notes) by regularly reviewing the capital structure. As part of this review, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In the opinion of the management of the Company, the Group's capital risk is low.

3.3 Fair value estimation

The Group analyzes its financial instruments' fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 3
	RMB'000
As of December 31, 2020	
Assets	
Financial assets at FVOCI	1,347
Financial assets at FVPL	80,137
	81,484
Liabilities	
Financial instruments issued to investors (Note 31)	1,144,280
As of December 31, 2021	
Assets	
Financial assets at FVOCI	3,139
Liabilities	
Financial instruments issued to investors (Note 31)	4,010,472
As of December 31, 2022	
Assets	
Financial assets at FVOCI	2,469
Financial assets at FVPL	337,859
	340,328
Liabilities	
Financial instruments issued to investors (Note 31)	6,996,043
As of June 30, 2023	
Assets	
Financial assets at FVOCI	–
Financial assets at FVPL	30,000
	30,000
Liabilities	
Financial instruments issued to investors (Note 31)	8,503,120

(a) The changes in level 3 instruments of financial instruments issued to investors for the Track Record Period are presented in the Note 31.

The following table presents the changes in level 3 items of financial assets at FVOCI and financial assets at FVPL for the Track Record Period.

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Financial assets at FVOCI					
At the beginning of the year/period	–	1,347	3,139	3,139	2,469
Additions	3,635	7,966	9,032	4,167	8,384
Disposals	(2,288)	(6,174)	(9,702)	(4,632)	(10,853)
At the end of the year/period	1,347	3,139	2,469	2,674	–
Financial assets at FVPL					
At the beginning of the year/period	30,204	80,137	–	–	337,859
Additions	209,500	165,000	444,000	–	107,000
Disposals	(160,465)	(246,292)	(107,261)	–	(415,655)
Change in fair value	898	1,155	1,120	–	796
At the end of the year/period	80,137	–	337,859	–	30,000
Net unrealized gains for the year/period	137	–	859	–	–

(b) Valuation techniques used to determine fair values

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included financial instruments issued to investors (Note 31), financial assets at FVOCI (Note 22) and financial assets at FVPL (Note 23). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including:

- For financial assets measured at FVPL or FVOCI, discounted cash flow model is used and unobservable inputs are involved, mainly including assumptions of expected future cash flows and discount rate; and

- For the valuation of financial instruments issued to investors, equity allocation model is used and significant unobservable inputs are involved, including discount rate for lack of marketability ("DLOM"), expected volatility, risk-free interest rate, terminal growth rate, etc.

There was no change to valuation techniques during the Track Record Period.

Major assumptions used in the valuation for financial instruments issued to investors are presented in Note 31.

The following tables summarize the quantitative information about the significant unobservable inputs used in the recurring level 3 fair value measurements for notes receivables measured at FVOCI and wealth management products measured at FVPL.

	Fair value			**Fair value**						**Fair value decreased/increased by**			
	As of December 31,			**As of June 30,**						**As of December 31,**			**As of June 30,**
	2020	**2021**	**2022**	**2023**						**2020**	**2021**	**2022**	**2023**
Description	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*Valuation technique*	*Unobservable input*	*Range of unobservable inputs*	*Relationship of unobservable inputs to fair value*	*Reasonable change in key assumptions*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVOCI													
- Notes receivables . . .	1,347	3,139	2,469	-	Discounted cash flow	Expected return rate	Year ended December 31, 2020 1.74%-2.43% Year ended December 31, 2021 1.78%-2.17% Year ended December 31, 2022 1.05%-2.07%	The higher the expected return rate, the lower the fair value.	(1) Expected return rate increases by 1%	4	5	9	-
									(2) Expected return rate decreases by 1%	4	5	9	-
Financial assets at FVPL													
- Wealth management products	80,137	-	307,859	-	Discounted cash flow	Expected return rate	Year ended December 31, 2020 1.48%-3.50% Year ended December 31, 2022 1.00%-3.20%	The higher the expected return rate, the lower the fair value.	(1) Expected return rate increases by 1%	73	-	153	-
									(2) Expected return rate decreases by 1%	72	-	154	-

Level 3 financial instruments also comprise an investment (Note 23(a)) in unlisted company as of December 31, 2022 and June 30, 2023. The fair value of the investment is determined by reference to the latest round of financing of the investee with market calibration approach adjustments. If the fair value of the investment had been 5% higher/lower, the loss before income tax for the year ended December 31, 2022 and for the period ended June 30, 2023 would have been approximately RMB1,500,000 lower/higher and RMB1,500,000 lower/higher, respectively.

There were no changes in valuation techniques during the Track Record Period.

There were no transfer between level 1, 2 and 3 of fair value hierarchy classification during the Track Record Period.

4 Critical accounting estimates and judgments

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimation of grant date fair value of the equity instruments granted to employees

The Group has granted restricted shares and restricted share units to the Group's employees. The Group has engaged an independent valuer to evaluate the grant date fair value of the restricted shares and restricted share units to employees, which is determined based on the fair value of the Company's ordinary shares at the grant date of the award. Prior to the IPO, estimation of the fair value of the Company's ordinary shares involves significant assumptions that might not be observable in the market. The complex and subjective variables which determine the fair value include discount rate, DLOM, expected volatility, risk-free interest rates and terminal growth rate (Note 28), subjective judgments regarding projected financial and operating results, its unique business risks, its operating history and prospects at the time the grants are made.

(b) Estimation of the fair value of financial liabilities

Preferred Shares, Warrants and Convertible Notes are not traded in an active market and the respective fair value is determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of the Company and the equity allocation model was adopted to determine the fair value of the financial instruments. Key assumptions, such as discount rate, risk-free interest rate and volatility are disclosed in Note 31.

(c) Provision for expected credit losses of trade and notes receivables

The loss allowances for trade and notes receivables are based on assumptions about risk of defaults and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(d) Current and deferred income tax

The Group recognizes deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred income tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies who have tax losses. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income and details of unrecognized tax losses have been set out in Note 11.

(e) Estimation of provision for warranty claims

Provision for product warranties granted by the Group in respect of certain products are recognized based on sales volume and past experience of the level of repair and returns, discounted to their present values as appropriate. Factors that affect the Group's warranty liability include the number of products sold under warranty, historical and anticipated rates of warranty claim on those products, and cost per claim to satisfy the warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate.

(f) Inventory provision

Inventories are stated at the lower of cost and net realizable value as stated in Note 2.15. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situations.

5 Revenue and segment information

(a) Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM who is the Chief Executive Officer of the Company. As a result of this evaluation, the CODM considers that the Group's operations are operated and managed as a single segment. Accordingly, no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns the revenue from customers in the PRC and other geographic locations as follows:

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from:					
PRC	148,188	282,793	419,124	183,412	294,244
US	3,711	31,023	75,660	38,373	20,812
Others	19,032	17,247	35,538	15,458	13,992
	170,931	331,063	530,322	237,243	329,048

As of December 31, 2020, 2021 and 2022 and June 30, 2023, substantially all of the non-current assets of the Group were located in the PRC.

(b) Disaggregation of revenue

The breakdown of revenue for the Track Record Period is as follows:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue from:					
Products					
For ADAS	6,175	40,089	160,355	41,409	146,910
For robotics and others	124,036	189,014	239,053	131,053	87,962
	130,211	229,103	399,408	172,462	234,872
Solutions	37,918	84,730	122,260	57,754	60,654
Services and others	2,802	17,230	8,654	7,027	33,522
	170,931	331,063	530,322	237,243	329,048

Timing of revenue recognition for the Track Record Period is as follows:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue recognized at a point in time	170,893	331,004	530,188	236,929	328,996
Revenue recognized over time	38	59	134	314	52
	170,931	331,063	530,322	237,243	329,048

(c) Revenue from major customers

The major customers who contributed 10% or more of the Group's revenue for the Track Record Period are set out below:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Customer A	*	*	53,961	*	*
Customer B	29,489	38,974	*	*	*
Customer C	*	*	*	*	58,925

* Represents less than 10% of the Group's total revenue.

All the revenue derived from other single external customers were less than 10% of the Group's total revenue for the Track Record Period.

(d) Contract liabilities

The Group has recognized the following contract liabilities related to contracts with customers:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	11,197	11,608	19,651	23,029

(i) Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying goods or services are yet to be provided. A majority portion of contract liabilities balance at the beginning of the year will be recognized into revenue next year.

(ii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from long-term technology development services contracts:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate amount of the transaction price allocated to long-term services contracts that are partially or fully unsatisfied	18,297	5,700	39,319	42,719

Management expects that RMB13,797,000, RMB4,500,000, RMB36,533,000 and RMB32,137,000 of the transaction price allocated to the unsatisfied contracts as of December 31, 2020, 2021 and 2022 and June 30, 2023 will be recognized as revenue within one year. The remaining RMB4,500,000, RMB1,200,000, RMB2,786,000 and RMB10,582,000 will be recognized over one to two years.

All other contracts with customers are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

6 Other income

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Government grants	6,674	9,572	24,149	9,050	10,442
Value added tax ("VAT") refund	1,351	7,836	6,365	2,976	2,612
Interest income from time deposits	118	1,353	969	–	1,933
	8,143	18,761	31,483	12,026	14,987

7 Other gains/(losses) — net

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net fair value gains on financial assets at FVPL	898	1,155	1,120	–	796
Net foreign exchange losses	(271)	(678)	(45,132)	(31,395)	(32,234)
Others	(269)	107	(106)	(337)	(528)
	358	584	(44,118)	(31,732)	(31,966)

8 Expenses by nature

The detailed analysis of cost of sales, research and development expenses, sales and marketing expenses and general and administrative expenses is as follows:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Changes in inventories of finished goods and work in progress	(19,592)	(60,315)	(166,586)	(91,851)	(28,663)
Raw materials and consumables used	101,739	216,761	550,827	200,387	228,395
Employee benefit expenses (Note 9)	96,996	256,454	460,567	193,138	424,852
Depreciation and amortization (Notes 13,14,15)	13,820	21,174	53,525	22,361	38,428
Inventory provision (Note 18(c))	9,331	7,608	80,575	49,688	30,923
Listing expenses	–	–	3,558	–	19,195
Design and development expenses	3,883	2,553	40,441	950	15,814
Travel, office and freight expenses	8,425	20,533	28,647	10,670	15,015
Professional service fees	13,553	17,093	35,222	10,929	5,032
Advertising and promotion costs	1,551	2,134	3,928	977	2,025
Variable license fees (Note 30(a))	–	4,426	6,255	3,416	1,708
Audit remuneration					
– Audit service	3,587	6,907	1,056	997	281
– Non–audit service	–	868	8	–	–
Other expenses (Note (a))	5,018	16,901	33,268	17,630	20,374
	238,311	513,097	1,131,291	419,292	773,379

(a) Other expenses mainly include tax and levies, warranty costs, recruitment expenses, insurance expenses, bank charges and other miscellaneous expenses.

9 Employee benefit expenses

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Wages, salaries and bonuses	88,236	170,913	363,496	152,445	226,073
Share-based compensation expenses (Note 28)	–	59,113	35,086	7,810	165,683
Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances (Note (a))	2,699	16,163	40,163	17,379	26,186
Other employee benefits (Note (b))	6,061	10,265	21,822	15,504	6,910
	96,996	256,454	460,567	193,138	424,852

(a) Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances

Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension costs — defined contribution plans, housing funds, medical insurances and other social insurances to fund the benefits. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each year.

According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments in response the impact from Coronavirus Disease 2019 (COVID-19), certain social security relief policies have been successively implemented by local authorities. As such, the social insurance expenses for the period from February to December 2020 have been reduced accordingly.

No forfeited contributions were utilized during the Track Record Period to offset the Group's contribution to the abovementioned retirement benefit schemes.

(b) Other employee benefits

Other employee benefits mainly include termination benefits, team building expenses, meal and traveling allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include nil, nil, 1, 1 and 1 director for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023, respectively. Their emoluments were disclosed in Note 37(a). The emoluments paid or payable to the remaining non-director individuals are as follows:

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Wages, salaries and bonuses	6,524	4,895	5,846	3,765	2,843
Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances	197	378	377	214	150
Share-based compensation expenses	–	28,741	7,810	7,810	49,242
Other employee benefits	1,025	3,750	10,147	5,202	–
	7,746	37,764	24,180	16,991	52,235

All of these individuals have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the Track Record Period.

The emoluments fell within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
				(Unaudited)	
Emolument band (in Hong Kong dollars)					
HKD500,001 – HKD1,000,000	–	–	–	1	–
HKD1,000,001 – HKD1,500,000	3	–	–	1	–
HKD1,500,001 – HKD2,000,000	–	–	1	–	–
HKD2,000,001 – HKD2,500,000	1	2	1	–	–
HKD2,500,001 – HKD3,000,000	1	2	–	–	–
HKD6,000,001 – HKD6,500,000	–	–	–	1	1
HKD6,500,001 – HKD7,000,000	–	–	–	–	1
HKD9,000,001 – HKD9,500,000	–	–	–	–	1
HKD11,500,001 – HKD12,000,000	–	–	2	1	–
HKD35,500,001 – HKD36,000,000	–	1	–	–	–
HKD36,000,001 – HKD36,500,000	–	–	–	–	1
	5	5	4	4	4

10 Finance income/(costs) – net

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Finance income:					
Interest income from cash and cash equivalents	1,501	1,286	20,491	3,164	36,657
Net foreign exchange gains	–	345	–	–	–
	1,501	1,631	20,491	3,164	36,657
Finance costs:					
Net foreign exchange losses	–	–	(2,006)	(1,885)	(603)
Interest expenses on bank borrowings	(253)	(112)	–	–	–
Interest expenses on lease liabilities (Note 14)	(571)	(843)	(1,648)	(923)	(613)
Interest expenses on license fees payable (Note 30(a))	–	(1,604)	(1,392)	(668)	(667)
	(824)	(2,559)	(5,046)	(3,476)	(1,883)
Finance income/(costs) – net	677	(928)	15,445	(312)	34,774

11 Income tax expenses

(a) Cayman Islands

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Under the current laws of the Cayman Islands, the Company is not subject to tax on either income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

(b) BVI

The Company's subsidiaries incorporated in BVI are exempted from income tax on its foreign-derived income in the BVI. There are no withholding taxes in the BVI.

(c) Hong Kong

When the subsidiary was incorporated in Hong Kong, the subsidiary was subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong. Commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HKD2,000,000 and 16.5% for any assessable profits in excess of HKD2,000,000. The payments of dividends to shareholders are not subject to withholding tax in Hong Kong.

(d) United States

The applicable income tax rate of United States where the Company's subsidiaries having significant operations for the Track Record Period is 27.98%, which is a blended state and federal rate.

(e) PRC Enterprise Income Tax

Enterprise income tax ("EIT") was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC EIT rate is 25% during the Track Record Period.

Certain subsidiaries of the Company in the PRC have been approved as High and New Technology Enterprises ("HNTE") under relevant tax rules and regulations, and accordingly, are subjected to a preferential EIT rate of 15% during the Track Record Period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in R&D activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year ("Super Deduction"). Starting from October 1, 2022, the additional deduction ratio was increased to 100%.

Certain subsidiaries of the Company in the PRC, which were granted the qualification as "Small and Medium-sized Sci-tech Enterprise", could claim additional 75% deduction of their research and development expenses before tax during the year ended December 31, 2021. Starting from January 1, 2022, the additional deduction ratio was increased to 100%.

Certain subsidiaries of the Company in the PRC were qualified as "Small Low-Profit Enterprise". The entitled subsidiaries are subject to a preferential income tax rate from 2.5% to 10% during the Track Record Period.

(f) The PRC withholding tax

Under the EIT Law enacted by the National People's Congress of the PRC, dividends generated after January 1, 2008 and payable by a foreign investment enterprise in the PRC to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Under the taxation arrangement between the PRC and Hong Kong, a qualified Hong Kong tax resident which is the "beneficial owner" and directly holds 25% or more of the equity interest in a PRC resident enterprise is entitled to a reduced withholding tax rate of 5%. The Cayman Islands, where the Company was incorporated, does not have a tax treaty with the PRC.

In accordance with accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. All foreign-invested enterprises are subject to the withholding tax from January 1, 2008. The presumption may be overcome if the Group has sufficient evidence to demonstrate that the undistributed dividends will be re-invested and the remittance of the dividends will be postponed indefinitely. The Group did not record any dividend withholding tax, as it has no retained earnings for any of the year/period presented.

The income tax expenses of the Group for the Track Record Period are analyzed as below:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current income tax expenses	–	237	803	62	866
Deferred income tax expenses	–	–	–	–	–
Income tax expenses	–	237	803	62	866

Reconciliations of the income tax expenses computed by applying the PRC statutory income tax rate of 25% to the Group's income tax expenses of the year/period presented are as follows:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(220,601)	(1,654,289)	(2,085,310)	(618,930)	(767,422)
Income tax credit computed at the PRC statutory income tax rate of 25%	(55,150)	(413,572)	(521,328)	(154,733)	(191,856)
Effect of different tax rate of different jurisdictions	(20)	36,676	384,710	109,470	83,250
Effect of preferential tax rate	21,995	149,489	49,721	14,787	38,715
Share of net loss of an associate accounted for using the equity method	–	–	–	–	141
Expenses not deductible for income tax purposes (Note (i))	24,422	212,682	13,062	6,892	32,825
Effect of super deduction for qualified R&D expenses	(6,624)	(13,285)	(36,546)	(11,474)	(25,499)
Tax losses and deductible temporary differences for which no deferred tax asset was recognized	15,377	28,247	111,184	35,120	63,290
Income tax expenses	–	237	803	62	866

(i) Expenses not deductible for income tax purposes mainly include fair value changes in financial instruments issued to investors by Shenzhen Suteng for the years ended December 31, 2020 and 2021, non-deductible over-claimed entertainment expenses, commercial insurance expenses and listing expenses.

(ii) As of December 31, 2020, 2021 and 2022 and June 30, 2023, the Group had unused tax losses of approximately RMB323,724,000, RMB471,414,000, RMB1,115,370,000 and RMB1,508,460,000 that can be carried forward against future taxable income, respectively. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income.

(iii) The Group principally conducted its business in Mainland China, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the expiry period of the accumulated unexpired tax losses of Shenzhen Suteng, which is qualified as HNTE, from 2019 had been extended from 5 years to 10 years. Shenzhen Suteng re-applied for HNTE status in 2022 and the approval was obtained in December 2022.

Deductible tax losses that are not recognized for deferred income tax assets will be expired as follows:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2021	8	–	–	–
2022	2,905	2,905	–	–
2023	4,602	4,602	4,602	4,602
2024	2,452	2,452	2,452	2,452
2025	3,197	3,197	3,197	3,197
2026	7,828	22,480	22,480	22,480
2027	28,318	28,318	47,904	47,904
2028	58,467	58,467	58,467	97,604
2029	132,059	132,059	132,059	132,059
2030	83,547	83,547	83,547	83,547
2031	–	132,315	132,315	132,315
2032	–	–	619,407	619,407
2033	–	–	–	346,201
No expiry year	341	1,072	8,940	16,692
	323,724	471,414	1,115,370	1,508,460

12 Loss per share

(a) Basic loss per share

Basic loss per shares is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the Track Record Period.

The weighted average number of ordinary shares outstanding has been retrospectively adjusted for the effect of Reorganization and share split completed in January 2022 as if it had been in issue since January 1, 2020 and the capital injection to the Group during the Track Record Period were accounted for at time portion basis accordingly.

In determining the weighted average number of ordinary shares in issue, the unvested restricted shares are excluded:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
				(Unaudited)	
Loss attributable to ordinary equity holder of the Company (RMB'000)	(220,794)	(1,658,730)	(2,088,652)	(618,987)	(771,222)
Weighted average number of ordinary shares outstanding	101,408,729	100,730,187	97,259,964	97,440,441	97,082,430
Basic loss per share (in RMB)	(2.18)	(16.47)	(21.47)	(6.35)	(7.94)

(b) Diluted losses per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended December 31, 2020 and 2021 and 2022 and the six months ended June 30, 2022 and 2023, respectively, the Company had four categories of potential ordinary shares: Preferred Shares, Convertible Notes, Warrants and share-based awards granted to employees (Notes 31 and 28, respectively). For the Track Record Period, these potential ordinary shares were not included in the calculation of loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share during the Track Record Period are the same as basic loss per share.

13 Property, plant and equipment

	Machinery and equipment	Mold and tooling	Computer, electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020							
Cost	10,497	670	5,289	1,036	3,548	–	21,040
Accumulated depreciation	(2,265)	(227)	(1,859)	(468)	(750)	–	(5,569)
Net book amount	8,232	443	3,430	568	2,798	–	15,471
Year ended December 31, 2020							
Opening net book amount	8,232	443	3,430	568	2,798	–	15,471
Additions	1,787	870	380	–	665	–	3,702
Disposals	–	–	(3)	–	–	–	(3)
Foreign currency translation adjustments	–	–	–	(5)	–	–	(5)
Depreciation charge	(1,889)	(240)	(1,537)	(241)	(1,587)	–	(5,494)
Closing net book amount	8,130	1,073	2,270	322	1,876	–	13,671
At December 31, 2020							
Cost	12,284	1,540	5,637	1,031	4,169	–	24,661
Accumulated depreciation	(4,154)	(467)	(3,367)	(709)	(2,293)	–	(10,990)
Net book amount	8,130	1,073	2,270	322	1,876	–	13,671
Year ended December 31, 2021							
Opening net book amount	8,130	1,073	2,270	322	1,876	–	13,671
Additions	30,098	1,566	10,185	1,481	3,465	25,946	72,741
Disposals	(183)	(75)	(110)	–	–	–	(368)
Transfers	–	–	–	–	20,132	(20,132)	–
Foreign currency translation adjustments	–	–	(9)	(1)	–	–	(10)
Depreciation charge	(2,312)	(620)	(1,814)	(296)	(1,963)	–	(7,005)
Closing net book amount	35,733	1,944	10,522	1,506	23,510	5,814	79,029

	Machinery and equipment	Mold and tooling	Computer, electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2021							
Cost	42,073	2,894	15,638	2,511	24,654	5,814	93,584
Accumulated depreciation	(6,340)	(950)	(5,116)	(1,005)	(1,144)	–	(14,555)
Net book amount	35,733	1,944	10,522	1,506	23,510	5,814	79,029
Year ended December 31, 2022							
Opening net book amount	35,733	1,944	10,522	1,506	23,510	5,814	79,029
Additions	34,392	5,690	13,109	1,206	9,606	96,354	160,357
Disposals	(22)	–	(1)	–	–	–	(23)
Transfers	–	–	–	–	22,988	(22,988)	–
Foreign currency translation adjustments	–	–	–	4	–	–	4
Depreciation charge	(7,458)	(1,372)	(5,424)	(390)	(16,657)	–	(31,301)
Closing net book amount	62,645	6,262	18,206	2,326	39,447	79,180	208,066
At December 31, 2022							
Cost	76,429	8,584	28,726	3,724	57,247	79,180	253,890
Accumulated depreciation	(13,784)	(2,322)	(10,520)	(1,398)	(17,800)	–	(45,824)
Net book amount	62,645	6,262	18,206	2,326	39,447	79,180	208,066
Six months ended June 30, 2022 (Unaudited)							
Opening net book amount	35,733	1,944	10,522	1,506	23,510	5,814	79,029
Additions	9,910	1,189	5,359	–	7,678	42,781	66,917
Disposals	(21)	–	–	–	–	–	(21)
Transfers	–	–	–	–	5,558	(5,558)	–
Foreign currency translation adjustments	–	–	(2)	2	–	–	–
Depreciation charge	(3,414)	(528)	(2,301)	(184)	(5,874)	–	(12,301)
Closing net book amount	42,208	2,605	13,578	1,324	30,872	43,037	133,624
At June 30, 2022							
Cost	51,947	4,083	20,990	2,515	37,520	43,037	160,092
Accumulated depreciation	(9,739)	(1,478)	(7,412)	(1,191)	(6,648)	–	(26,468)
Net book amount	42,208	2,605	13,578	1,324	30,872	43,037	133,624
Six months ended June 30, 2023							
Opening net book amount	62,645	6,262	18,206	2,326	39,447	79,180	208,066
Additions	9,945	1,463	30,882	1,816	6,058	21,246	71,410
Disposals	(337)	(17)	(292)	–	–	(469)	(1,115)
Transfers	6,854	1,333	9,982	–	2,710	(20,879)	–
Foreign currency translation adjustments	–	–	4	7	–	–	11
Depreciation charge	(6,003)	(1,308)	(4,455)	(388)	(12,129)	–	(24,283)
Closing net book amount	73,104	7,733	54,327	3,761	36,086	79,078	254,089

	Machinery and equipment	Mold and tooling	Computer, electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At June 30, 2023							
Cost	92,745	11,340	68,444	5,551	65,646	79,078	322,804
Accumulated depreciation	(19,641)	(3,607)	(14,117)	(1,790)	(29,560)	–	(68,715)
Net book amount	73,104	7,733	54,327	3,761	36,086	79,078	254,089

Depreciation expenses have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cost of sales	1,687	2,657	16,022	5,501	12,615
Research and development expenses	2,106	1,948	9,518	4,189	7,296
General and administrative expenses	1,332	2,018	5,238	2,445	3,865
Sales and marketing expenses	369	382	523	166	507
	5,494	7,005	31,301	12,301	24,283

14 Leases

(a) Amounts recognized in the consolidated balance sheets

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets				
Offices and factories	8,750	26,823	27,536	19,570
Lease liabilities				
Current	6,008	11,831	17,356	16,373
Non-current	3,621	18,045	13,151	5,475
	9,629	29,876	30,507	21,848

Additions to the right-of-use assets during the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023 were RMB3,753,000, RMB30,537,000, RMB16,706,000, RMB11,378,000 and RMB227,000 respectively. The early termination of lease contracts of certain leased buildings resulted in decreases of RMB83,000, RMB2,096,000, RMB384,000, nil and nil in the right-of-use assets during the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023, respectively.

(b) Amounts recognized in the consolidated statements of comprehensive loss

The consolidated statements of comprehensive loss include the following amounts relating to leases:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Depreciation charge of right-of-use assets	7,767	10,126	15,669	7,413	8,263
Interest expenses (included in finance costs)	571	843	1,648	923	613
Expense relating to short-term leases (included in cost of sales, research and development expenses, sales and marketing expenses, and general and administrative expenses)	205	772	19	–	94
COVID-19-related rent concessions from lessors	(1,291)	–	(92)	(44)	–
	7,252	11,741	17,244	8,292	8,970

The total cash outflow for short-term leases during the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023 were RMB205,000, RMB772,000, RMB19,000, nil and RMB94,000.

The total cash outflows for leases except for short-term leases during the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023 are as below:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Principal elements of lease payments (presented as financing cash flow)	6,730	7,099	15,495	1,408	8,963
Related interest paid (presented as operating cash flow)	571	843	1,648	923	613
	7,301	7,942	17,143	2,331	9,576

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 38, to the consolidated financial statements.

The weighted average incremental borrowing rate applied to the lease liabilities was 3.92%, 4.58%, 4.68%, 4.66% and 4.63%, respectively, for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023.

(c) The Group's leasing activities and how these are accounted for

The Group leases certain offices and factories. Rental contracts are typically made for fixed periods of one year to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

15 Intangible assets

	Software	Patent	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020				
Cost	773	1,500	–	2,273
Accumulated amortization	(116)	(25)	–	(141)
Net book amount	657	1,475	–	2,132
Year ended December 31, 2020				
Opening net book amount	657	1,475	–	2,132
Additions	814	1,500	–	2,314
Amortization charge	(296)	(263)	–	(559)
Foreign currency translation adjustments	(1)	–	–	(1)
Closing net book amount	1,174	2,712	–	3,886
As of December 31, 2020				
Cost	1,586	3,000	–	4,586
Accumulated amortization	(412)	(288)	–	(700)
Net book amount	1,174	2,712	–	3,886
Year ended December 31, 2021				
Opening net book amount	1,174	2,712	–	3,886
Additions	2,180	–	35,211	37,391
Amortization charge	(482)	(300)	(3,261)	(4,043)
Foreign currency translation adjustments	(10)	–	–	(10)
Closing net book amount	2,862	2,412	31,950	37,224
As of December 31, 2021				
Cost	3,747	3,000	35,211	41,958
Accumulated amortization	(885)	(588)	(3,261)	(4,734)
Net book amount	2,862	2,412	31,950	37,224
Year ended December 31, 2022				
Opening net book amount	2,862	2,412	31,950	37,224
Additions	21,575	–	–	21,575
Amortization charge	(2,343)	(300)	(3,912)	(6,555)
Foreign currency translation adjustments	(1)	–	–	(1)
Closing net book amount	22,093	2,112	28,038	52,243

	Software	Patent	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2022				
Cost	25,327	3,000	35,211	63,538
Accumulated amortization	(3,234)	(888)	(7,173)	(11,295)
Net book amount	22,093	2,112	28,038	52,243
Six months ended June 30, 2022 (Unaudited)				
Opening net book amount	2,862	2,412	31,950	37,224
Additions	7,350	–	–	7,350
Amortization charge	(541)	(150)	(1,956)	(2,647)
Foreign currency translation adjustments	(2)	–	–	(2)
Closing net book amount	9,669	2,262	29,994	41,925
As of June 30, 2022				
Cost	11,095	3,000	35,211	49,306
Accumulated amortization	(1,426)	(738)	(5,217)	(7,381)
Net book amount	9,669	2,262	29,994	41,925
Six months ended June 30, 2023				
Opening net book amount	22,093	2,112	28,038	52,243
Additions	2,086	–	–	2,086
Amortization charge	(3,776)	(150)	(1,956)	(5,882)
Closing net book amount	20,403	1,962	26,082	48,447
As of June 30, 2023				
Cost	27,413	3,000	35,211	65,624
Accumulated amortization	(7,010)	(1,038)	(9,129)	(17,177)
Net book amount	20,403	1,962	26,082	48,447

Amortization expenses have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Research and development expenses	383	567	2,001	540	3,188
Cost of sales	–	3,271	4,001	1,956	2,154
General and administrative expenses	176	205	547	151	450
Sales and marketing expenses	–	–	6	–	90
	559	4,043	6,555	2,647	5,882

16 Investment in an associate accounted for using the equity method

	Six months ended June 30, 2023
	RMB'000
Investment in an associate	
At the beginning of the period	–
Addition	49,000
Share of net loss	(942)
At the end of the period	48,058

As of June 30, 2023, the Group has interests in an immaterial associate, Dongguan Luxsense Innovation Electronics Co., Ltd ("Luxsense"), that are accounted for using the equity method.

In February 2023, Shenzhen Suteng invested in Luxsense. The paid-in capital of Luxsense is RMB100,000,000. Shenzhen Suteng owns 49% equity interest of Luxsense and has significant influence over Luxsense through its shareholding of Luxsense.

Luxsense is a manufacturer of modules. The country of incorporation in the PRC is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

(a) Summarized financial information for Luxsense

Set out below is the Group's share of Luxsense's result.

	Six months ended June 30, 2023
	RMB'000
Carrying amount of Luxsense	48,058
Net loss	(942)
Other comprehensive loss	–
Total comprehensive loss	(942)

(b) Reconciliation to carrying amount of the investment in an associate:

	As of June 30,
	2023
	RMB'000
Opening net assets as of February 27, 2023 of the investee	75,966
Total comprehensive loss for the period	(1,922)
Closing net assets	74,044
Group's share in %	49%
Group's share of net assets in RMB	36,282
Adjustment for notional goodwill	11,776
Carrying amount	48,058

17 Other non-current assets

Other non-current assets consisted of the following:

The Group

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for long-term assets (Note (a))	342	28,498	25,135	14,779
Long-term deposits (Note (b))	1,479	895	5,532	4,944
Right to returned goods (Note (c))	30	491	559	267
Prepayment for investment in an associate (Note (d))	–	–	49,000	–
	1,851	29,884	80,226	19,990

The Company

	As of December 31,		As of June 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for investments in subsidiaries – Capital contribution to Shenzhen Suteng for assuming the obligation to investors (Note (e))	2,087,765	–	–

(a) Prepayments for long-term assets represented the amount prepaid for procurement of machinery and equipment, vehicles, leasehold improvements and intangible assets.

(b) Long-term deposits primarily consisted of deposits for offices and factories which will not be collectable within one year.

(c) Right to returned goods represented the non-current portion of the balance of the products expected to be returned or exchanged.

(d) The balance represented the prepayment of RMB49,000,000 to subscribe for 49% equity interest of Luxsense in the PRC, which was completed in February 2023.

(e) As part of the Reorganization, the Company assumed the obligation of Shenzhen Suteng and issued financial instruments to the Third Party Investors in proportion to their respective equity interests holding in Shenzhen Suteng. The difference between the fair value of the financial instruments issued and the consideration received or to be received was recorded as a prepayment for investments in subsidiaries.

18 Inventories

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials (Note (a))	16,203	49,124	103,039	95,299
Work-in-progress (Note (a))	21,946	67,523	174,402	154,554
Finished goods (Note (b))	35,461	49,276	102,804	100,582
Fulfillment cost	1,834	1,187	11,766	4,708
	75,444	167,110	392,011	355,143
Less: provision for inventories (Note (c))	(21,842)	(28,527)	(102,923)	(83,113)
- Raw materials (Note (c))	(2,080)	(2,804)	(8,477)	(8,863)
- Work-in-progress (Note (c))	(10,356)	(8,339)	(53,981)	(32,304)
- Finished goods (Note (c))	(9,406)	(17,384)	(40,465)	(41,946)
	53,602	138,583	289,088	272,030

(a) Raw materials and work-in-progress primarily consist of materials mainly for volume production as well as materials used for trial production.

(b) Finished goods primarily consist of products that are ready for sale at production factories or in transit to fulfil customer orders.

(c) Provision for inventories is recognized for the amount by which the carrying amount of the inventories exceeds the net recoverable amount, and is recorded in cost of sales in the consolidated statements of comprehensive loss. The provision for inventories as recognized for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023 amounted to approximately RMB9,331,000, RMB7,608,000, RMB80,575,000, RMB49,688,000 and RMB30,923,000, respectively.

(d) The cost of inventories recognized as cost of sales for the year ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023 amounted to RMB93,797,000, RMB184,782,000, RMB561,629,000, RMB200,082,000 and RMB313,791,000.

(e) As of December 31, 2020, 2021 and 2022 and June 30, 2023, no inventories were pledged as collaterals.

19 Financial instruments by category

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets measured at amortized cost				
– Trade and notes receivables (Note 20)	70,604	120,264	206,983	257,231
– Prepayments, other receivables and other current assets, excluding non-financial assets (Note 21)	6,858	658,232	7,048	7,945
– Other non-current assets, excluding non-financial assets (Note 17)	1,479	895	5,532	4,944
– Time deposits (Note 24)	60,066	–	84,573	89,753
– Cash and cash equivalents (Note 25)	52,723	627,539	2,071,381	2,111,631
– Restricted cash	–	–	530	735
Financial assets measured at fair value				
– FVOCI (Note 22)	1,347	3,139	2,469	–
– FVPL (Note 23)	80,137	–	337,859	30,000
	273,214	1,410,069	2,716,375	2,502,239

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Financial liabilities measured at amortized cost				
– Trade payables (Note 32)	44,469	70,927	223,849	198,708
– Other payables excluding non-financial liabilities (Note 34)	21,589	154,012	178,363	186,542
– Other non-current liabilities, excluding non-financial liabilities (Note 30)	25,896	32,532	25,857	46,613
– Bank Borrowings (Note 33)	4,700	–	–	–
– Lease liabilities (Note 14)	9,629	29,876	30,507	21,848
Financial liabilities measured at fair value				
– Financial instruments issued to investors (Note 31)	1,144,280	4,010,472	6,996,043	8,503,120
– Deposits paid by investors (Note 34(c))	–	–	850,250	–
	1,250,563	4,297,819	8,304,869	8,956,831

20 Trade and notes receivables

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	69,120	122,724	206,604	255,755
Notes receivables	3,347	2,287	7,533	8,535
	72,467	125,011	214,137	264,290
Less: credit loss allowances	(1,863)	(4,747)	(7,154)	(7,059)
	70,604	120,264	206,983	257,231

As of December 31, 2020, 2021 and 2022 and June 30, 2023, the aging analysis of the trade and notes receivables based on recognition date is as follows:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 6 months	63,837	105,353	170,853	217,116
6 months to 1 year	6,346	10,654	30,422	33,164
1 to 2 years	885	6,913	10,510	11,870
Over 2 years	1,399	2,091	2,352	2,140
	72,467	125,011	214,137	264,290

The Group's trade and notes receivables are mainly denominated in RMB and their carrying amounts approximated their fair value.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. For details, please refer to Note 3.1(b).

21 Prepayments, other receivables and other current assets

The Group

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables				
– Amounts due from related parties (Note 36(b))	5,408	213,990	1,990	1,990
– Withholding individual income tax	–	1,547	1,547	1,547
– Deposits	513	1,396	1,400	1,581
– Receivables due from investors (Note (a))	–	440,200	–	–
– Others	937	1,099	2,111	2,827
	6,858	658,232	7,048	7,945
Prepayments for				
– Products and services procurement (Note (b))	887	2,594	5,358	8,386
– Deferred listing expenses (Note (c))	–	–	–	2,738
– License fees (Note 30(a))	1,339	–	–	–
– Service from a related party (Note 36 (b))	6	–	–	–
	2,232	2,594	5,358	11,124
Value–added tax ("VAT") recoverable	45	18,169	50,940	67,174
Right to returned goods (Note (d))	2,503	719	3,134	2,545
	11,638	679,714	66,480	88,788

The Group's prepayments, other receivables and other current assets were mainly denominated in RMB.

The Company

	As of December 31,		As of June 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from subsidiaries (Note (e))	910,716	2,259,368	3,223,234
Deferred listing expenses (Note (c))	–	–	2,738
Amounts due from related parties (Note 36(b))	212,000	1,990	1,990
Withholding individual income tax	–	1,547	1,547
Receivables due from investors (Note (a))	440,200	–	–
	1,562,916	2,262,905	3,229,509

(a) Receivables due from investors represented outstanding consideration of issuance of Preferred Shares during the Reorganization (Note 1.2(a)) due from the relevant investors as of December 31, 2021, which were subsequently settled in full by January 2022.

(b) Prepayments for products and services procurement primarily consisted of prepayments for raw materials, exhibition fees, consulting and other services to be provided by suppliers.

(c) Deferred listing expenses will be deducted from equity upon listing of the Group.

(d) Right to returned goods were recognized for the products expected to be returned or exchanged within one year.

(e) Amounts due from subsidiaries mainly represented receivables due from RoboSense Limited, RoboSense HK and Shenzhen Suteng.

22 Financial assets at fair value through other comprehensive income

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Notes receivable	1,347	3,139	2,469	–

Notes receivable held both by collecting contractual cash flows and selling of these assets are classified as FVOCI. All the aging of notes receivable is within one year.

23 Financial assets at fair value through profit or loss

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Investment in puttable shares (Note (a))	–	–	30,000	30,000
Current assets				
Investment in wealth management products issued by banks (Note (b))	80,137	–	307,859	–
	80,137	–	337,859	30,000

(a) In July 2022, the Group made investment in Vertilite Co., Ltd. ("Vertilite") with total consideration RMB30,000,000 without control, joint control or significant influence. The Group has the right to require Vertilite to redeem equity interest held by the Group upon certain conditions, and accordingly, this investment is accounted for as financial investments at fair value through profit or loss.

Vertilite is a company specializing in the development of high power and high-speed vertical-cavity surface-emitting laser and module solutions.

The change in fair values of the investment from the date of investment to December 31, 2022 and June 30, 2023 were insignificant.

(b) The principals and returns of the wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, the wealth management products issued by banks are measured at fair value through profit or loss.

Information about the Group's exposure to financial risk and information about methods and assumptions used in determining fair value of these financial assets at FVPL have been set out in Note 3.3.

24 Time deposits

Time deposits were denominated in the following currencies:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	60,066	–	–	–
USD	–	–	84,573	89,753
	60,066	–	84,573	89,753

The weighted average effective interest rates on time deposits of the Group with initial terms of over three months were 4.00%, nil, 3.01% and 5.08% per annum as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively.

25 Cash and cash equivalents

The Group

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks	52,723	617,460	412,639	363,178
Time deposits with initial terms within three months	–	10,079	1,658,742	1,748,453
	52,723	627,539	2,071,381	2,111,631

Cash and cash equivalents were denominated in the following currencies:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	39,735	263,368	732,020	177,090
USD	12,328	363,867	1,339,152	1,934,285
EUR	658	229	203	251
HKD	2	75	6	5
	52,723	627,539	2,071,381	2,111,631

As of December 31, 2020, 2021 and 2022 and June 30, 2023, the Group's cash and cash equivalents includes cash at banks, time deposits with initial terms of three months or less.

The weighted average effective interest rate on bank deposits of the Group with initial terms within three months as of December 31, 2020, 2021 and 2022 and June 30, 2023 was nil, 1.15%, 3.56% and 5.35% per annum, respectively.

The Company

	As of December 31,		As of June 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	277,540	19,501	81,474
Time deposits with initial terms within three months	–	687,501	677,203
	277,540	707,002	758,677

Cash and cash equivalents were denominated in the following currency:

	As of December 31,		As of June 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
RMB	–	–	6,763
USD	277,540	707,002	751,914
	277,540	707,002	758,677

As of December 31, 2021 and 2022 and June 30, 2023, the Company's cash and cash equivalents includes cash at banks, time deposits with initial terms of three months or less.

26 Share capital and reserves

(a) Share capital

	Number of shares	Share capital
		USD'000
Authorized:		
As of June 23, 2021 (date of incorporation), December 31, 2021 and 2022 and June 30, 2023 (Note (a)(i))	500,000,000	50

	Number of ordinary shares	Equivalent nominal value of ordinary share	Share capital
		USD'000	*RMB'000*
Issued:			
As of June 23, 2021 (date of incorporation)	–	–	–
Issuance of ordinary shares to Founders (Note (a)(i))	100,682,430	10	65
Issuance of treasury shares to ESOP (Note (a)(ii))	35,510,152	4	23
As of December 31, 2021	136,192,582	14	88
As of January 1, 2022	136,192,582	14	88
Repurchase of restricted shares and cancellation of treasury shares (Note (a)(iii))	(6,884,210)	(1)	(5)
Repurchase of ordinary shares (Note 31 (a)(iv))	(3,600,000)	–	(2)
As of December 31, 2022	125,708,372	13	81
As of January 1, 2022	136,192,582	14	88
Repurchase of ordinary shares (Note 31 (a)(iv))	(3,600,000)	–	(2)
As of June 30, 2022	132,592,582	14	86
As of January 1, 2023	125,708,372	13	81
Issuance of ordinary shares to ESOP (Note (a)(iii))	6,884,210	1	5
As of June 30, 2023	132,592,582	14	86

(i) On June 23, 2021, the Company was incorporated as a limited liability company with authorized share capital of USD50,000 divided into 500,000,000 shares of par value USD0.0001 each. Upon its incorporation, 100,682,430 ordinary shares were issued to Founders of the Company.

(ii) On December 31, 2021, the Company issued 35,510,152 ordinary shares to its ESOP platforms for the share incentive plans with nominal value of RMB23,000.

(iii) In October 2022, 6,884,210 treasury shares were legally cancelled after a repurchase of restricted shares in the name of an employee, who was awarded with the aforementioned equity interests with certain conditions in July 2021 and left the Company in June 2022 (Note 28(a) ESOP B scheme (ii)).

In May 2023, the Company re-issued 6,884,210 equity interests in legal form of restricted share units under a platform of ESOP B scheme.

(iv) As of June 30, 2023, issued shares of the Company comprised 132,592,582 ordinary shares and 293,709,341 Preferred Shares (Note 31), the breakdown is as follows:

- 97,082,430 ordinary shares of Founders of a nominal or par value of USD0.0001 each;
- 35,510,152 ordinary shares of ESOP platforms of a nominal or par value of USD0.0001 each;
- 15,995,501 Series Angel Preferred Shares of a nominal or par value of USD0.0001 each;
- 19,971,731 Series Seed Preferred Shares of a nominal or par value of USD0.0001 each;
- 15,521,371 Series A Preferred Shares of a nominal or par value of USD0.0001 each;
- 10,511,598 Series A+ Preferred Shares of a nominal or par value of USD0.0001 each;

- 31,859,744 Series B Preferred Shares of a nominal or par value of USD0.0001 each;
- 52,222,266 Series C Preferred Shares of a nominal or par value of USD0.0001 each;
- 10,054,493 Series D Preferred Shares of a nominal or par value of USD0.0001 each;
- 6,102,180 Series D-1 Preferred Shares of a nominal or par value of USD0.0001 each;
- 17,496,456 Series D-2 Preferred Shares of a nominal or par value of USD0.0001 each;
- 27,000,000 Series E Preferred Shares of a nominal or par value of USD0.0001 each;
- 53,894,003 Series F Preferred Shares of a nominal or par value of USD0.0001 each;
- 11,374,415 Series G-1 Preferred Shares of a nominal or par value of USD0.0001 each;
- 21,705,583 Series G-2 Preferred Shares of a nominal or par value of USD0.0001 each.

(b) Reserves movement of the Group

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020		–	(17,342)	1,156	(899)	22	(17,063)	(723,447)	(740,510)
Loss for the year		–	–	–	–	–	–	(220,794)	(220,794)
Fair value changes on convertible redeemable preferred shares due to own credit risk	31(a)	–	–	–	5,375	–	5,375	–	5,375
Currency translation differences		–	–	–	–	(12)	(12)	–	(12)
At December 31, 2020		–	(17,342)	1,156	4,476	10	(11,700)	(944,241)	(955,941)
At January 1, 2021		–	(17,342)	1,156	4,476	10	(11,700)	(944,241)	(955,941)
Loss for the year		–	–	–	–	–	–	(1,658,730)	(1,658,730)
Issuance of treasury shares to ESOP	26(a)(ii), 28(a)	(23)	–	–	–	–	(23)	–	(23)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a),(c)	–	–	–	(8,864)	–	(8,864)	–	(8,864)
Currency translation differences		–	–	–	–	307	307	–	307
Repurchase of ordinary shares and treasury shares	31(a)(iii)	–	(4,337)	–	–	–	(4,337)	–	(4,337)
Modification of convertible redeemable preferred shares		–	–	–	(116)	–	(116)	116	–
Issuance of Series E Preferred Shares upon conversion of Series E convertible notes		–	–	–	43	–	43	(43)	–
Commitment to repurchase ordinary shares	31(a)(iv)	–	(45,435)	–	–	–	(45,435)	–	(45,435)
Employee share scheme – value of employee services	28	–	–	28,741	–	–	28,741	–	28,741
At December 31, 2021		(23)	(67,114)	29,897	(4,461)	317	(41,384)	(2,602,898)	(2,644,282)

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022		(23)	(67,114)	29,897	(4,461)	317	(41,384)	(2,602,898)	(2,644,282)
Loss for the year		–	–	–	–	–	–	(2,088,652)	(2,088,652)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a),(c)	–	–	–	(5,968)	–	(5,968)	–	(5,968)
Currency translation differences		–	–	–	–	(298,647)	(298,647)	–	(298,647)
Repurchase of ordinary shares	31(a)(iv)	–	2	–	–	–	2	–	2
Modification of convertible redeemable preferred shares	31(a)(vi)	–	–	27,276	(40)	–	27,236	40	27,276
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes	31	–	–	–	495	–	495	(495)	–
Repurchase of restricted shares and cancellation of treasury shares	26(a)(iii), 28(a)	5	–	(36,808)	–	–	(36,803)	–	(36,803)
Employee share scheme – value of employee services		–	–	(440)	–	–	(440)	–	(440)
At December 31, 2022 . . .		(18)	(67,112)	19,925	(9,974)	(298,330)	(355,509)	(4,692,005)	(5,047,514)

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Safety reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)										
At January 1, 2022		(23)	(67,114)	29,897	(4,461)	317	–	(41,384)	(2,602,898)	(2,644,282)
Loss for the period		–	–	–	–	–	–	–	(618,987)	(618,987)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a)(c)	–	–	–	(1,955)	–	–	(1,955)	–	(1,955)
Currency translation differences		–	–	–	–	(151,004)	–	(151,004)	–	(151,004)
Repurchase of ordinary shares	31(a)(iv)	–	2	–	–	–	–	2	–	2
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes	31	–	–	–	495	–	–	495	(495)	–
Repurchase of restricted shares	26(a)(iii), 28(a)	–	–	(36,808)	–	–	–	(36,808)	–	(36,808)
Employee share scheme - value of employee services		–	–	(440)	–	–	–	(440)	–	(440)
At June 30, 2022		(23)	(67,112)	(7,351)	(5,921)	(150,687)	–	(231,094)	(3,222,380)	(3,453,474)

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Safety reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023		(18)	(67,112)	19,925	(9,974)	(298,330)	–	(355,509)	(4,692,005)	(5,047,514)
Loss for the period		–	–	–	–	–	–	–	(771,222)	(771,222)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a)(c)	–	–	–	(1,572)	–	–	(1,572)	–	(1,572)
Currency translation differences		–	–	–	–	(210,830)	–	(210,830)	–	(210,830)
Modification of convertible redeemable preferred shares	31(a)(vi)	–	–	–	(106)	–	–	(106)	106	–
Issuance of treasury shares to ESOP	26(a)(ii)	(5)	–	–	–	–	–	(5)	–	(5)
Employee share scheme - value of employee services		–	–	165,683	–	–	–	165,683	–	165,683
Appropriation to safety reserves		–	–	–	–	–	280	280	(280)	–
At June 30, 2023		(23)	(67,112)	185,608	(11,652)	(509,160)	280	(402,059)	(5,463,401)	(5,865,460)

(c) Reserves movement of the Company

The reserves movement of the Company is as follows:

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At June 23, 2021 (Date of incorporation)		–	–	–	–	–	–	–	–
Loss for the year		–	–	–	–	–	–	(146,354)	(146,354)
Currency translation differences		–	–	–	–	364	364	–	364
Fair value changes on convertible notes due to own credit risk	31(a),(c)	–	–	–	(222)	–	(222)	–	(222)
Issuance of Series E Preferred Shares upon conversion of Series E convertible notes		–	–	–	43	–	43	(43)	–
Commitment to repurchase ordinary shares	31(a)(iv)	–	(45,435)	–	–	–	(45,435)	–	(45,435)
Issuance of treasury shares to ESOP	26(a)(ii), 28(a)	(23)	–	–	–	–	(23)	–	(23)
Employee share scheme – value of employee services	28	–	–	28,741	–	–	28,741	–	28,741
At December 31, 2021		(23)	(45,435)	28,741	(179)	364	(16,532)	(146,397)	(162,929)

The reserves movement of the Company is as follows:

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022		(23)	(45,435)	28,741	(179)	364	(16,532)	(146,397)	(162,929)
Loss for the year		–	–	–	–	–	–	(1,519,729)	(1,519,729)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a),(c)	–	–	–	(5,968)	–	(5,968)	–	(5,968)
Currency translation differences		–	–	–	–	60,446	60,446	–	60,446
Repurchase of ordinary shares	31(a)(iv)	–	2	–	–	–	2	–	2
Modification of convertible redeemable preferred shares	31(a)(vi)	–	–	27,276	(40)	–	27,236	40	27,276
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes	31	–	–	–	495	–	495	(495)	–
Contributions from ordinary shareholders from share swap from Shenzhen Suteng to the Company upon the completion of the Reorganization		–	1,358,378	–	–	–	1,358,378	–	1,358,378
Repurchase of restricted shares and cancellation of treasury shares	28(a)	5	–	(36,808)	–	–	(36,803)	–	(36,803)
Employee share scheme - value of employee services		–	–	(440)	–	–	(440)	–	(440)
At December 31, 2022		(18)	1,312,945	18,769	(5,692)	60,810	1,386,814	(1,666,581)	(279,767)

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)									
At January 1, 2022		(23)	(45,435)	28,741	(179)	364	(16,532)	(146,397)	(162,929)
Loss for the period		–	–	–	–	–	–	(426,776)	(426,776)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a),(c)	–	–	–	(1,955)	–	(1,955)	–	(1,955)
Currency translation differences		–	–	–	–	53,191	53,191	–	53,191
Repurchase of ordinary shares	31(a)(iv)	–	2	–	–	–	2	–	2
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes	31	–	–	–	495	–	495	(495)	–
Contributions from ordinary shareholders from share swap from Shenzhen Suteng to the Company upon the completion of the Reorganization		–	1,358,378	–	–	–	1,358,378	–	1,358,378
Repurchase of restricted shares	28(a)	–	–	(36,808)	–	–	(36,808)	–	(36,808)
Employee share scheme - value of employee services		–	–	(440)	–	–	(440)	–	(440)
At June 30, 2022		(23)	1,312,945	(8,507)	(1,639)	53,555	1,356,331	(573,668)	782,663

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023		(18)	1,312,945	18,769	(5,692)	60,810	1,386,814	(1,666,581)	(279,767)
Loss for the period		–	–	–	–	–	–	(324,855)	(324,855)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	31(a),(c)	–	–	–	(1,572)	–	(1,572)	–	(1,572)
Currency translation differences		–	–	–	–	(24,693)	(24,693)	–	(24,693)
Modification of convertible redeemable preferred shares	31(a)(vi)	–	–	–	(106)	–	(106)	106	–
Issuance of treasury shares to ESOP	26(a)(ii)	(5)	–	–	–	–	(5)	–	(5)
Employee share scheme - value of employee services		–	–	165,683	–	–	165,683	–	165,683
At June 30, 2023		(23)	1,312,945	184,452	(7,370)	36,117	1,526,121	(1,991,330)	(465,209)

27 Dividends

No dividends have been paid or declared by the Company or any companies now comprising the Group during the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023.

28 Share-based compensation

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Share-based compensation expenses–related to ESOP (Note (a))	–	28,741	7,810	7,810	165,683
Share-based compensation expenses–related to repurchase of ordinary share (Note (b))	–	27,963	–	–	–
Share-based compensation expenses–related to redesignation of preferred share (Note (c))	–	2,409	27,276	–	–
	–	**59,113**	**35,086**	**7,810**	**165,683**

(a) A Limited Liability Partnership ("ESOP LLP"), was established in August 2015 and holds ordinary shares of Shenzhen Suteng on behalf of Shenzhen Suteng for the purpose of ESOP. In May 2021, Shenzhen Suteng approved a share incentive plan ("Suteng ESOP") to grant certain amounts of equity interests in the ESOP LLP to certain directors, executive officers and employees with vesting commencement date in December 2020. The awards include both service conditions and the occurrence of a qualified IPO as performance conditions. All of the RSUs shall become vested 36 months post the occurrence of a qualified IPO. Employees are required to provide continued services through the occurrence of a qualified IPO in order to retain the award.

During the Reorganization, the pre-IPO share incentive scheme A (the "ESOP A scheme") and the pre-IPO share incentive scheme B (the "ESOP B scheme") have been established and approved pursuant to the Shareholders' resolutions dated on December 30, 2021. On December 31, 2021, the Company issued 18,299,626 equity shares in proportion to ESOP LLP's equity interests holding in Shenzhen Suteng. On the same day, the Company issued 17,210,526 shares for another new share incentive plan.

In addition, a post-IPO share incentive plan ("ESOP C scheme") was approved pursuant to the Shareholders' resolutions dated on October 27, 2022.

The Group's ESOP platforms of the share incentive plans were designed and operated to grant equity interests in the form of restricted shares and restricted shares units ("RSUs") with certain service conditions and/or performance conditions to eligible employees. Once the vesting conditions for the underlying restricted shares and RSUs are met, the shares will be released or exchanged to employees. The Group accounts for such awards in accordance with IFRS 2, Share-based payments.

ESOP A scheme

Movements in the number of equity awards granted under ESOP A scheme, after giving effect to the share subdivision and on an as if basis, are as follows:

	Number of restricted shares	Number of RSUs	Total number of equity awards	Weighted average grant date fair value
				RMB
Outstanding as of January 1, 2021	–	–	–	N/A
Granted during the year (Note (i))	13,450	15,751,490	15,764,940	6.27
Forfeited during the year	–	(332,865)	(332,865)	6.27
Outstanding as of December 31, 2021	13,450	15,418,625	15,432,075	6.27
Outstanding as of January 1, 2022	13,450	15,418,625	15,432,075	6.27
Granted during the year (Note (ii), (iii))	–	293,207	293,207	15.98
Forfeited during the year	–	(731,985)	(731,985)	6.27
Outstanding as of December 31, 2022	13,450	14,979,847	14,993,297	6.46
(Unaudited)				
Outstanding as of January 1, 2022	13,450	15,418,625	15,432,075	6.27
Granted during the period (Note (ii), (iii))	–	250,000	250,000	15.00
Forfeited during the year	–	(731,985)	(731,985)	6.27
Outstanding as of June 30, 2022	13,450	14,936,640	14,950,090	6.41
Outstanding as of January 1, 2023	13,450	14,979,847	14,993,297	6.46
Granted during the period (Note (ii), (iii))	–	2,358,985	2,358,985	21.57
Outstanding as of June 30, 2023	13,450	17,338,832	17,352,282	8.51

(i) In May 2021, 15,782,150 equity shares under ESOP LLP of Suteng ESOP were granted to certain directors, executive officers and employees with vesting commencement date in December 2020. The equity shares include both service conditions and the occurrence of an IPO as performance conditions. All of the granted shares shall become vested 36 months post the occurrence of a qualified IPO. Employees are required to provide continued service through the occurrence of a qualified IPO in order to retain the award. As mentioned above, 15,782,150 equity shares granted under ESOP LLP of Suteng ESOP were replaced by 15,764,940 restricted shares and RSUs under the platforms of ESOP A scheme and 17,210 restricted shares under a platform of ESOP B scheme as part of the reorganization. Right after the replacement, the Company modified the 15,782,150 equity shares with both service conditions and performance conditions to be vested immediately upon the consummation of a qualified IPO.

(ii) In May 2022, the Company granted 250,000 RSUs under the platforms of ESOP A scheme to an employee at a consideration of RMB15.00 per share, with both four years' service conditions and the occurrence of an IPO as performance conditions. Given the consideration was approximated to the grant date fair value, the Group assessed that there was no incremental value of the grant to the employee and no share-based compensation expense to be recognized upon such equity settled transaction.

In January 2023, the Company granted another 299,000 RSUs under the platforms of ESOP A scheme to this employee at a consideration of RMB12.00 per share, with both four years' service conditions and the occurrence of an IPO as performance conditions. The difference of RMB2,861,000 between total consideration and the grant date fair value would be recognized over the vesting period.

If the employee leaves the Group during the vesting period, the prepayment for the non-vested portion will be refunded. The Group recorded the cash received by the Group as other payables and accruals and would transfer the portion to equity account upon vesting of each tranche. As of December 31, 2022 and June 30, 2023, the payables in relation to these grants (Note 34(a)(i)) amounted to RMB3,750,000 and RMB7,338,000, respectively.

(iii) In November 2022, the Group granted 43,207 RSUs under the platforms of ESOP A scheme to an eligible employee at nil consideration, with the occurrence of a qualified IPO as performance conditions.

In January 2023, the Group granted another 2,059,985 RSUs under the platforms of ESOP A scheme to an eligible employee at nil consideration, with the occurrence of a qualified IPO as performance conditions.

For the awards granted under ESOP A scheme with the qualified IPO performance condition, no expenses were recognized for the years ended December 31, 2020, 2021 and 2022. Since the IPO has become probable in June 2023, an expense of RMB99,792,000 were recognized during the six months ended June 30, 2023. The remaining expenses amounting to RMB40,540,000 is expected to be recognized for the future service over a weighted average period of 0.59 year since June 30, 2023, taking into consideration the projected forfeiture rate. The vesting period varied from 0.99 year to 4.00 years based on the expected IPO date.

ESOP B scheme

Movements in the number of equity awards granted under ESOP B scheme, after giving effect to the share subdivision and on an as if basis, are as follows:

	Number of restricted shares	Number of RSUs	Total number of equity awards	Weighted average grant date fair value
				RMB
Outstanding as of January 1, 2021	–	–	–	N/A
Granted during the year (Note (i),(ii))	6,901,420	–	6,901,420	12.32
Outstanding as of December 31, 2021	6,901,420	–	6,901,420	12.32
Outstanding as of January 1, 2022	6,901,420	–	6,901,420	12.32
Granted during the year (Note (iii),(iv))	–	2,001,945	2,001,945	13.49
Vested during the year (Note (ii))	(2,294,737)	–	(2,294,737)	12.32
Forfeited during the year (Note (ii))	(4,589,473)	–	(4,589,473)	12.32
Outstanding as of December 31, 2022	17,210	2,001,945	2,019,155	13.43
(Unaudited)				
Outstanding as of January 1, 2022	6,901,420	–	6,901,420	12.32
Granted during the period (Note (iii),(iv))	–	2,001,945	2,001,945	13.49
Vested during the period (Note (ii))	(2,294,737)	–	(2,294,737)	12.32
Forfeited during the period (Note (ii))	(4,589,473)	–	(4,589,473)	12.32
Outstanding as of June 30, 2022	17,210	2,001,945	2,019,155	13.43
Outstanding as of January 1, 2023	17,210	2,001,945	2,019,155	13.43
Granted during the period (Note (iii),(iv))	–	6,275,445	6,275,445	21.57
Forfeited during the period	–	(26,502)	(26,502)	14.70
Outstanding as of June 30, 2023	17,210	8,250,888	8,268,098	19.60

(i) In May 2021, 17,210 equity shares under ESOP LLP of Suteng ESOP were granted, which was subsequently modified and replaced by 17,210 restricted shares under a platform of ESOP B scheme as part of the reorganization as disclosed in Note (i) of the section ESOP A scheme.

(ii) In October 2021, the Group granted 6,884,210 restricted shares under another platform of ESOP B scheme with certain service conditions at nil consideration to an eligible employee, who commenced his service in July 2021 ("Vesting Commencement Date").

One third of the restricted shares shall vest on the first anniversary of Vesting Commencement Date, and the remaining restricted shares shall vest on eight equal tranches in eight quarters following the first anniversary, 8.25% for each quarter, and subject to acceleration or deceleration under scenario of termination of employment by the Company or voluntary resignation of the eligible employee, respectively, and with lock-up period for vested restricted share for first anniversary subject to the occurrence of a qualified IPO or fulfillment of three-years employment.

As the grant date occurred some months after the employee have begun rendering services in respect of that grant, the Company began to recognize the share-based compensation expenses from the date the services were received by the Company. Share-based compensation expenses of RMB28,741,000 in relation to the awards were recognized for the year ended December 31, 2021.

In June 2022, 2,294,737 restricted shares, one third of the granted restricted shares, vested with share-based compensation expenses recognized in amount of RMB13,768,000. As the eligible employee left the Company in June 2022, the Company entered into an agreement to repurchase these vested 2,294,737 restricted shares in consideration of RMB19.64 per share. Given the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date, such excess of RMB8,250,000 was recognized as an expense and a share-based compensation reserve of RMB36,808,000 was reversed for the year ended December 31, 2022. As of December 31, 2022, a liability of RMB12,292,000 was outstanding for such repurchase (Note 34(a)(ii)). The remaining unvested 4,589,473 restricted shares were forfeited and share-based compensation expenses of RMB14,208,000 recognized in 2021 was reversed. As a result, share-based compensation expenses related to the repurchase of restricted share amounted to RMB7,810,000 in total.

(iii) In January 2022, 142,949 RSUs with only performance conditions to be vested immediately upon the consummation of a qualified IPO were granted under a platform of ESOP B scheme to eligible employees, who agreed on the cancellation of their outstanding bonus amounting to RMB3,780,000 for the year ended December 31, 2021 in exchange for the RSUs granted.

In January 2023, another 214,713 RSUs with only performance conditions to be vested immediately upon the consummation of a qualified IPO were granted under a platform of ESOP B scheme to eligible employees, who agreed on the cancellation of their outstanding bonus amounting to RMB7,916,000 for the year ended December 31, 2022 in exchange for the RSUs granted.

As a result, the consideration of the RSUs granted were equal to the amount of the bonus payable cancelled. As such, the Group has recorded the consideration of the RSUs as liability in relation to ESOP (Note 34) and expects to transfer it from liability to equity upon vesting on the completion date of a qualified IPO. If the eligible employees leave the Group prior to the consumption of a qualified IPO, the consideration which is equal to the bonus payable will be paid back to the eligible employees in cash and the RSUs granted will be forfeited concurrently. As of December 31, 2022 and June 30, 2023, the payables in relation to these repurchase obligations (Note 34(a)(iii)) amounted to RMB3,780,000 and RMB11,550,000, respectively.

(iv) In January 2022, 1,858,996 RSUs were granted under a platform of ESOP B scheme to eligible employees at nil consideration for their future services from the grant date. The equity shares include both service conditions and the occurrence of an IPO as performance conditions.

In January 2023, another 6,060,732 RSUs were granted under a platform of ESOP B scheme to eligible employees at nil consideration for their future services from the grant date. The equity shares include both service conditions and the occurrence of an IPO as performance conditions.

For the awards granted under ESOP B scheme with the qualified IPO performance condition, no expenses were recognized for the years ended December 31, 2020, 2021 and 2022. Since the IPO has become probable, an expense of RMB65,891,000 were recognized during the six months ended June 30, 2023. The remaining expenses amounting to RMB90,007,000 is expected to be recognized for the future service over a weighted average period of 1.47 years since June 30, 2023, taking into consideration the projected forfeiture rate. The vesting period varied from 0.95 years to 4.05 years based on the expected IPO date.

The discounted cash flow method and back-solve method were used to determine the underlying equity fair value of the Company and the fair value of the restricted shares and RSUs granted or shares transfer among shareholders. The key assumptions into the model other than the underlying equity fair value of the Company at the date of grant were as follows:

Grant date	Discount rate	DLOM	Expected volatility	Risk-free interest rate	Terminal growth rate
May 25, 2021	21.00%	15.00%	56.62%	2.68%	2.00%
October 31, 2021	20.00%	15.00%	55.05%	2.60%	2.00%
January 14, 2022	20.00%	15.00%	55.53%	2.37%	2.00%
January 20, 2022	20.00%	15.00%	55.53%	2.37%	2.00%
May 7, 2022	19.00%	15.00%	53.04%	2.13%	2.00%
November 25, 2022	19.00%	10.00%	53.91%	1.81%	2.00%
January 3, 2023	19.00%	10.00%	53.91%	1.81%	2.00%
January 13, 2023	19.00%	10.00%	53.91%	1.81%	2.00%
January 20, 2023	19.00%	10.00%	53.91%	1.81%	2.00%

(b) As disclosed in Note 31(a)(iii), in January 2021, the Company amended the terms of 726,299 ordinary shares held by Founders of the Company to into terms of the Series D-1 Preferred Shares, which were immediately then transferred to a new investor for a total consideration of RMB7,108,000. The difference of RMB2,771,000 between the consideration of the Series D-1 Preferred Shares received by the Founders and the fair value of the ordinary shares represents value given by the Company to the Founders was recognised as share-based compensation expenses in accordance with IFRS 2, Share-based payments.

As disclosed in Note 31(a)(iv), in November 2021, the Company committed to repurchase 3,600,000 ordinary shares from the Founders and to amend the terms of these ordinary shares to match those of the Series D-2 Preferred Shares to be sold to certain new investors. Similar to the repurchase in January 2021, the Company recognised the difference of RMB25,192,000 between the fair value of the Series D-2 and fair value of the ordinary shares as compensation expenses.

(c) As disclosed in Note 31(a)(iii), in January 2021, the Group amended the terms of certain Series B Preferred Shares and Series C Preferred Shares to match the terms of Series D-1 Preferred Shares, which were then transferred to the new investor by its original holders. The Group recognised share-based compensation expenses of RMB2,409,000 for the difference of the fair value of the re-designated shares (Series D-1) in excess of the fair value of the revised fair value of the Series B and Series C.

As disclosed in Note 31(a)(vi), in October 2022, the Company committed to amend the terms of 4,882,604 Series C Preferred Shares in order to redesignate them into Series G-2 Preferred Shares when the investors successfully obtain the necessary regulatory approvals. To facilitate the transaction, the Series G-2 incoming investor agreed to pay a higher price to the Series C Preferred Shareholders. The Group recognised share-based compensation expenses of RMB27,276,000 for the difference of the incoming shareholder agreed to pay in excess of the fair value of Series G-2, with a credit to equity to reflect that the incoming investors had made contribution to the Group.

29 Government grants

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Government grants	12,752	9,468	45,270	39,804
Current				
Government grants	1,086	533	–	–
	13,838	10,001	45,270	39,804

Movement of government grants is as follows:

	Year ended December 31,			Six months ended June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	15,266	13,838	10,001	45,270
Additions	2,617	2,136	53,678	150
Recognition of income	(4,045)	(5,973)	(18,409)	(5,616)
At the end of the year/period	13,838	10,001	45,270	39,804

30 Other non-current liabilities

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Refundable government grants	25,818	6,000	2,700	27,820
License fees payable (Note (a))	–	25,790	22,546	18,503
Warranty provision (Note (b))	743	760	2,320	2,753
Refund liabilities	78	742	611	290
	26,639	33,292	28,177	49,366

(a) The Group entered into a license agreement with Velodyne Lidar Inc. ("Velodyne") in September 2020 to obtain cross-license of patent from February 2021 to February 2030. Pursuant to the agreement, a license fee calculated based on the net sales of the licensed products shall be paid by the Group in tranches during the lives of the license. For each year starting from February 2021, the payment of the license fee is determined to be the greater of fixed minimum annual payments and the amount calculated based on a tiered percentage of net sales of the licensed products.

The license rights are recognized as intangible assets initially measured at a total amount of the prepayment for license rights of RMB1,339,000 (Note 21) plus the present value of RMB33,872,000 of the fixed minimum annual payments to be made in subsequent years and are amortized using the straight-line method to allocate the cost of the licenses over the period of the respective contractual rights of 9 years (Note 15).

License fees payable is initially recorded at the fair value, which represents the present value of the fixed minimum annual payments to be made in subsequent years. They are subsequently stated at amortized cost using the effective interest method less payments made. Interests incurred on license fees payable are charged to the consolidated statement of comprehensive loss as interest expense. The variable payment exceeds the fixed minimum annual payments will directly recognized as cost of sales.

Movement in license fees payable is as follows：

	Year ended December 31,		Six months ended June 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	–	27,664	28,172
Additions	33,872	–	–
Payment of license fees	(7,499)	(3,179)	–
Amortization of discount	1,604	1,392	667
Adjustment for exchange difference	(313)	2,295	1,084
At the end of the year/period	27,664	28,172	29,923
Current portion of the license fees payable (Note 34)	1,874	5,626	11,420
Non-current portion of license fees payable	25,790	22,546	18,503

The license fees payable is denominated in USD.

(b) The Group provides warranties for certain LiDAR products and undertakes the obligation to repair or replace items that fail to perform satisfactorily. The amount of provisions for product warranties is estimated based on the sales volume and historical experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

The movements of the Group's warranty provisions are analyzed as follows:

	Year ended December 31,			Six months ended June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	960	1,862	3,775	7,177
Provisions	2,097	3,831	7,626	4,288
Amounts utilized	(1,195)	(1,918)	(4,224)	(2,471)
At the end of the year/period	1,862	3,775	7,177	8,994
Current portion of warranty provision (Note 34)	1,119	3,015	4,857	6,241
Non-current portion of warranty provision	743	760	2,320	2,753

31 Financial instruments issued to investors

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Preferred Shares (Note (a))	1,144,280	3,005,181	783,999	8,503,120
Warrants (Note (a),(b))	–	31,245	–	–
	1,144,280	3,036,426	783,999	8,503,120
Current				
Preferred Shares (Note (a)(vii))	–	–	6,212,044	–
Convertible Notes (Note (c))	–	974,046	–	–
	–	974,046	6,212,044	–
	1,144,280	4,010,472	6,996,043	8,503,120

(a) Preferred Shares

Issuance of Preferred Shares

(i) The following table summarizes the issuances of Preferred Shares by series with proceeds up to June 30, 2023, after giving effect to the share subdivision and on an as if basis:

Series	Date of issuance	Issue price per share (in RMB)	Issued shares	Net proceeds from issuance
				RMB'000
Angel	January 10, 2015	0.07	27,647,451	2,000
Seed	October 22, 2015	0.54	27,647,451	15,000
A	March 10, 2016	0.93	9,700,864	9,000
A+	November 28, 2016	1.96	10,211,438	20,000
B	August 18, 2017	2.75	14,522,929	40,000
B	August 18, 2017	1.93	3,630,737	7,000
B	August 18, 2017	2.23	4,538,403	10,125
C	August 21, 2018	4.41	49,128,341	216,500
D	October 11, 2020	12.23	10,054,493	123,000
D-2	January 25, 2021	12.23	13,896,456	170,000
E	December 31, 2021 and January 19, 2022	20.00	27,000,000	540,000
F	April 29, 2022 and October 21, 2022	26.44	53,894,003	1,424,813
G-1	April 14, 2023	35.17	11,374,415	400,000
G-2	October 27, 2022, November 17, 2022 and April 14, 2023	38.68	16,822,979	650,769

The key terms of the Preferred Shares are summarized as follows:

Conversion feature

Each Preferred Share shall automatically be converted into ordinary shares at the then-effective conversion price upon the closing of a Qualified IPO. The initial conversion ratio of Preferred Shares to ordinary shares shall be 1:1, which is subject to subsequent adjustment upon fulfillments of predetermined conditions.

Redemption feature

At the option of the holders of the Preferred Shares (other than Series Angel Preferred Shares and Series Seed Preferred Shares), the Company and the Founders shall be jointly and severally liable to redeem the Preferred Shares held by such preferred shareholder any time after the earliest to occur of: (i) if the Company fails to complete a qualified IPO by December 31, 2024 (after modification on June 29, 2023) or a later date approved by general meeting; (ii) if any of the Company, the Founder Parties or other Shareholders fails to approve an IPO application provided that the Company satisfies the requirements of the IPO approved by the general meeting; (iii) violation of certain obligations under various agreements or documents set forth in the shareholder agreement by the Company, Founders and/or certain key employees; (iv) any of the Group companies or the Founders is subject to major administrative penalties or criminal punishments due to violation of laws which results in failure of an IPO of the Company, or causes material adverse effect to the interests of the holders of the Preferred Shares; or (v) any of the shareholders redeem all or partial of their shares by the Company and/or the Founders. The Founders' obligation in redeeming the shareholders should be limited to the fair value corresponding to all the equity of the Company held by the Founders at that time.

The redemption amount payable for each Preferred Shares, upon exercise of the redemption option by the holder, will be an amount equal to the greater of (a) the investment amount, which include all the investment and share transfer corresponding to such shareholder's holding of the Company's shares, plus compounded accrued interest at a rate of 10% per annum and all declared but unpaid dividends thereon up to the date of redemption, and (b) net asset value on a book basis in proportion to the shareholding percentage.

The Preferred Shares were also redeemable by the Company and the Founder upon certain deemed liquidation events (including the occurrence of a change in control), which is not solely within the control of the Company.

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the assets and funds of the Company legally available for distribution shall be distributed among the holders of the issued and outstanding shares in the following order and manner:

The holders of Preferred Shares shall be entitled to receive a liquidation amount per share equal to 120% of the issue price per share and plus all dividends and distributions accrued but unpaid. If the liquidation amount of the holders of Preferred Shares could not be paid in full, Founders have the obligation to pay such shareholders the shortfall (if any).

The liquidation preference amount will be paid to the preferred shareholders in the following order: first to holders of Series G-2 and Series C Preferred Shares held by Cainiao, second to holders of Series G-1 Preferred Shares, third to holders of Series F Preferred Shares, fourth to holders of Series E Preferred Shares, fifth to holders of Series C Preferred Shares (except for those held by Cainiao), Series D-2 Preferred Shares and Series D Preferred Shares, sixth to holders of Series D-1 Preferred Shares, seventh to holders Series B Preferred Shares and two certain preferred shareholders and, eighth to holders of Series A+ Preferred Shares, ninth to holders of Series A Preferred Shares, tenth to holders of Series Angel Preferred Shares, and lastly to holders of Series Seed Preferred Shares. After distribution to the holders of Preferred Shares the amount of preference, all remaining assets and funds of the Company available for distribution to the shareholders shall be distributed ratably among all the ordinary shareholders and prefer shareholders on a fully diluted basis.

Dividends rights

Each preferred shareholder and ordinary shareholder shall be entitled to receive dividends for each share held by such holder, payable out of funds or assets when and as such funds or assets become legally available therefor pari passu with each other on a pro rata basis. Such dividends shall be payable only when, as, and if declared by the board of directors and shall be cumulative.

No dividends on Preferred Shares and ordinary shares have been declared since the issuance date until June 30, 2023.

Voting rights

Each Preferred Share confers the right to receive notice of, attend and vote at any general meeting of members on an as-converted basis. The holders of the Preferred Shares vote together with the ordinary shareholders, and not as a separate class or series, on all matters put before the shareholders.

Classification and Measurement

The Preferred Shares are either redeemable at the holders' option any time if the Company fails to complete a qualified IPO by a specified date or are contingently redeemable upon the occurrence of certain events outside of the Company's control.

Modification of Preferred Shares

During the Track Record Period, the Group had several transactions which involved modification of contractual terms of certain Preferred Shares.

The Group also had redesignations of shares previously issued to facilitate investments from new investors. The terms of shares held by existing shareholders were amended by the Group. Concurrently, such amended shares were transferred to the new investors.

(ii) In March 2020, an investor transferred 8,242,387 Series A+ Preferred Shares and 4,538,403 Series B Preferred Shares to its related party with modification made to the redemption price and liquidation preference of such Preferred Shares transferred. The Group recorded the incremental change in fair value of RMB1,710,000 and RMB673,000 due to such modification during the transfer as fair value losses for the aforementioned Series A+ Preferred Shares and Series B Preferred Shares, respectively.

(iii) In January 2021, the Group redesignated certain ordinary shares and Preferred Shares in connection with the Series D-1 Preferred Shares issuance to several new investors.

Firstly, the Company amended the terms of 726,299 ordinary shares held by founders of the Company to match the terms of the Series D-1 Preferred Shares, which were immediately then transferred to a new investor for a total consideration of RMB7,108,000. The Group recognized 1) the difference of RMB4,337,000 between the fair value and the book value of the ordinary shares as a debit to capital reserve and 2) the difference of RMB2,771,000 between consideration of the Series D-1 Preferred Shares of RMB7,108,000 and the fair value of the ordinary shares of RMB4,337,000 as share-based compensation expenses (Note 28(b)).

Concurrently, the Group also amended the terms of 2,178,471 Series B Preferred Shares and 3,065,402 Series C Preferred Shares to match the terms of Series D-1 Preferred Shares, which were then transferred to the new investor for consideration of RMB21,320,000 and RMB30,000,000, respectively. The Group recognized 1) the incremental change in fair value of the Series B Preferred Shares and Series C Preferred Shares, amounting to RMB3,603,000 and RMB5,191,000 respectively, as fair value losses; 2) the difference of RMB2,409,000 between the consideration of the Series D-1 Preferred Shares and the fair value of Series B Preferred Shares immediately before the redesignation as share-based compensation expenses (Note 28(c)).

The Company also amended the terms of 132,008 treasury shares and redesignated them as Series D-1 Preferred Shares, which were then immediately transferred to a new investor at a total consideration of RMB1,292,000 paid to the Group. This transaction was accounted for as an issuance of Series D-1 Preferred Shares to the investor.

(iv) In November 2021, the Company committed to repurchase 3,600,000 ordinary shares from the Founders and to amend the terms of these ordinary shares to match the terms of the Series D-2 Preferred Shares to be transferred to certain new investors for a consideration of RMB60,000,000 upon the completion of the Reorganization and the success in obtaining the necessary regulatory approvals as stipulated in the agreements. The Company recognized a financial liability of RMB70,627,000 for its obligation to purchase its own ordinary shares. The difference of RMB25,192,000 between the fair value Series D-2 of RMB70,627,000 and the fair value of the ordinary shares of RMB45,435,000 was recognized as share-based compensation expenses (Note 28(b)).

Such transaction was subsequently completed in January 2022. Upon the redesignation, a recognition of the issuance of Series D-2 Preferred Shares at an amount of RMB70,627,000.

(v) In December 2021, as part of the issuance of Series E Preferred Shares, the existing Preferred Shareholders (other than those of Series Angel and Series Seed Preferred Shares) agreed to amend the exercisable date of redemption right upon failure to complete a Qualified IPO from August 30, 2023 to December 31, 2023 in order to align with that of Series E Preferred Shares. The Company evaluated and concluded this amendment should be accounted for as a modification of the applicable Preferred Shares with fair value changes recognized in profit or loss.

(vi) In October 2022, for a portion of the Series G-2 financing, the Company committed to amend the terms of 4,882,604 Series C Preferred Shares in order to redesignate them into Series G-2 Preferred Shares when the investors successfully obtain the necessary regulatory approvals. On behalf of the Company, the Series G-2 incoming investor agreed to pay a higher transfer price to the holder of Series C Preferred Shares to facilitate the deal. As a result, the Company recognized RMB27,276,000 as share-based compensation expenses (Note 28(c)). In December 2022 and April 2023, 1,399,191 and 3,483,413 Series C Preferred Shares were redesignated to Series G-2 Preferred Shares at an amount of RMB32,266,000 and RMB81,816,000, respectively.

(vii) In June 2023, all Preferred Shareholders (other than those of Series Angel and Series Seed Preferred Shares) agreed to postpone the exercisable date of redemption right upon failure to complete a Qualified IPO from December 31, 2023 to December 31, 2024.

The Group's Preferred Shares activities during the Track Record Period are summarized as below:

	Series Angel Preferred Shares		Series Seed Preferred Shares		Series A Preferred Shares		Series A+ Preferred Shares		Series B Preferred Shares		Series C Preferred Shares	
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*
Balances of January 1, 2020	15,995,501	64,333	19,971,731	83,576	15,521,371	83,813	10,511,598	52,506	34,038,215	184,030	60,170,272	397,730
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	–	–	–	–	–	–	–	–	–	–	–	–
Modification of preferred shares upon the transfer of Series A+ and Series B Preferred shares (Note (a)(ii))	–	–	–	–	–	–	–	1,710	–	673	–	–
Change in fair value	–	19,796	–	24,288	–	14,458	–	10,763	–	33,489	–	49,270
Includes: change in fair value due to own credit risk	–	–	–	–	–	(901)	–	(374)	–	(1,236)	–	(3,055)
Balances of December 31, 2020	15,995,501	84,129	19,971,731	107,864	15,521,371	98,271	10,511,598	64,979	34,038,215	218,192	60,170,272	447,000
Balances of January 1, 2021	15,995,501	84,129	19,971,731	107,864	15,521,371	98,271	10,511,598	64,979	34,038,215	218,192	60,170,272	447,000
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Series E Preferred Shares upon conversion of Series E convertible notes (Note (c))	–	–	–	–	–	–	–	–	–	–	–	–
Repurchase of ordinary shares (Note (a)(iii))	–	–	–	–	–	–	–	–	–	–	–	–
Repurchase of treasury shares (Note (a)(iii))	–	–	–	–	–	–	–	–	–	–	–	–
Modification of Series B Preferred Shares to Series D-1 Preferred Shares (Note (a)(iii))	–	–	–	–	–	–	–	–	(2,178,471)	(15,308)	–	–
Modification of Series C Preferred Shares to Series D-1 Preferred Shares (Note (a)(iii))	–	–	–	–	–	–	–	–	–	–	(3,065,402)	(24,809)
Issuance of Series E Preferred shares upon exercise of Series E Warrants (Note (b))	–	–	–	–	–	–	–	–	–	–	–	–
Change in fair value	–	131,938	–	168,897	–	135,119	–	86,140	–	252,361	–	454,223
Includes: change in fair value due to own credit risk	–	–	–	–	–	979	–	405	–	1,284	–	3,003
Balances of December 31, 2021	15,995,501	216,067	19,971,731	276,761	15,521,371	233,390	10,511,598	151,119	31,859,744	455,245	57,104,870	876,414
Balances of January 1, 2022	15,995,501	216,067	19,971,731	276,761	15,521,371	233,390	10,511,598	151,119	31,859,744	455,245	57,104,870	876,414
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes (Note (c))	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Series E Preferred Shares upon exercise of Series E Warrants (Note (b))	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Series F Preferred Shares upon exercise of Series F Warrants (Note (b))	–	–	–	–	–	–	–	–	–	–	–	–
Modification of ordinary shares to Series D-2 Preferred Shares (Note (a)(iv))	–	–	–	–	–	–	–	–	–	–	–	–
Modification of Series C Preferred Shares to Series G-2 Preferred Shares (Note (a)(vi))	–	–	–	–	–	–	–	–	–	–	(1,399,191)	(32,448)
Change in fair value	–	105,490	–	131,748	–	99,955	–	68,641	–	207,781	–	346,207
Includes: change in fair value due to own credit risk	–	–	–	–	–	251	–	103	–	321	–	943
Currency translation differences	–	23,698	–	30,235	–	25,102	–	16,393	–	49,418	–	94,101
Balances of December 31, 2022	15,995,501	345,255	19,971,731	438,744	15,521,371	358,447	10,511,598	236,153	31,859,744	712,444	55,705,679	1,284,274

	Series D Preferred Shares		Series D-1 Preferred Shares		Series D-2 Preferred Shares		Series E Preferred Shares		Series F Preferred Shares		Series G-1 Preferred Shares		Series G-2 Preferred Shares		Total	
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*
Balances of January 1, 2020	–	–	–	–	–	–	–	–	–	–	–	–	–	–	156,208,688	865,988
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	10,054,493	123,000	–	–	–	–	–	–	–	–	–	–	–	–	10,054,493	123,000
Modification of preferred shares upon the transfer of Series A+ and Series B Preferred shares (Note (a)(ii))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2,383
Change in fair value	–	845	–	–	–	–	–	–	–	–	–	–	–	–	–	152,909
Includes: change in fair value due to own credit risk	–	191	–	–	–	–	–	–	–	–	–	–	–	–	–	(5,375)
Balances of December 31, 2020	10,054,493	123,845	–	–	–	–	–	–	–	–	–	–	–	–	166,263,181	1,144,280
Balances of January 1, 2021	10,054,493	123,845	–	–	–	–	–	–	–	–	–	–	–	–	166,263,181	1,144,280
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	–	–	–	–	13,896,456	170,000	–	–	–	–	–	–	–	–	13,896,456	170,000
Issuance of Series E Preferred Shares upon conversion of Series E convertible notes (Note (c))	–	–	–	–	–	–	10,000,000	221,050	–	–	–	–	–	–	10,000,000	221,050
Repurchase of ordinary shares (Note (a)(iii))	–	–	726,299	7,108	–	–	–	–	–	–	–	–	–	–	726,299	7,108
Repurchase of treasury shares (Note (a)(iii))	–	–	132,008	1,292	–	–	–	–	–	–	–	–	–	–	132,008	1,292
Modification of Series B Preferred Shares to Series D-1 Preferred Shares (Note (a)(iii))	–	–	2,178,471	21,320	–	–	–	–	–	–	–	–	–	–	–	6,012
Modification of Series C Preferred Shares to Series D-1 Preferred Shares (Note (a)(iii))	–	–	3,065,402	30,000	–	–	–	–	–	–	–	–	–	–	–	5,191
Issuance of Series E Preferred shares upon exercise of Series E Warrants (Note (b))	–	–	–	–	–	–	2,000,000	40,000	–	–	–	–	–	–	2,000,000	40,000
Change in fair value	–	56,975	–	41,339	–	79,090	–	4,166	–	–	–	–	–	–	–	1,410,248
Includes: change in fair value due to own credit risk	–	1,339	–	424	–	1,208	–	–	–	–	–	–	–	–	–	8,642
Balances of December 31, 2021	10,054,493	180,820	6,102,180	101,059	13,896,456	249,090	12,000,000	265,216	–	–	–	–	–	–	193,017,944	3,005,181
Balances of January 1, 2022	10,054,493	180,820	6,102,180	101,059	13,896,456	249,090	12,000,000	265,216	–	–	–	–	–	–	193,017,944	3,005,181
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	–	–	–	–	–	–	–	–	7,333,386	193,875	–	–	5,183,594	200,519	12,516,980	394,394
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes (Note (c))	–	–	–	–	–	–	–	–	36,487,260	1,012,096	–	–	–	–	36,487,260	1,012,096
Issuance of Series E Preferred Shares upon exercise of Series E Warrants (Note (b))	–	–	–	–	–	–	15,000,000	331,245	–	–	–	–	–	–	15,000,000	331,245
Issuance of Series F Preferred Shares upon exercise of Series F Warrants (Note (b))	–	–	–	–	–	–	–	–	10,073,357	324,152	–	–	–	–	10,073,357	324,152
Modification of ordinary shares to Series D-2 Preferred Shares (Note (a)(iv))	–	–	–	–	3,600,000	70,627	–	–	–	–	–	–	–	–	3,600,000	70,627
Modification of Series C Preferred Shares to Series G-2 Preferred Shares (Note (a)(vi))	–	–	–	–	–	–	–	–	–	–	–	–	1,399,191	32,266	–	(182)
Change in fair value	–	58,204	–	37,947	–	100,605	–	125,102	–	147,801	–	–	–	(1,242)	–	1,428,239
Includes: change in fair value due to own credit risk	–	343	–	162	–	573	–	1,133	–	1,823	–	–	–	–	–	5,652
Currency translation differences	–	18,766	–	10,680	–	33,260	–	60,387	–	67,009	–	–	–	1,242	–	430,291
Balances of December 31, 2022	10,054,493	257,790	6,102,180	149,686	17,496,456	453,582	27,000,000	781,950	53,894,003	1,744,933	–	–	6,582,785	232,785	270,695,541	6,996,043

(Unaudited)	Series Angel Preferred Shares		Series Seed Preferred Shares		Series A Preferred Shares		Series A+ Preferred Shares		Series B Preferred Shares		Series C Preferred Shares	
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*
balances of January 1, 2022	15,995,501	216,067	19,971,731	276,761	15,521,371	233,390	10,511,598	151,119	31,859,744	455,245	57,104,870	876,414
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes (Note (c))	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Series E Preferred Shares upon exercise of Series E Warrants (Note (b))	-	-	-	-	-	-	-	-	-	-	-	-
Modification of ordinary shares to Series D-2 Preferred Shares (Note (a)(iv))	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value	-	28,416	-	36,049	-	28,286	-	19,044	-	57,348	-	89,326
Includes: change in fair value due to own credit risk	-	-	-	-	-	104	-	43	-	133	-	391
Currency translation differences	-	12,375	-	15,839	-	13,283	-	8,626	-	25,986	-	49,285
Balances of June 30, 2022	15,995,501	256,858	19,971,731	328,649	15,521,371	274,959	10,511,598	178,789	31,859,744	538,579	57,104,870	1,015,025
Balances of January 1, 2023	15,995,501	345,255	19,971,731	438,744	15,521,371	358,447	10,511,598	236,153	31,859,744	712,444	55,705,679	1,284,274
Issuance of Series G-1 Preferred Shares upon exercise of Series G-1 Warrants (Note (b))	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Series G-2 Preferred Shares upon exercise of Series G-2 Warrants (Note (b))	-	-	-	-	-	-	-	-	-	-	-	-
Modification of Series C Preferred Shares to Series G-2 Preferred Shares (Note (a)(vi))	-	-	-	-	-	-	-	-	-	-	(3,483,413)	(82,112)
Change in fair value	-	27,202	-	32,902	-	23,440	-	16,673	-	50,986	-	84,568
Includes: change in fair value due to own credit risk	-	-	-	-	-	43	-	18	-	55	-	148
Currency translation differences	-	14,113	-	17,863	-	14,447	-	9,571	-	28,902	-	47,415
Balances of June 30, 2023	15,995,501	386,570	19,971,731	489,509	15,521,371	396,334	10,511,598	262,397	31,859,744	792,332	52,222,266	1,334,145

(Unaudited)	Series D Preferred Shares		Series D-1 Preferred Shares		Series D-2 Preferred Shares		Series E Preferred Shares		Series F Preferred Shares		Series G-1 Preferred Shares		Series G-2 Preferred Shares		Total	
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*
balances of January 1, 2022	10,054,493	180,820	6,102,180	101,059	13,896,456	249,090	12,000,000	265,216	-	-	-	-	-	-	193,017,944	3,005,181
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	-	-	-	-	-	-	-	-	7,333,386	193,875	-	-	-	-	7,333,386	193,875
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes (Note (c))	-	-	-	-	-	-	-	-	36,487,260	1,012,096	-	-	-	-	36,487,260	1,012,096
Issuance of Series E Preferred Shares upon exercise of Series E Warrants (Note (b))	-	-	-	-	-	-	15,000,000	331,245	-	-	-	-	-	-	15,000,000	331,245
Modification of ordinary shares to Series D-2 Preferred Shares (Note (a)(iv))	-	-	-	-	3,600,000	70,627	-	-	-	-	-	-	-	-	3,600,000	70,627
Change in fair value	-	17,432	-	11,242	-	30,343	-	37,756	-	32,437	-	-	-	-	-	387,679
Includes: change in fair value due to own credit risk	-	142	-	67	-	217	-	351	-	191	-	-	-	-	-	1,639
Currency translation differences	-	10,133	-	5,716	-	18,056	-	33,461	-	28,447	-	-	-	-	-	221,207
Balances of June 30, 2022	10,054,493	208,385	6,102,180	118,017	17,496,456	368,116	27,000,000	667,678	43,820,646	1,266,855	-	-	-	-	255,438,590	5,221,910
Balances of January 1, 2023	10,054,493	257,790	6,102,180	149,686	17,496,456	453,582	27,000,000	781,950	53,894,003	1,744,933	-	-	6,582,785	232,785	270,695,541	6,996,043
Issuance of Series G-1 Preferred Shares upon exercise of Series G-1 Warrants (Note (b))	-	-	-	-	-	-	-	-	-	-	11,374,415	421,087	-	-	11,374,415	421,087
Issuance of Series G-2 Preferred Shares upon exercise of Series G-2 Warrants (Note (b))	-	-	-	-	-	-	-	-	-	-	-	-	11,639,385	450,250	11,639,385	450,250
Modification of Series C Preferred Shares to Series G-2 Preferred Shares (Note (a)(vi))	-	-	-	-	-	-	-	-	-	-	-	-	3,483,413	81,816	-	(296)
Change in fair value	-	12,201	-	8,115	-	20,571	-	22,623	-	29,087	-	(4,104)	-	(3,510)	-	320,754
Includes: change in fair value due to own credit risk	-	58	-	28	-	104	-	227	-	578	-	156	-	157	-	1,572
Currency translation differences	-	10,191	-	5,961	-	17,892	-	30,295	-	66,687	-	19,025	-	32,920	-	315,282
Balances of June 30, 2023	10,054,493	280,182	6,102,180	163,762	17,496,456	492,045	27,000,000	834,868	53,894,003	1,840,707	11,374,415	436,008	21,705,583	794,261	293,709,341	8,503,120

As of June 30, 2023, Series A, A+, B, C, D, D-1, D-2, E, F, G-1, G-2 Preferred Shares were all reclassified as non-current liability in view of the postponement of the exercisable date of redemption right upon failure to complete a Qualified IPO from December 31, 2023 to December 31, 2024.

The Company has engaged an independent valuer to determine the fair value of Preferred Shares. The discounted cash flow method was used to determine the total equity value of the Company and then equity allocation model was adopted to determine the fair value of the Preferred Shares. Key assumptions are set as below:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
Discount rate	22.00%	20.00%	19.00%	19.00%
DLOM	15.00%	15.00%	10.00%	10.00%
Expected volatility	43.60%	55.53%	53.46%	52.43%
Risk-free interest rate	2.74%	2.37%	1.81%	2.01%
Terminal growth rate	3.00%	2.00%	2.00%	2.00%

Discount rate (post-tax) was estimated by weighted average cost of capital as of each valuation date. The directors estimated the risk-free interest rate based on the yield of PRC government bond with maturity life close to the Qualified IPO timing as of valuation date. The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term. Probability weight among redemption, liquidation and IPO scenarios was based on the Company's best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of Preferred Shares on each valuation date.

Sensitivity test

The Company performed sensitivity test in determining the fair value of Preferred Shares issued by the Company. The changes in unobservable inputs including discount rate, DLOM, expected volatility, risk-free interest rate and terminal growth rate will result in a significantly higher or lower fair value measurement. The increase in the fair value of Preferred Shares would increase the loss of fair value changes in the consolidated statements of comprehensive loss. When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management's assessment of reasonably possible change to these unobservable inputs, and effect of those changes to the fair value of Preferred Shares is as below:

Unobservable inputs	Effect
Discount rate	1% increase change would result in decrease in fair value of RMB61,422,000, RMB292,175,000, RMB444,828,000 and RMB591,653,000 as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively.
	1% decrease change would result in increase in fair value of RMB68,430,000, RMB330,329,000, RMB504,859,000 and RMB673,684,000 as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively.

Unobservable inputs	Effect
DLOM	5% increase change would result in decrease in fair value of RMB62,604,000, RMB201,399,000, RMB307,799,000 and RMB363,449,000 as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. 5% decrease change would result in increase in fair value of RMB62,533,000, RMB201,114,000, RMB307,158,000 and RMB362,779,000 as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively.
Expected volatility	5% increase change would result in decrease (increase) in fair value of RMB2,026,000, RMB6,815,000, RMB(7,000) and RMB722,000 as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. 5% decrease change would result in increase (decrease) in fair value of RMB1,137,000, RMB5,481,000, RMB(1,763,000) and RMB(1,328,000) as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively.
Risk-free interest rate	1% increase change would result in decrease in fair value of RMB4,243,000, RMB7,716,000, RMB6,800,000 and RMB8,138,000 as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. 1% decrease change would result in increase in fair value of RMB4,335,000, RMB7,826,000, RMB6,884,000 and RMB8,263,000 as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively.
Terminal growth rate	1% increase change would result in increase in fair value of RMB30,684,000, RMB159,747,000, RMB241,725,000 and RMB308,803,000 as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. 1% decrease change would result in decrease in fair value of RMB27,748,000, RMB143,083,000, RMB214,841,000 and RMB274,634,000 as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively.

(b) Warrants

In November 2021, the Company entered into warrant agreements with certain new investors to purchase Series E Preferred Shares at the purchase price of RMB20.00 per share for an aggregate purchase price of RMB340,000,000 once the necessary regulatory approvals have been obtained ("Series E Warrants"). The Series E Warrants were issued in December 2021. The Series E Warrants are derivatives that shall be accounted for at fair value through profit or loss.

The Series E Warrants of RMB40,000,000 were exercised by one of the investors in December 2021. The remaining Series E Warrants were exercised by the other investors in January 2022, upon which, the Company derecognized the Series E Warrants and recognized Series E Preferred Shares at the fair value of RMB331,245,000 initially.

In April 2022, the Company issued warrants to certain new investors to purchase Series F Preferred Shares at the purchase price of RMB26.44 per share for an aggregate purchase price of RMB266,312,000 once the necessary regulatory approvals have been obtained ("Series F Warrants"). Similar to the Series E Warrants, the Series F Preferred Shares into which Series F Warrants are exercisable are financial liabilities. The Series F Warrants are derivatives that shall be accounted for as fair value through profit or loss.

The Series F Warrants were subsequently exercised by the investors in October 2022, upon which, the Company derecognized the Series F Warrants and recognized Series F Preferred Shares at the fair value of RMB324,152,000 initially.

In October 2022, the Company issued warrants to certain new investors to purchase Series G-1 and Series G-2 Preferred Shares at the purchase price of RMB35.17 and RMB38.68 per share for an aggregate purchase price of RMB850,250,000 once the necessary regulatory approvals have been obtained. The Series G-1 and Series G-2 Preferred Shares into which warrants are exercisable into are financial liabilities and the Company accounted for the Series G-1 and Series G-2 Warrants as derivatives. As of December 31, 2022, the warranty liability in relation to the Series G warrants was immaterial and none of the Series G-1 and Series G-2 Warrants have been exercised.

The Series G-1 and G-2 Warrants were subsequently exercised by the investors in April 2023, upon which, the Company derecognized the Series G-1 and Series G-2 Warrants and recognized Series G-1 and Series G-2 Preferred Shares at the fair value of RMB421,087,000 and RMB450,250,000 initially.

The Group's Warrants liabilities activities during the Track Record Period are summarized as below:

	Warrants
	RMB'000
As of January 1, 2020, December 31, 2020 and January 1, 2021	–
Change in fair value	31,242
Currency translation differences	3
As of December 31, 2021	31,245
As of January 1, 2022	31,245
Change in fair value for Series E Warrants	(318)
Change in fair value for Series F Warrants	55,327
Exercise of Series E Warrants	(31,245)
Exercise of Series F Warrants	(57,840)
Currency translation differences	2,831
As of December 31, 2022	–

	Warrants
	RMB'000
(Unaudited)	
As of January 1, 2022	31,245
Change in fair value for Series E Warrants	(315)
Change in fair value for Series F Warrants	21,801
Exercise of Series E Warrants	(31,245)
Currency translation differences	359
As of June 30, 2022	21,845
As of January 1, 2023	–
Change in fair value for Series G-1 and Series G-2 Warrants	20,876
Exercise of Series G-1 and Series G-2 Warrants	(21,087)
Currency translation differences	211
As of June 30, 2023	–

(c) Convertible Notes

In August 2021, in the midst of the Reorganization, the Company entered into convertible notes subscription agreements with certain investors to issue Series E Convertible Notes and Series F Convertible Notes of the equivalent USD to an aggregate principal amount of RMB200,000,000 and RMB964,625,000, respectively. The Series E and Series F Convertible Notes were issued in October 2021 and November 2021, respectively.

According to the terms of the Series E Convertible Notes, the un-paid principal amount of the Series E Convertible Notes shall be convertible into Series E Preferred Shares at a conversion price of RMB20.00 per share upon the closing of the Series E financing around. The holders of the Series E Convertible Notes may also convert the un-paid principal amount into registered capital of Shenzhen Suteng if the Reorganization was not completed by an agreed maturity date.

According to the terms of the Series F Convertible Notes, the un-paid principal amount of the Series F Convertible Notes shall be convertible into Series F Preferred Shares at a conversion price of RMB26.44 per share upon the completion of the Reorganization. The holders of the Series F Convertible Notes, at its sole discretion, may also convert into Series F Preferred Shares at any time.

The Group is obligated to repay the principal amount and accrued interest at 10% upon an event of default or if the Convertible Notes were not converted at the holder's option by March 31, 2022 unless otherwise approved by the investors.

The Group had elected to designate the Series E and Series F Convertible Notes as financial liabilities at fair value through profit or loss.

In December 2021, the Series E Convertible Notes were converted to Series E Preferred Shares. In April 2022, the Series F Convertible Notes were converted to Series F Preferred Shares.

The Company's Convertible Notes activities during the Track Record Period are summarized as below:

	Convertible Notes
	RMB'000
As of January 1, 2020, December 31, 2020 and January 1, 2021	–
Issuance of Convertible Notes	1,164,625
Change in fair value	46,368
– change in fair value due to own credit risk	222
Conversion to Series E Preferred Shares	(221,050)
Currency translation differences	(15,897)
At December 31, 2021	974,046
As of January 1, 2022	974,046
Change in fair value	7,551
– change in fair value due to own credit risk	316
Conversion to Series F Preferred Shares	(1,012,096)
Currency translation differences	30,499
As of December 31, 2022	–
As of December 31, 2022, January 1, 2023 and June 30, 2023	–
(Unaudited)	
As of January 1, 2022	974,046
Change in fair value	7,551
– change in fair value due to own credit risk	316
Conversion to Series F Preferred Shares	(1,012,096)
Currency translation differences	30,499
As of June 30, 2022	–

32 Trade payables

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	44,469	70,927	223,849	198,708

The carrying amounts of trade payables approximate as their fair value due to their short-term maturity in nature.

At December 31, 2020, 2021 and 2022 and June 30, 2023, the aging analysis of the trade payables based on the date of the goods and services received are as follows:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 6 months	43,088	69,924	222,122	191,043
Between 6 months and 1 year	192	419	1,723	6,035
Over 1 year	1,189	584	4	1,630
	44,469	70,927	223,849	198,708

33 Bank borrowings

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings included in current liabilities				
– secured (Note (a))	4,700	–	–	–

(a) The Group's bank borrowings were denominated in RMB with an effective interest rate of 4.6% per annum. As of December 31, 2020, the Group's borrowings were secured by the guarantee provided by a third party.

(b) As of December 31, 2020, the fair value of the Group's borrowings approximated to their carrying amounts due to the short maturity.

34 Other payables and accruals

The Group

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payable for long-term assets	1,119	9,696	67,905	72,376
Accrued expenses	12,084	20,942	68,145	62,789
Salaries and welfare payables	21,349	44,316	68,010	50,896
Payables in relation to ESOP (Note (a))	–	–	19,822	18,888
License fees payable (Note 30(a))	–	1,874	5,626	11,420
Tax payables	10,726	9,572	17,868	10,597
Government grants received on behalf of joint applicants	1,181	5,461	450	6,536
Refundable government grants	–	41,503	9,000	9,000
Warranty provision (Note 30 (b))	1,119	3,015	4,857	6,241
Refund liabilities (Note (b))	5,167	1,652	4,887	3,622
Deposits paid by investors (Note (c))	–	–	850,250	–
Commitment on repurchase of ordinary shares (Note 31(a)(iv))	–	70,627	–	–
Amounts due to related parties (Note 36(b))	14	–	–	90
Other payables	2,634	3,284	4,375	4,257
	55,393	211,942	1,121,195	256,712

The Company

	As of December 31,		As of June 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Amount due to subsidiaries	–	6,979	19,376
Payables in relation to ESOP (Note (a)(i), (ii))	–	16,042	7,338
Commitment on repurchase of ordinary shares (Note 31(a)(iv))	70,627	–	–
Accrued expenses	9,963	–	–
	80,590	23,021	26,714

As of December 31, 2020, 2021 and 2022 and June 30, 2023, other payables and accruals were mainly denominated in RMB and the carrying amounts of other payables and accruals approximated their fair values.

(a) The outstanding balances in relation to equity-settled share-based payment transaction are as below.

(i) As of December 31, 2022, a liability to an employee in relation to the grant of 250,000 RSUs under ESOP A scheme in May 2022 (Note 28(a) – ESOP A scheme (ii)) amounted to RMB3,750,000.

As of June 30, 2023, the liability to this employee in relation to ESOP amounted to RMB7,338,000 with an increase arising from another grant of 299,000 RSUs in January 2023 (Note 28(a) – ESOP A scheme (ii)).

(ii) As of December 31, 2022, a liability to an employee for the repurchase of restricted shares granted, who resigned from his position in 2022 (Note 28(a) – ESOP B scheme (ii)) amounted to RMB12,292,000.

As of June 30, 2023, the liability for this transaction has been settled in cash.

(iii) As of December 31, 2022, a liability in relation to the repurchase obligation under the ESOP B scheme (Note 28(a) – ESOP scheme (iii)) amounted to RMB3,780,000.

As of June 30, 2023, the liability in relation to repurchase obligation amounted to RMB11,550,000 with a net increase of repurchase obligation in January 2023 (Note 28(a) – ESOP B scheme (iii)).

(b) Refund liabilities represented the variable consideration in relation to the estimated sales return and sales exchange with a corresponding adjustment to revenue.

(c) In October 2022, concurrent with the issuance of Series G-1 and G-2 Warrants, investors of the Series G-1 and G-2 Preferred Shares entered into a tri-party deposit agreement with the Company and Shenzhen Suteng, whereby the investors agreed to prepay the consideration for Series G-1 and G-2 Preferred Shares to Shenzhen Suteng. If the necessary regulatory approvals are successfully obtained, Shenzhen Suteng will repay the deposits received to the investor, who will then remit it to the Company as consideration to exercise the warrant. If the necessary regulatory approvals cannot be obtained, Shenzhen Suteng will refund the amount paid, subject to additional interest depending on whether the Group contributed to the cause of failing to obtain such approvals. The Group had elected to designate the deposits as financial liabilities at fair value through profit or loss.

The deposits relating to Series G-1 and G-2 Preferred Shares amounted to RMB850,250,000 as of December 31, 2022. The necessary regulatory approvals were subsequently obtained in April 2023. Accordingly, the Series G-1 and G-2 Warrants were exercised into Series G-1 and G-2 Preferred Shares, at an aggregated consideration of RMB400,000,000 and RMB450,250,000, respectively.

35 Note to the consolidated statements of cash flows

(a) Cash used in operations

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cash flows from operating activities					
Loss before income tax	(220,601)	(1,654,289)	(2,085,310)	(618,930)	(767,422)
– Depreciation of property and equipment	5,494	7,005	31,301	12,301	24,283
– Amortization of intangible assets	559	4,043	6,555	2,647	5,882
– Depreciation of right-of-use assets	7,767	10,126	15,669	7,413	8,263
– (Gain)/loss of disposal of long-term assets	(20)	(598)	52	19	721
– Amortization of government grants	(4,045)	(5,973)	(18,409)	(6,505)	(5,616)
– Credit loss allowances on financial assets	1,732	2,884	2,502	2,102	182
– Inventory provision	9,331	7,608	80,575	49,688	30,923
– Foreign exchange loss	271	333	47,138	33,280	32,837
– Share of loss of equity investment	–	–	–	–	942
– Share-based compensation	–	59,113	35,086	7,810	165,683
– Fair value losses on financial instruments issued to investors	160,667	1,487,788	1,484,649	414,761	339,762
– COVID-19-related rent concessions from lessors	(1,291)	–	(92)	(44)	–
– Finance (income)/costs – net	(677)	1,273	(17,451)	(1,573)	(35,377)
– Interest income on time deposits	(118)	(1,353)	(969)	–	(1,933)
– Fair value gains on financial assets at fair value through profit or loss	(898)	(1,155)	(1,120)	–	(796)
Operating loss before changes in working capital	(41,829)	(83,195)	(419,824)	(97,031)	(201,666)
Changes in working capital:					
– Trade and notes receivables	(48,794)	(52,544)	(90,721)	(43,632)	(50,430)
– Prepayments, other receivables and other current assets	2,025	(22,772)	(38,105)	(57,073)	(19,494)
– Inventories	(29,133)	(92,589)	(231,080)	(129,470)	(13,865)
– Restricted cash	–	–	(530)	–	(205)
– Other non-current assets	499	123	(4,705)	1,246	879
– Trade payables	32,599	26,458	152,922	88,128	(25,141)
– Contract liabilities	7,214	411	8,043	(1,800)	3,378
– Government grants	3	1,173	7,373	868	82
– Other payables and accruals	1,336	45,707	75,557	12,158	(17,365)
– Other non-current liabilities	1,546	16	602	851	12,761
– Financial assets at fair value through other comprehensive income	(1,347)	(1,792)	670	465	2,469
Net cash used in operations	(75,881)	(179,004)	(539,798)	(225,290)	(308,597)

(b) Changes in liabilities from financing activities

The following table provides a reconciliation for the movement of liabilities arising from financing activities for the Track Record Period.

	Borrowings	Financial instruments issued to investors	Lease liabilities	License fees payable (included in other payables and accruals and other non-current liabilities)	Other payables and accruals (excluding non-financing nature)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2020	(9,000)	(865,988)	(13,973)	–	–	(888,961)
Financing cash flows	4,300	(123,000)	6,730	–	–	(111,970)
Additions	–	–	(3,753)	–	–	(3,753)
Changes in fair values	–	(155,292)	–	–	–	(155,292)
Currency translation differences	–	–	(27)	–	–	(27)
Other changes						
– Interest expenses	(253)	–	(571)	–	–	(824)
– Interest payments (presented as operating cash flows)	253	–	571	–	–	824
– Termination of leases	–	–	103	–	–	103
– COVID-19-related rent concessions from lessors	–	–	1,291	–	–	1,291
As of December 31, 2020	(4,700)	(1,144,280)	(9,629)	–	–	(1,158,609)
As of January 1, 2021	(4,700)	(1,144,280)	(9,629)	–	–	(1,158,609)
Financing cash flows	4,700	(1,375,917)	7,099	5,895	–	(1,358,223)
Additions	–	–	(30,324)	(33,872)	–	(64,196)
Changes in fair values	–	(1,496,652)	–	–	–	(1,496,652)
Currency translation differences	–	15,894	252	313	–	16,459
Other changes						
– Share-based compensation expenses	–	(5,180)	–	–	–	(5,180)
– Repurchase of ordinary shares and treasury shares	–	(4,337)	–	–	–	(4,337)
– Commitment on repurchase of ordinary shares	–	–	–	–	(70,627)	(70,627)
– Interest expenses	(112)	–	(843)	(1,604)	–	(2,559)
– Interest payments (presented as operating cash flows)	112	–	843	1,604	–	2,559
– Termination of leases	–	–	2,726	–	–	2,726
As of December 31, 2021	–	(4,010,472)	(29,876)	(27,664)	(70,627)	(4,138,639)

	Borrowings	Financial instruments issued to investors	Lease liabilities	License fees payable (included in other payables and accruals and other non-current liabilities)	Other payables and accruals (excluding non-financing nature)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2022	–	(4,010,472)	(29,876)	(27,664)	(70,627)	(4,138,639)
Financing cash flows	–	(960,706)	15,495	1,787	(854,000)	(1,797,424)
Additions	–	–	(16,706)	–	–	(16,706)
Changes in fair values	–	(1,490,617)	–	–	–	(1,490,617)
Currency translation differences	–	(463,621)	26	(2,295)	–	(465,890)
Other changes						
– Financial instruments issued to investors transferred from other payables and accruals	–	(70,627)	–	–	70,627	–
– Payables in relation to ESOP	–	–	–	–	(16,072)	(16,072)
– Interest expenses	–	–	(1,648)	(1,392)	–	(3,040)
– Interest payments (presented as operating cash flows)	–	–	1,648	1,392	–	3,040
– Termination of leases	–	–	462	–	–	462
– COVID-19-related rent concessions from lessors	–	–	92	–	–	92
As of December 31, 2022	–	(6,996,043)	(30,507)	(28,172)	(870,072)	(7,924,794)
As of January 1, 2022 (Unaudited)	–	(4,010,472)	(29,876)	(27,664)	(70,627)	(4,138,639)
Financing cash flows	–	(493,875)	1,408	1,787	(3,750)	(494,430)
Additions	–	–	(11,378)	–	–	(11,378)
Changes in fair values	–	(416,716)	–	–	–	(416,716)
Currency translation differences	–	(252,065)	182	(1,270)	–	(253,153)
Other changes						
– Financial instruments issued to investors transferred from other payables and accruals	–	(70,627)	–	–	70,627	–
– Payables in relation to ESOP	–	–	–	–	(16,072)	(16,072)
– Interest expenses	–	–	(923)	(668)	–	(1,591)
– Interest payments (presented as operating cash flows)	–	–	923	668	–	1,591
– COVID-19-related rent concessions from lessors	–	–	44	–	–	44
As of June 30, 2022	–	(5,243,755)	(39,620)	(27,147)	(19,822)	(5,330,344)

	Borrowings	Financial instruments issued to investors	Lease liabilities	License fees payable (included in other payables and accruals and other non-current liabilities)	Other payables and accruals (excluding non-financing nature)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2023	–	(6,996,043)	(30,507)	(28,172)	(870,072)	(7,924,794)
Financing cash flows	–	(850,250)	8,963	–	858,954	17,667
Additions	–	–	(227)	–	–	(227)
Changes in fair values	–	(341,334)	–	–	–	(341,334)
Currency translation differences	–	(315,493)	(77)	(1,084)	–	(316,654)
Other changes						
– Payables in relation to ESOP	–	–	–	–	(7,770)	(7,770)
– Interest expenses	–	–	(613)	(667)	–	(1,280)
– Interest payments (presented as operating cash flows)	–	–	613	–	–	613
As of June 30, 2023	–	(8,503,120)	(21,848)	(29,923)	(18,888)	(8,573,779)

36 Related party transactions

The following is a summary of the transactions carried out between the Group and its related parties during the Track Record Period, and balances with related party transactions as of December 31, 2020, 2021 and 2022 and June 30, 2023.

(a) Name and relationship with related parties

The following individuals/companies are related parties of the Group that had significant balances and/or transactions with the Group as of / or during the Track Record Period.

Name of related parties	Relationship with the Group
Zhejiang Cainiao Supply Chain Management Co., Ltd.* ("Cainiao")	Shareholder having significant influence over the Company
Taobao (China) Software Co., Ltd.*	Fellow subsidiary of Cainiao
Alibaba Cloud Computing Ltd.*	Fellow subsidiary of Cainiao
Alibaba (China) Co., Ltd.*	Fellow subsidiary of Cainiao
Zhejiang Tmall Technology Co., Ltd.*	Fellow subsidiary of Cainiao
Hangzhou XiaoManLv Intelligent Technology Co., Ltd.*	Fellow subsidiary of Cainiao
Zhejiang Alibaba Cloud Computing Co., Ltd.*	Fellow subsidiary of Cainiao
Alibaba Damo Academy (Hangzhou) Technology Co., Ltd.*	Fellow subsidiary of Cainiao
Luxsense	Associate of the Group
Mr. Qiu Chunchao	Executive director
Dr. Qiu Chunxin	Founding shareholder
Mr. Liu Letian	Founding shareholder
Dr. Zhu Xiaorui	Founding shareholder

* The English name of the PRC company referred to in this note represents management's best effort in translating the Chinese name of this company as no English name has been registered or is available.

(b) Significant transactions and balances with related parties

	For the Year ended December 31,			For the Six months ended June 30,	
	2020	2021	2022	2022	2023
			(RMB in thousands)		
				(Unaudited)	
Sales of goods and services					
Alibaba Cloud Computing Ltd.	444	390	295	–	1,552
Alibaba Damo Academy (Hangzhou) Technology Co., Ltd.	–	–	264	42	115
Zhejiang Alibaba Cloud Computing Co., Ltd.	–	3,668	2,343	1,122	66
Hangzhou XiaoManLv Intelligent Technology Co., Ltd.	–	739	2,155	805	2
Taobao (China) Software Co., Ltd.	1,958	265	4	–	–
Zhejiang Tmall Technology Co., Ltd.	471	–	–	–	–
Alibaba (China) Co., Ltd.	85	–	–	–	–
	2,958	5,062	5,061	1,969	1,735
Purchase of goods and services					
Luxsense	–	–	–	–	21,180
Alibaba Cloud Computing Ltd.	15	6	5	–	4
	15	6	5	–	21,184
Payments on behalf of related parties					
Dr. Qiu Chunxin	–	504	–	–	–
Mr. Qiu Chunchao	–	1,434	–	–	–
Mr. Liu Letian	–	52	–	–	–
	–	1,990	–	–	–
Capital reduction from Shenzhen Suteng					
Cainiao	–	212,000	–	–	–

The Group

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
Alibaba Cloud Computing Ltd.	412	544	334	1,495
Alibaba Damo Academy (Hangzhou) Technology Co., Ltd.	–	–	230	90
Taobao (China) Software Co., Ltd.	2,080	2,150	5	5
Zhejiang Alibaba Cloud Computing Co., Ltd.	–	1,460	–	–
Alibaba (China) Co., Ltd.	96	–	–	–
Hangzhou XiaoManLv Intelligent Technology Co., Ltd.*	–	–	–	2
	2,588	4,154	569	1,592
Other receivables				
Mr. Qiu Chunchao	–	1,434	1,434	1,434
Dr. Qiu Chunxin	2,766	504	504	504
Mr. Liu Letian	1,622	52	52	52
Dr. Zhu Xiaorui	1,020	–	–	–
Cainiao	–	212,000	–	–
	5,408	213,990	1,990	1,990
Prepayments				
Alibaba Cloud Computing Ltd.	6	–	–	–
Trade payables				
Luxsense	–	–	–	54,402
Other payables				
Luxsense	–	–	–	90
Alibaba Cloud Computing Ltd.	14	–	–	–

The Company

	As of December 31,		As of June 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
Mr. Qiu Chunchao	–	1,434	1,434
Dr. Qiu Chunxin	–	504	504
Mr. Liu Letian	–	52	52
Cainiao	212,000	–	–
	212,000	1,990	1,990

(i) The above trade receivables, prepayments, trade payables and other payables due from/to related parties are trade in nature, while the other receivables due from related parties are non-trade in nature.

(ii) All the non-trade balances with related parties as of June 30, 2023 have been subsequently settled in November 2023.

(c) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Wages, salaries and bonuses	2,647	4,204	6,746	3,724	3,213
Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances	40	237	327	184	150
Share-based compensation expenses	–	28,741	7,810	7,810	75,594
Other employee benefits	–	98	613	613	–
	2,687	33,280	15,496	12,331	78,957

37 Benefits and interests of directors

(a) Directors' emoluments

Details of the emoluments paid or payable to the directors for the Track Record Period are set out as follows:

	Fees	Wages, salaries and bonuses	Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2020				
Name of executive directors:				
Dr. Qiu Chunxin (Note (a)(i))	–	900	7	907
Mr. Liu Letian (Note (a)(ii))	–	905	8	913
Mr. Qiu Chunchao (Note (a)(iii))	–	842	25	867
Name of a non-executive director:				
Dr. Zhu Xiaorui (Note (a)(iv))	–	–	–	–
Name of resigned directors:				
Mr. Wang Huan (Note(a)(v))	–	–	–	–
Mr. Zhou Quan (Note(a)(v))	–	–	–	–
Mr. Zhou Shaojun (Note(a)(v))	–	–	–	–
	–	2,647	40	2,687

	Fees	Wages, salaries and bonuses	Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2021				
Name of executive directors:				
Dr. Qiu Chunxin	–	1,383	65	1,448
Mr. Liu Letian	–	1,013	65	1,078
Mr. Qiu Chunchao	–	1,049	72	1,121
Name of a non-executive director:				
Dr. Zhu Xiaorui	–	–	–	–
Name of resigned directors:				
Mr. Wang Huan	–	–	–	–
Mr. Zhou Quan	–	–	–	–
Mr. Zhou Shaojun	–	–	–	–
	–	3,445	202	3,647
Year ended December 31, 2022				
Name of executive directors:				
Dr. Qiu Chunxin	–	1,558	95	1,653
Mr. Liu Letian	–	1,290	94	1,384
Mr. Qiu Chunchao	–	1,470	94	1,564
Name of a non-executive director:				
Dr. Zhu Xiaorui	–	–	–	–
Name of resigned directors:				
Mr. Wang Huan	–	–	–	–
Mr. Zhou Quan	–	–	–	–
Mr. Zhou Shaojun	–	–	–	–
	–	4,318	283	4,601
Six months ended June 30, 2022 (Unaudited)				
Name of executive directors:				
Dr. Qiu Chunxin	–	764	47	811
Mr. Liu Letian	–	639	47	686
Mr. Qiu Chunchao	–	720	47	767
Name of a non-executive director:				
Dr. Zhu Xiaorui	–	–	–	–

	Fees	Wages, salaries and bonuses	Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Name of resigned directors:				
Mr. Wang Huan	–	–	–	–
Mr. Zhou Quan	–	–	–	–
Mr. Zhou Shaojun	–	–	–	–
	–	2,123	141	2,264

	Fees	Wages, salaries and bonuses	Share-based compensation	Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2023					
Name of executive directors:					
Dr. Qiu Chunxin	–	800	–	50	850
Mr. Liu Letian	–	657	–	50	707
Mr. Qiu Chunchao	–	766	68,299	50	69,115
Name of a non-executive director:					
Dr. Zhu Xiaorui	–	–	–	–	–
Name of resigned directors:					
Mr. Wang Huan	–	–	–	–	–
Mr. Zhou Quan	–	–	–	–	–
Mr. Zhou Shaojun	–	–	–	–	–
	–	2,223	68,299	150	70,672

(i) Dr. Qiu Chunxin was appointed as a director on June 23, 2021 and was re-designated as an executive director on June 28, 2023.

(ii) Mr. Liu Letian was appointed as a director on December 31, 2021 and was re-designated as an executive director on June 28, 2023.

(iii) Mr. Qiu Chunchao was appointed as a director on December 31, 2021 and was re-designated as an executive director on June 28, 2023.

(iv) Dr. Zhu Xiaorui was appointed as a director on December 31, 2021 and was re-designated as a non-executive director on June 28, 2023.

(v) Mr. Wang Huan, Mr. Zhou Shaojun and Mr. Zhou Quan were appointed as directors on December 31, 2021 and resigned from the Company with effect from April 26, 2023, April 27, 2023 and June 28, 2023, respectively.

(vi) Mr. Feng Jianfeng, Dr. Lu Cewu and Mr. Ng Yuk Keung were appointed as independent non-executive directors of the Company on June 28, 2023, the term of their appointment will take effect from the listing date.

All of these individuals have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the Track Record Period.

(b) Directors' retirement and termination benefits

During the Track Record Period, there were no termination benefit nor no additional retirement benefit received by the directors except for the attributions to a retirement benefit scheme in accordance with the rules and regulations in the PRC.

(c) Consideration provided to the third parties for making available directors' services

During the Track Record Period, the Group did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

During the Track Record Period, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of director.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as of December 31, 2020, 2021 and 2022 and June 30, 2023 or at any time during the Track Record Period.

38 Commitments

(a) Significant capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	As of December 31,			As of June 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for				
– Property, plant and equipment	–	6,154	8,085	13,347
– Intangible assets	–	4,680	–	4,812
	—	10,834	8,085	18,159

(b) The Group has various lease contracts that have not yet commenced as of December 31, 2020, 2021 and 2022 and June 30, 2023. As of December 31, 2020, 2021 and 2022 and June 30, 2023, the future lease payments for these non-cancellable lease contracts due within one year were RMB366,000, RMB1,009,000, nil and nil, and these non-cancellable lease contracts due in the second to fifth years were RMB640,000, RMB1,261,000, nil and nil, respectively.

39 Contingencies

As of December 31, 2020, 2021 and 2022 and June 30, 2023, the Group did not have any significant contingent liabilities.

40 Event occurring after the reporting period

In October 2023, 1,569,531 and 914,996 RSUs were granted under the ESOP A scheme and ESOP B scheme, respectively, to eligible employees at nil consideration, with the occurrence of an IPO as performance condition. Also, in October 2023, another 5,990,842 RSUs were granted under the ESOP B scheme to eligible employees at nil consideration, with both service condition and the occurrence of an IPO as performance condition. The totally grant date fair value of these granted RSUs amounted to RMB234,887,000, which will be amortized during the vesting period as described aforementioned, subject to forfeiture if the vesting condition is not met.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2023 and up to the date of this report.

The following information does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth 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 entitled "Financial Information" in this prospectus and the "Accountant's Report" set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as of June 30, 2023 as if the Global Offering had taken place on June 30, 2023.

This unaudited pro forma statement of 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 the consolidated net tangible assets of the Group as of June 30, 2023 or at any future dates following the Global Offering.

	Audited Consolidated Net Tangible Liabilities of the Group attributable to the owners of the Company as of June 30, 2023	Estimated Impact to the Consolidated Net Tangible Assets upon the Conversion of the Redeemable Convertible Preferred Shares	Estimated Net Proceeds from the Global Offering	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to the Owners of the Company as of June 30, 2023	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB	HK$
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*	*(Note 5)*
Based on an Offer Price of HK$43.00 per Offer Share	(5,912,938)	8,503,120	821,274	3,411,456	7.83	8.60

Notes:

(1) The audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as of June 30, 2023 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net liabilities of the Group attributable to the owners of the Company as of June 30, 2023 of approximately RMB5,865,374,000 after deducting the Group's intangible assets attributable to the owners of the Company of approximately RMB47,564,000 as of June 30, 2023.

(2) The Company's redeemable convertible preferred shares will be all converted into the ordinary shares of the Company upon the Listing. The adjustment represents the impact of the conversion of the redeemable convertible preferred shares into the ordinary shares of the Company, issued up to the date of this prospectus, on the net tangible assets of the Group attributable to owners of the Company. The estimated impact is RMB8,503,120,000, being the carrying amount of the Company's the redeemable convertible preferred shares as of June 30, 2023.

(3) The estimated net proceeds from the Global Offering are based on 22,909,800 Offer Shares and the Offer Price of HK$43.00 per Offer Share, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB22,753,000 which have been accounted for in the consolidated statements of comprehensive loss prior to June 30, 2023).

(4) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 435,553,175 shares were in issue, representing (i) a total of 118,934,034 ordinary shares (excluding 3,768,776 ordinary shares issued but unvested upon the Listing and 9,889,772 ordinary shares issued and reserved for employees but not yet granted as of June 30, 2023 under the Pre-IPO Share Incentive Schemes), (ii) 293,709,341 Preferred Shares as of June 30, 2023, and (iii) 22,909,800 Offer Shares to be issued upon the completion of the Global Offering, assuming that the Global Offering had been completed on June 30, 2023 but does not take into account of any shares which may be allotted and issued by the Company pursuant to the exercise of the Over-allotment Option or the exercise of any options may be granted under the Pre-IPO Share Option Scheme or any shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors as described in the section headed "Share Capital" in this prospectus.

(5) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was at rate of RMB0.9105 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2023.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of RoboSense Technology Co., Ltd (速騰聚創科技有限公司)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of RoboSense Technology Co., Ltd (速騰聚創科技有限公司) (the "Company") and its subsidiaries (collectively 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 of the Group as of June 30, 2023, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated December 27, 2023, in connection with the proposed Hong Kong public offering and international offering of the shares of the Company (the "Global Offering") (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 the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed Global Offering on the Group's financial position as of June 30, 2023 as if the proposed Global Offering had taken place at June 30, 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the six months ended June 30, 2023, on which an accountant's report has been published.

Directors' Responsibility 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 ("HKICPA").

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our Independence and Quality Control

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 behaviour.

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's 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 accountant plans and performs 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 proposed Global Offering as of June 30, 2023 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, 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.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors 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.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, December 27, 2023

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on December 21, 2023 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and on Display".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on December 21, 2023 and include provisions to the following effect:

2.1 Directors

(a) Power to allot and issue Shares

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns the office of Director;

(ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;

(iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(iv) the Director is found to be or becomes of unsound mind; or

(v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.4 Alteration of capital

The Company may by ordinary resolution:

(a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and

(d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 Voting rights

Subject to any rights or restrictions attached to any shares, at any general meeting (a) every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have the right to speak; (b) on a show of hands every member present in any such manner shall have one vote; and (c) on a poll every member present in such manner shall have one vote for every share of which he is the holder.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the

Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year, to be held within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. The annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 Accounts and audit

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 Auditors

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and

(b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard for of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

(a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;

(b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, given notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 June 2021 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and on Display" in Appendix V to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated under the laws of the Cayman Islands on June 23, 2021 as an exempted company with limited liability. Our registered office address is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles of Association is set out in Appendix III to this document.

Our principal place of business in Hong Kong is at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 16, 2023 with the Registrar of Companies in Hong Kong. Mr. Qiu Chunchao and Ms. Lau Yee Wa have been appointed as the authorized representatives of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

As of the date of this document, our Company's head office was located at Building 9, Zhongguan Honghualing Industry Southern District, 1213 Liuxian Avenue, Taoyuan Street, Nanshan District, Shenzhen, the PRC.

2. Changes in Share Capital of our Company

As of the date of incorporation, our Company had an authorized share capital of US$50,000 divided into 500,000,000 Ordinary Shares of a par value of US$0.0001 each.

The following changes in the share capital of our Company took place since its incorporation:

(a) on June 23, 2021, upon incorporation, our Company issued Ordinary Shares with a par value of US$0.0001 each in the following manner: (i) one Ordinary Share to Osiris International Cayman Limited, an Independent Third Party, which was subsequently transferred to BlackPearl on the same day; (ii) 51,467,682 Ordinary Shares to BlackPearl; (iii) 30,204,176 Ordinary Shares to Emerald Forest; and (iv) 19,010,571 Ordinary Shares to Sixsense;

(b) on December 30, 2021, (i) 7,949,650 authorized but unissued Ordinary Shares were reclassified and re-designated as Series Angel Preferred Shares, (ii) 2,269,732 authorized but unissued Ordinary Shares were reclassified and re-designated as Series Seed Preferred Shares, (iii) 6,495,271 authorized but unissued Ordinary Shares were reclassified and re-designated as Series A Preferred Shares, (iv) 3,031,525 authorized but unissued Ordinary Shares were reclassified and re-designated as Series B Preferred Shares, (v) 1,634,886 authorized but unissued Ordinary Share were reclassified and re-designated as Series D Preferred Share, (vi) 858,306 authorized but unissued Ordinary Share were reclassified and re-designated as Series D-1 Preferred Share, (vii) 11,444,146 authorized but unissued Ordinary Share were reclassified and re-designated as Series D-2 Preferred Share, (viii) 10,000,000 authorized but unissued Ordinary Share were reclassified and re-designated as Series E Preferred Share;

(c) on December 31, 2021, our Company issued (i) 35,510,152 Ordinary Shares, (ii) 7,949,650 Series Angel Preferred Shares, (iii) 2,269,732 Series Seed Preferred Shares, (iv) 6,495,271 Series A Preferred Shares, (v) 3,031,525 Series B Preferred Shares, (vi) 1,634,886 Series D Preferred Shares, (vii) 858,306 Series D-1 Preferred Shares, (viii) 11,444,146 Series D-2 Preferred Shares, (ix) 10,000,000 Series E Preferred Shares, and (x) warrants to purchase an aggregate of 164,334,428 Preferred Shares, details of which are set out in "History, Reorganization and Corporate Structure – Reorganization and Series E Pre-IPO Investment – 2. Capital Reduction of Shenzhen Suteng and Series E Pre-IPO Investment" of this document;

(d) on January 19, 2022, (i) 8,045,851 authorized but unissued Ordinary Shares were reclassified and re-designated as Series Angel Preferred Shares, (ii) 17,701,999 authorized but unissued Ordinary Shares were reclassified and re-designated as Series Seed Preferred Shares, (iii) 9,026,100 authorized but unissued Ordinary Shares were reclassified and re-designated as Series A Preferred Shares, (iv) 10,511,598 authorized but unissued Ordinary Shares were reclassified and re-designated as Series A+ Preferred Shares, (v) 28,828,219 authorized but unissued Ordinary Shares were reclassified and re-designated as Series B Preferred Shares, (vi) 57,104,870 authorized but unissued Ordinary Shares were reclassified and re-designated as Series C Preferred Shares, (vii) 8,419,607 authorized but unissued Ordinary Shares were reclassified and re-designated as Series D Preferred Shares, (viii) 5,243,874 authorized but unissued Ordinary Shares were reclassified and re-designated as Series D-1 Preferred Shares, (ix) 2,452,310 authorized but unissued Ordinary Shares were reclassified and re-designated as Series D-2 Preferred Shares, and 2,100,000 Ordinary Shares, 600,000 Ordinary Shares and 900,000 Ordinary Shares respectively held by BlackPearl, Emerald Forest and Sixsense were re-designated as Series D-2 Preferred Shares, and (x) 17,000,000 authorized but unissued Ordinary Shares were reclassified and re-designated as Series E Preferred Shares;

(e) on January 19, 2022, our Company issued (i) 8,045,851 Series Angel Preferred Shares, (ii) 17,701,999 Series Seed Preferred Shares, (iii) 9,026,100 Series A Preferred Shares, (iv) 10,511,598 Series A+ Preferred Shares, (v) 28,828,219 Series B Preferred Shares, (vi) 57,104,870 Series C Preferred Shares, (vii) 8,419,607 Series D Preferred Shares, (viii) 5,243,874 Series D-1 Preferred Shares, (ix) 2,452,310 Series D-2 Preferred Shares and (x) 17,000,000 Series E Preferred Shares, details of which are set out in "History, Reorganization and Corporate Structure – Reorganization and Series E Pre-IPO Investment – 4. Acquisition of Shenzhen Suteng by RoboSense HK" of this document;

(f) on April 28, 2022, 43,820,646 authorized but unissued Ordinary Shares were reclassified and re-designated as Series F Preferred Shares;

(g) on April 29, 2022, our Company issued an aggregate of 43,820,646 Series F Preferred Shares to Golden Development Asia Limited, Huaxing Growth Capital III, L.P., GREAT VIRTUOUS LIMITED, Kinzon Capital Venture Partners III, L.P., YF Robosence Limited and GCF Robotics Ltd, details of which are set out in "History, Reorganization and Corporate Structure – Pre-IPO Investments" of this document;

(h) on October 21, 2022, our Company issued an aggregate of 10,073,357 Series F Preferred Shares to Ningbo Zhixing Engine Equity Investment Partnership (Limited Partnership), Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership), Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) and Wuhan Zhisu Engine Equity Investment Fund Partnership (Limited Partnership), details of which are set out in "History, Reorganization and Corporate Structure – Pre-IPO Investments" of this document;

(i) on October 27, 2022, (i) 11,374,415 authorized but unissued Ordinary Shares were reclassified and re-designated as Series G-1 Preferred Shares, (ii) 7,768,688 authorized but unissued Shares were reclassified and re-designated as Series G-2 Preferred Shares, and (iii) 1,399,191 authorized and issued Series C Preferred Shares were reclassified and re-designated as Series G-2 Preferred Shares;

(j) on October 27, 2022, our Company issued 11,374,415 Series G-1 Preferred Shares to EverestHeng (Cayman) Limited and an aggregate of 7,768,688 Series G-2 Preferred Shares to Cinda Sino-Rock Investment Limited, Excel Rise Holdings Limited, Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1, Jurastone Tech Singularity I Ltd and China World Investment Limited, details of which are set out in "History, Reorganization and Corporate Structure – Pre-IPO Investments" of this document;

(k) on October 27, 2022, (i) 342,897 Series C Preferred Shares, (ii) 706,368 Series C Preferred Shares, (iii) 150,874 Series C Preferred Shares, and (iv) 199,052 Series C Preferred Shares, which were all owned by Cainiao, were re-designated as Series G-2 Preferred Shares and transferred to (i) Cinda Sino-Rock Investment Limited, (ii) Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1, (iii) Jurastone Tech Singularity I Ltd, and (iv) China World Investment Limited, respectively;

(l) on October 27, 2022, our Company repurchased 6,884,210 Ordinary Shares from ACME NEW VENTURES GROUP LIMITED (鼎新創投集團有限公司);

(m) on November 17, 2022, our Company forfeited 2,585,094 Series G-2 Preferred Shares issued to Excel Rise Holdings Limited;

(n) on April 14, 2023, our Company issued (i) 3,696,684 Series G-2 Preferred Shares, (ii) 1,848,342 Series G-2 Preferred Shares, (iii) 924,171 Series G-2 Preferred Shares, and (iv) 5,170,188 Series G-2 Preferred Shares, to (i) SinoRock Prosperous Global II Limited, (ii) Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)), (iii) Huiteng Co-stone Investment Limited, and (iv) China Mobile Fund (Hebei Xiong'an) Partnership (Limited Partnership) (中移股權基金(河北雄安)合夥企業(有限合夥)), respectively;

(o) on April 14, 2023, (i) 1,990,522 Series C Preferred Shares, (ii) 995,261 Series C Preferred Shares, and (iii) 497,630 Series C Preferred Shares, which were all owned by Cainiao, were re-designated as Series G-2 Preferred Shares and transferred to (i) SinoRock

Prosperous Global II Limited; (ii) Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)) and (iii) Huiteng Co-stone Investment Limited, respectively; and

(p) on May 4, 2023, our Company issued 6,884,210 Ordinary Shares to Hoping Dream International Limited.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountant's Report as set out in Appendix I to this document.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this document:

Shenzhen Suteng

On December 28, 2021, the registered capital of Shenzhen Suteng was decreased from RMB16,276,365 to RMB6,384,963.

On July 26, 2022, the registered capital of Shenzhen Suteng was increased from RMB6,384,963 to RMB540,344,000.

Tianjin Lubo

On November 9, 2022, Tianjin Lubo was incorporated as a limited liability company in the PRC with the registered capital of RMB1 million.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

4. Resolutions of the Shareholders of Our Company dated December 21, 2023

On December 21, 2023, resolutions of the Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "The Structure of the Global Offering – Conditions of the Global Offering" and pursuant to the terms set out therein:

(a) the Company approved and adopted the Memorandum and Articles of Association with effect conditional and immediately upon the Listing;

(b) the Global Offering and the grant of the Over-allotment Option were approved and any one Director or one joint company secretary of our Company from time to time or (if applicable), any of his/their duly authorized attorney (the "**Authorized Signatory**") were authorized to allot, issue and transfer the Shares pursuant to the Global Offering and the exercise of the Over-allotment Option;

(c) the Listing was approved and any Authorized Signatory would be authorized to implement the Listing;

(d) a general unconditional mandate would be granted to the Directors to approve, confirm and ratify that the Company allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (1) rights issue, (2) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares; and (3) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(i) 20% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph below. Such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual general meeting the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and Articles of Association or any applicable laws to be held, and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**");

(e) a general unconditional mandate would be granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the Global Offering but excluding (where applicable) any Shares which may be issued pursuant to the exercise of the Over-allotment Option of the Company in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual general meeting of the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and Articles of Association or any applicable laws to be held, and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting;

(f) the general mandate mentioned in paragraph (d) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted, or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to purchase shares referred to in paragraph (e) above.

(g) the re-designation and the re-classification of all issued Preferred Shares into Ordinary Shares on a one to one basis immediately before the completion of the Global Offering was approved.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

(a) ***Provision of the Listing Rules***

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) *Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on December 21, 2023, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) *Source of Funds*

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own 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. As a matter of Cayman Islands law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) *Status of Repurchased Shares*

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as canceled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Companies Act.

(v) *Suspension of Repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) 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 a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's 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), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) *Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) *Core Connected Persons*

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his/her securities to the company.

(b) ***Reasons for Repurchases***

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) ***Funding of Repurchases***

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares 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. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Memorandum and Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) ***General***

The exercise in full of the Repurchase Mandate, on the basis of 449,211,723 Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), could accordingly result in up to approximately 44,921,172 Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws to be held; or
- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our 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, depending on the level of increase of Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

(a) the share and warrant purchase agreement dated April 28, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), Chunxin QIU (邱純鑫), Letian LIU (劉樂天), Xiaorui ZHU (朱曉蕊), Sunton Global Limited, BlackPearl Global Limited, Realsense Global Limited, Sixsense Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, GCF Robotics Ltd, NINGBO ZHIXING ENGINE EQUITY INVESTMENT PARTNERSHIP (LIMITED PARTNERSHIP) (寧波智行引擎股權投資合夥企業(有限合夥)), Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership) (上海安鵬速鵬企業管理合夥企業(有限合夥)), Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業(有限合夥)), and WUHAN ZHISU ENGINE EQUITY INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) (武漢智速引擎股權投資基金合夥企業(有限合夥)), pursuant to which the Company agreed to issue 7,333,386 Series F Preferred Shares and warrants to purchase an aggregate of 10,073,357 Preferred Shares;

(b) the shareholders agreement dated April 28, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Chunxin QIU (邱純鑫), Xiaorui ZHU (朱曉蕊), Letian LIU (劉樂天), Sunton Global Limited, BlackPearl Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Realsense Global Limited, Sixsense Global Limited, Ruby International Limited, Hoping Dream International Limited, ACME NEW VENTURES GROUP LIMITED (鼎新創投集團有限公司), Robust Limited, OFC INNOVATION ANGEL FUND I, Smart Han Ltd, Logi Group Limited, PUHE Realwin Venture Capital.LP, OFC INNOVATION ANGEL FUND II, PUHE Intelligent Venture Capital.LP, SHANGHAI RUI WANG ENTERPRISE MANAGEMENT PARTNERSHIP, Gotrays International Limited, Storm Era limited, Fortune Athena Limited, Kinzon Capital Venture Partners II, L.P., Zhuhai Beiqi Huajin Industry Equity Investment Fund (Limited Partnership), Liaoning Haitong New Energy And Low Carbon Industry Private Equity Fund Co., Ltd., Huzhou Yutong Investment Partnership (Limited Partnership), Huzhou Yuntong Investment Partnership (Limited Partnership), Ningbo Jumin Investment LLP., Skyward Limited, Affluent Capital Ventures Limited, Fortune Miner Limited, Cainiao Smart Logistics Investment Limited, Changzhou Shangqi Xinhui Equity Investment Fund (LLP), Yangzhou Shangqi Sanqi Auto Industry M&A Equity Investment Fund (LLP), Shenzhen Jiaxin Yuande Equity Investment Fund

Partnership (Limited Partnership), Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership), SME Development Fund (Shenzhen Nanshan Limited Partnership), OFC Clean Tech Growth Fund (Limited Partnership), Shenzhen Gootor Equity Investment Fund Management Enterprise (Limited Partnership), Zhongruichuangzhi (Ningbo) Equity Investment Management Partnership (Limited Partnership), FULL WISDOM VENTURES LIMITED (滿慧創投有限公司), Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership), EOE Limited, Guangzhou Ruiyi Venture Capital Investment Limited Partnership, Guangdong Innovative Lingyue Smart Manufacturing & Information Technology Investment Fund Limited Liability Partnership, Sinoyutong International Limited (香港盛宇國際有限公司), Flow Limited, GOLDEN LINK WORLDWIDE LIMITED, Xiamen Starlight Equity Investment Partnership (L.P.), Suzhou Chenling Investment Partnership (Limited Partnership), Shanghai Ziyue Enterprise Management Consulting Partnership (Limited Partnership), LUXSHARE LIMITED, Huizhou Desay SV Automotive Co., Ltd., Huaxing Growth Capital III, L.P., Golden Development Asia Limited, YF Robosence Limited, GREAT VIRTUOUS LIMITED, KINZON CAPITAL VENTURE PARTNERS III, L.P., GCF Robotics Ltd, WUHAN ZHISU ENGINE EQUITY INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) (武漢智速引擎股權投資基金合夥企業(有限合夥)), NINGBO ZHIXING ENGINE EQUITY INVESTMENT PARTNERSHIP (LIMITED PARTNERSHIP) (寧波智行引擎股權投資合夥企業(有限合夥)), Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership) (上海安鵬速鵬企業管理合夥企業(有限合夥)), Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業(有限合夥)), Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), and RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), pursuant to which shareholders' rights were agreed among the aforementioned parties;

(c) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Jurastone Tech Singularity I Ltd, and the Company, pursuant to which Cainiao Smart Logistics Investment Limited agreed to transfer 150,874 Series C Preferred Shares to Jurastone Tech Singularity I Ltd at a consideration of RMB4,320,406;

(d) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1, and the Company, pursuant to which Cainiao Smart Logistics Investment Limited agreed to transfer 706,368 Series C Preferred Shares to Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1 at a consideration of RMB20,227,356;

(e) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, China World Investment Limited, and the Company, pursuant to which Cainiao Smart Logistics Investment Limited agreed to transfer 199,052 Series C Preferred Shares to China World Investment Limited at a consideration of RMB5,700,000;

(f) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Shenzhen Xinshi Xinxing Industry M&A Equity Investment Fund Partnership (Limited Partnership) (深圳信石信興產業併購股權投資基金合夥企業(有限合夥)), SinoRock Prosperous Global II Limited, and the Company, pursuant to which Cainiao Smart Logistics Investment Limited agreed to transfer 1,990,522 Series C Preferred Shares to SinoRock Prosperous Global II Limited at a consideration of RMB57,000,000;

(g) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Cinda Sino-Rock Investment Limited, and the Company, pursuant to which Cainiao Smart Logistics Investment Limited agreed to transfer 342,897 Series C Preferred Shares to Cinda Sino-Rock Investment Limited at a consideration of RMB9,819,105;

(h) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Shenzhen The Link Cornerstone Equity Investment Fund Partnership (Limited Partnership) (深圳市領匯基石股權投資基金合夥企業(有限合夥)), Huiteng Co-stone Investment Limited, and the Company, pursuant to which Cainiao Smart Logistics Investment Limited agreed to transfer 497,630 Series C Preferred Shares to Huiteng Co-stone Investment Limited at a consideration of RMB14,250,000;

(i) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)), and the Company, pursuant to which Cainiao Smart Logistics Investment Limited agreed to transfer 995,261 Series C Preferred Shares to Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)) at a consideration of RMB28,500,000;

(j) the share purchase agreement dated October 27, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Shenzhen Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), Chunxin QIU (邱純鑫), Letian LIU (劉樂天), Xiaorui ZHU (朱曉蕊), Sunton Global Limited, BlackPearl Global Limited, Realsense Global Limited, Sixsense Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, and EverestHeng (Cayman) Limited, pursuant to which the Company agreed to issue 11,374,415 Series G-1 Preferred Shares at the consideration of RMB400,000,000;

(k) the share and warrant purchase agreement dated October 27, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Shenzhen Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), Chunxin QIU (邱純鑫), Letian LIU (劉樂天), Xiaorui ZHU (朱曉蕊), Sunton Global Limited, BlackPearl Global Limited, Realsense Global Limited, Sixsense Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Cinda Sino-Rock Investment Limited, Excel Rise Holdings Limited (逸昇控股有限公司), Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1, Jurastone Tech Singularity I Ltd, China World Investment Limited, Shenzhen Xinshi Xinxing Industry M&A Equity Investment Fund Partnership (Limited Partnership) (深圳信石信興產業併購股權投資基金合夥企業(有限合夥)) (representing the interest of and name in which Series G-2 Preferred Shares should be registered: SinoRock Prosperous Global II Limited), China Mobile Fund (Hebei Xiong 'an) Partnership (Limited Partnership) (中移股權基金(河北雄安)合夥企業(有限合夥)), Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)), and Shenzhen The Link Cornerstone Equity Investment Fund Partnership (Limited Partnership) (深圳市領匯基石股權投資基金合夥企業(有限合夥)) (representing the interest of and name in which Series G-2 Preferred Shares should be registered: Huiteng Co-stone Investment Limited), pursuant to which the Company agreed to issue 5,183,594 Series G-2 Preferred Shares and warrants to purchase an aggregate of 11,639,385 Series G-2 Preferred Shares;

(l) the shareholders agreement dated October 27, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Chunxin QIU (邱純鑫), Xiaorui ZHU (朱曉蕊), Letian LIU (劉樂天), Sunton Global Limited, BlackPearl Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Realsense Global Limited, Sixsense Global Limited, Ruby International Limited, Hoping Dream International Limited, Robust Limited, OFC INNOVATION ANGEL FUND I (東方富海(蕪湖)移動創新股權投資基金(有限合夥)), Smart Han Ltd, Logi Group Limited, PUHE Realwin Venture Capital.LP (深圳市普禾瑞贏股權投資基金合夥企業(有限合夥)), OFC INNOVATION ANGEL FUND II (富海深灣(蕪湖)移動創新股權投資基金(有限合夥)), PUHE Intelligent Venture Capital.LP (深圳市普禾智能一號投資合夥企業(有限合夥)), SHANGHAI RUI WANG ENTERPRISE MANAGEMENT PARTNERSHIP (上海銳望企業管理合夥企業(有限合夥)), Gotrays International Limited, Storm Era Limited, Fortune Athena Limited, Kinzon Capital Venture Partners II, L.P., Zhuhai Beiqi Huajin Industry Equity Investment Fund (Limited Partnership) (珠海北汽華金產業股權投資基金(有限合夥)), Liaoning Haitong New Energy and Low Carbon Industry Private Equity Fund Co., Ltd. (遼寧海通新能源低碳產業股權投資基金有限公司), Huzhou Yutong Investment Partnership (Limited Partnership) (湖州煜通股權投資合夥企業(有限合夥)), Huzhou Yuntong Investment Partnership (Limited Partnership) (湖州贇通股權投資合夥企業(有限合夥)), Ningbo Jumin Investment LLP. (寧波高新區岠珉股權投資合夥企業(有限合夥)), Skyward Limited, AFFLUENT CAPITAL VENTURES LIMITED (豐都創投有限公司), Fortune Miner Limited, Cainiao Smart

Logistics Investment Limited, Changzhou Shangqi Xinhui Equity Investment Fund (LLP) (常州尚頎信輝股權投資基金合夥企業(有限合夥)), Yangzhou Shangqi Sanqi Auto Industry M&A Equity Investment Fund (LLP) (揚州尚頎三期汽車產業併購股權投資基金中心(有限合夥)), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)), Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership) (深圳市康成鵬峰榮承投資合夥企業(有限合夥)), SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)), OFC Clean Tech Growth Fund (Limited Partnership) (深圳市東方富海成長環保投資企業(有限合夥)), Shenzhen Gootor Equity Investment Fund Management Enterprise (Limited Partnership) (深圳股投邦股權投資基金管理企業(有限合夥)), Zhongruichuangzhi (Ningbo) Equity Investment Management Partnership (Limited Partnership) (中瑞創智(寧波)股權投資管理合夥企業(有限合夥)), FULL WISDOM VENTURES LIMITED (滿慧創投有限公司), Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership) (嘉興啓元開泰股權投資合夥企業(有限合夥)), EOE Limited, Guangzhou Ruiyi Venture Capital Investment Limited Partnership (廣州鋭熠創業投資合夥企業(有限合夥)), Guangdong Innovative Lingyue Smart Manufacturing & Information Technology Investment Fund Limited Liability Partnership (廣東融創嶺岳智能製造與信息技術產業股權投資基金合夥企業(有限合夥)), Sinoyutong International Limited (香港盛宇國際有限公司), Flow Limited, GOLDEN LINK WORLDWIDE LIMITED, Xiamen Starlight Equity Investment Partnership (L.P.) (廈門星韶股權投資合夥企業(有限合夥)), Suzhou Chenling Investment Partnership (Limited Partnership) (蘇州晨嶺投資合夥企業(有限合夥)), Shanghai Ziyue Enterprise Management Consulting Partnership (Limited Partnership) (上海籽月企業管理諮詢合夥企業(有限合夥)), LUXSHARE LIMITED (立訊有限公司), Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司), Huaxing Growth Capital III, L.P., Golden Development Asia Limited, YF Robosence Limited, GREAT VIRTUOUS LIMITED, Kinzon Capital Venture Partners III, L.P., GCF Robotics Ltd, WUHAN ZHISU ENGINE EQUITY INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) (武漢智速引擎股權投資基金合夥企業(有限合夥)), NINGBO ZHIXING ENGINE EQUITY INVESTMENT PARTNERSHIP (LIMITED PARTNERSHIP) (寧波智行引擎股權投資合夥企業(有限合夥)), Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership) (上海安鵬速鵬企業管理合夥企業(有限合夥)), Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業(有限合夥)), EverestHeng (Cayman) Limited, Cinda Sino-Rock Investment Limited, Excel Rise Holdings Limited (逸昇控股有限公司), Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1, Jurastone Tech Singularity I Ltd, China World Investment Limited, Shenzhen Xinshi Xinxing Industry M&A Equity Investment Fund Partnership (Limited Partnership) (深圳信石信興產業併購股權投資基金合夥企業(有限合夥)) representing the interest of and name in which Series G-2 Preferred Shares should be registered: SinoRock Prosperous Global II Limited, China Mobile Fund (Hebei Xiong 'an) Partnership (Limited Partnership) (中移股權基金(河北雄安)合夥企業(有限合夥)), Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)), Shenzhen The Link Cornerstone Equity Investment Fund Partnership (Limited Partnership) (深圳市領匯基石股權投資基金合夥企業(有限合夥)) representing the interest of and name in which Series G-2 Preferred Shares should be registered: Huiteng Co-stone Investment Limited, Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊

盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Shenzhen Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), and RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), pursuant to which shareholders rights were agreed among the parties;

(m) the capital increase agreement dated December 14, 2022 entered into among Dongguan Luxsense Innovation Electronics Co., Ltd. (東莞立騰創新電子有限公司), Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), and Dongguan Cowell Optic Electronics Co., Ltd. (東莞高偉光學電子有限公司), pursuant to which Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司) agreed to inject capital of RMB49 million into Dongguan Luxsense Innovation Electronics Co., Ltd. (東莞立騰創新電子有限公司);

(n) the cornerstone investment agreement dated December 21, 2023 entered into between the Company, Shenzhen Nanshan Strategic Emerging Industries Investment Co., Ltd. (深圳市南山戰略新興產業投資有限公司) ("**Nanshan SEI Investment**"), J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, China Renaissance Securities (Hong Kong) Limited (華興證券(香港)有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), CCB International Capital Limited (建銀國際金融有限公司), Essence International Securities (Hong Kong) Limited (安信國際證券(香港)有限公司), and Fosun International Securities Limited (復星國際證券有限公司), pursuant to which Nanshan SEI Investment agreed to subscribe for such number of Shares of the Company at the Offer Price in an aggregate amount of US$100 million (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee); and

(o) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) *Trademarks*

(i) *Trademarks in the PRC*

As at the Latest Practicable Date, we had registered the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
1.	robosenseLiDAR	Shenzhen Suteng	42	38182800	01-20-2030
2.	robosense	Shenzhen Suteng	9	28208474	11-20-2028

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
3.		Shenzhen Suteng	7	41827171	06-27-2030
4.	robosenseLiDAR	Shenzhen Suteng	35	38166284	01-20-2030
5.	速腾聚创	Shenzhen Suteng	7	41822384	06-27-2030
6.	robosense	Shenzhen Suteng	39	41826292	06-27-2030
7.	robosense LiDAR	Shenzhen Suteng	42	38175554	01-20-2030
8.	robosense	Shenzhen Suteng	42	28208540	11-20-2028
9.	rs ruby	Shenzhen Suteng	9	45068245	11-27-2030
10.	rsbpearl	Shenzhen Suteng	12	48491387	03-13-2031
11.	IPANO	Shenzhen Suteng	9	17278891	09-20-2027
12.	ROBOSENSE	Shenzhen Suteng	35	18812957	02-13-2027
13.	robosense LiDAR	Shenzhen Suteng	35	38175194	01-20-2030
14.	robosenseLiDAR	Shenzhen Suteng	9	38183561	01-20-2030
15.	ROBOSENSE	Shenzhen Suteng	42	18812928	02-13-2027
16.	robosense	Shenzhen Suteng	7	41825383	06-27-2030
17.		Shenzhen Suteng	35	18845412	12-06-2027

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
18.	rsbpearl	Shenzhen Suteng	9	48485391	03-13-2031
19.	bpearl	Shenzhen Suteng	42	37578556	01-06-2030
20.		Shenzhen Suteng	42	18845898	12-06-2027
21.	robosense	Shenzhen Suteng	38	41817556	06-27-2030
22.	robosense	Shenzhen Suteng	9	38174594	01-20-2030
23.	ROBOSENSE	Shenzhen Suteng	9	18812755	02-13-2027
24.	bpearl	Shenzhen Suteng	35	37586020	01-27-2030
25.	robosense LiDAR	Shenzhen Suteng	9	38174604	04-27-2030
26.	robosense	Shenzhen Suteng	35	28208500	11-20-2028
27.	bpearl	Shenzhen Suteng	9	37589923	01-13-2031
28.	robosense	Shenzhen Suteng	35	38172643	01-20-2030
29.	rs ruby	Shenzhen Suteng	12	48491407	03-27-2031
30.	rsruby	Shenzhen Suteng	9	48483012	03-13-2031
31.	rs ruby	Shenzhen Suteng	9	37583514	04-27-2031

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
32.		Shenzhen Suteng	12	41827200	06-27-2030
33.	robosense	Shenzhen Suteng	42	38182812	01-20-2030
34.	robosense	Shenzhen Suteng	36	41812884	06-20-2030
35.		Shenzhen Suteng	9	18845243	12-06-2027
36.	rsruby	Shenzhen Suteng	42	37574952	03-20-2030
37.	rsruby	Shenzhen Suteng	12	48495588	03-13-2031
38.	rsbpearl	Shenzhen Suteng	9	48499783	03-13-2031
39.	robosense	Shenzhen Suteng	12	46296223	12-27-2031
40.	速腾聚创	Shenzhen Suteng	35	42801263	12-27-2031
41.	速腾聚创	Shenzhen Suteng	42	42783388	12-27-2031
42.	速腾聚创	Shenzhen Suteng	38	42796432	12-27-2031
43.	速腾聚创	Shenzhen Suteng	39	41817588	01-27-2032
44.	速腾聚创	Shenzhen Suteng	9	42804216	03-13-2032
45.	速腾聚创	Shenzhen Suteng	9	48546605	10-06-2031

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
46.	rsruby	Shenzhen Suteng	9	53994567	09-27-2031
47.	速腾聚创	Shenzhen Suteng	9	48952603	09-13-2031
48.	HyperVision	Shenzhen Suteng	12	59660627	03-20-2032
49.	速腾聚创	Shenzhen Suteng	9	56502814	03-27-2032
50.	robosense	Shenzhen Suteng	12	51527187	05-27-2032
51.	rsbpearl	Shenzhen Suteng	12	48481843	03-13-2031
52.	速腾聚创	Shenzhen Suteng	9	55670556	05-06-2033
53.	HyperVision	Shenzhen Suteng	9	60407365	10-13-2033
54.	robosense	Shenzhen Suteng	9	70552694	12-06-2033

(ii) *Trademarks in Hong Kong*

As at the Latest Practicable Date, we had registered the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
1.	robosense	Shenzhen Suteng	12	306144903	01-04-2033
2.	robosense	Shenzhen Suteng	9, 12	306144912	01-04-2033

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
3.	速腾聚创	Shenzhen Suteng	9	306144921	01-04-2033
4.		Shenzhen Suteng	9	306144930	01-04-2033

(iii) *Trademarks in the European Union*

As at the Latest Practicable Date, we had registered the following trademarks in the European Union which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
1.	ROBOSENSE	Shenzhen Suteng	9, 35, 42	14982491	01-07-2026
2.	robosense	Shenzhen Suteng	9	18408122	02-24-2031
3.	robosense	Shenzhen Suteng	12, 42	18430143	03-16-2031
4.	robosense	Shenzhen Suteng	9, 12, 42	18408123	02-24-2031
5.		Shenzhen Suteng	9	018842098	02-28-2033

(iv) *Trademarks in the United States*

As at the Latest Practicable Date, we had registered the following trademarks in the United States which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
1.	robosense	Shenzhen Suteng	12	6927268	12-20-2032
2.	ROBOSENSE	Shenzhen Suteng	9	5026090	08-23-2026

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
3.	robosense	Shenzhen Suteng	9, 42	6988376	02-28-2033
4.	robosense	Shenzhen Suteng	9, 42	6988377	02-28-2033

(v) *Trademarks in Madrid*

As at the Latest Practicable Date, we had registered the following trademark in Madrid which we consider to be or may be material to our business:

1.	robosense	Shenzhen Suteng	9	1755441	07-07-2033

(b) Copyrights

(i) Copyrights in the PRC

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

Computer software

No.	Copyright	Copyright Owner	Registration Number	Registration Date (mm-dd-yyyy)
1.	速騰聚創多傳感器同步採集軟件	Shenzhen Suteng	2021SR0556752	04-19-2021
2.	速騰聚創多激光雷達標定軟件	Shenzhen Suteng	2021SR0556753	04-19-2021
3.	速騰聚創標註-增強-管理軟件	Shenzhen Suteng	2021SR0513533	04-09-2021
4.	激光雷達定位系統軟件	Shenzhen Suteng	2021SR0488904	04-02-2021
5.	激光雷達通用工具軟件	Shenzhen Suteng	2021SR0488862	04-02-2021
6.	激光雷達感知系統軟件	Shenzhen Suteng	2021SR0488864	04-02-2021
7.	機械式激光雷達邏輯軟件	Shenzhen Suteng	2020SR0770958	07-14-2020
8.	機械式激光雷達邏輯軟件	Shenzhen Suteng	2020SR0770957	07-14-2020
9.	MEMS固態激光雷達系統軟件	Shenzhen Suteng	2020SR0740255	07-08-2020
10.	機械式激光雷達邏輯軟件	Shenzhen Suteng	2020SR0693787	06-30-2020

No.	Copyright	Copyright Owner	Registration Number	Registration Date (mm-dd-yyyy)
11.	激光雷達通用工具軟件	Shenzhen Suteng	2020SR0677201	06-24-2020
12.	激光雷達定位系統軟件	Shenzhen Suteng	2020SR0677208	06-24-2020
13.	激光雷達感知系統軟件	Shenzhen Suteng	2020SR0449152	05-13-2020
14.	車輛檢測軟件	Shenzhen Suteng	2018SR075849	01-30-2018
15.	速騰聚創全景相機管理軟件	Shenzhen Suteng	2018SR075385	01-30-2018
16.	速騰聚創激光雷達數據採集軟件	Shenzhen Suteng	2018SR076107	01-30-2018
17.	速騰聚創 ipano 全景展示和管理系統軟件	Shenzhen Suteng	2016SR218007	08-15-2016
18.	速騰 Seeker 3D 軟件	Shenzhen Suteng	2016SR147290	06-20-2016
19.	速騰掃房神器 2 應用軟件	Shenzhen Suteng	2016SR122697	05-28-2016
20.	速騰雲端全景標定軟件	Shenzhen Suteng	2016SR122217	05-28-2016
21.	希景微 MEMS 振鏡測試軟件	Suzhou Xijing MEMS	2020SR1178749	09-28-2020
22.	希景微 MEMS 雷達開發上位機軟件	Suzhou Xijing MEMS	2020SR1178660	09-28-2020
23.	希景微 MEMS 微鏡自動化測試軟件	Suzhou Xijing MEMS	2020SR0884791	08-06-2020
24.	希景微 MEMS 微鏡掃描系統嵌入式控制軟件	Suzhou Xijing MEMS	2020SR0592557	06-09-2020
25.	感知數據日誌軟件	Shanghai Lubo	2022SR1441932	11-01-2022
26.	M1-H 固態激光雷達的控制軟件	Shanghai Lubo	2022SR1441999	11-01-2022
27.	數據傳輸協議的實現和可視化軟件	Shanghai Lubo	2022SR1441930	11-01-2022
28.	在線感知數據可視化軟件	Shanghai Lubo	2022SR1442000	11-01-2022
29.	激光雷達播放器軟件	Shanghai Lubo	2022SR1441931	11-01-2022
30.	M1-IN 固態激光雷達的控制軟件	Shanghai Lubo	2022SR1441998	11-01-2022
31.	M1-XP-E38 固態激光雷達的控制軟件	Shanghai Lubo	2022SR1441997	11-01-2022
32.	Ml-Lo 固態激光雷達的控制軟件	Shanghai Lubo	2022SR1441992	11-01-2022
33.	SLAM 定位管理軟件	Shanghai Lubo	2022SR1441964	11-01-2022
34.	V2R 可視化軟件	Shanghai Lubo	2022SR1441926	11-01-2022

Work

No.	Copyright	Copyright Owner	Registration Number	Registration Date (mm-dd-yyyy)
1.	機器人Logo	Shenzhen Suteng	國作登字-2021-F-00034722	02-09-2021
2.	速小騰	Shenzhen Suteng	國作登字-2021-F-00032073	02-08-2021

(c) ***Patents***

(i) *Patents in the PRC*

As at the Latest Practicable Date, we had registered the following patents in the PRC which we consider to be or may be material to our business:

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
1.	多傳感器的感知信息融合方法及相關設備	Shenzhen Suteng	ZL202110520652.8	10-29-2021
2.	障礙物識別模型訓練方法、障礙物識別方法、裝置及系統	Shenzhen Suteng	ZL202110015842.4	05-14-2021
3.	障礙物識別模型訓練方法、障礙物識別方法、裝置及系統	Shenzhen Suteng	ZL202110015844.3	05-14-2021
4.	動態目標的檢測方法、裝置、存儲介質及路基監測設備	Shenzhen Suteng	ZL202011103317.X	05-14-2021
5.	多站點路基網絡感知方法、裝置、終端和系統	Shenzhen Suteng	ZL202011011719.7	02-05-2021
6.	點雲的運動補償方法、裝置和系統	Shenzhen Suteng	ZL202010839029.4	02-05-2021
7.	一種用於鏡片位置調節的工裝	Shenzhen Suteng	ZL202021362940.2	04-02-2021
8.	激光雷達參數調整方法、裝置及激光雷達	Shenzhen Suteng	ZL202010650848.4	11-27-2020
9.	激光雷達	Shenzhen Suteng	ZL201930711288.7	07-14-2020
10.	激光雷達及其控制方法以及自動駕駛裝置	Shenzhen Suteng	ZL201911152522.2	11-27-2020
11.	數據傳輸裝置及激光雷達系統	Shenzhen Suteng	ZL201910956308.6	10-02-2020
12.	數據傳輸裝置及激光雷達系統	Shenzhen Suteng	ZL201910956298.6	05-08-2020
13.	激光雷達	Shenzhen Suteng	ZL201930536518.0	05-22-2020
14.	智能感知激光雷達系統	Shenzhen Suteng	ZL201930536415.4	05-01-2020
15.	一種用於激光雷達的擋板固定結構及激光雷達	Shenzhen Suteng	ZL201910913604.8	11-30-2021
16.	磁環通信設備、方法和激光雷達	Shenzhen Suteng	ZL201910866688.4	01-17-2020
17.	一種激光雷達	Shenzhen Suteng	ZL201910797078.3	02-07-2020
18.	應用於光學相控陣的天線陣列、光學相控陣及激光雷達	Shenzhen Suteng	ZL201980002799.9	08-17-2021
19.	激光雷達接收裝置、激光雷達系統和激光測距方法	Shenzhen Suteng	ZL201910576631.0	07-02-2021
20.	固態激光雷達、結構及其控制方法	Shenzhen Suteng	ZL201910496970.8	07-02-2021

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
21.	車載傳感器清潔系統和傳感系統	Shenzhen Suteng	ZL201910481790.2	02-05-2021
22.	多線激光雷達	Shenzhen Suteng	ZL201930267003.5	05-19-2020
23.	多線激光雷達	Shenzhen Suteng	ZL201930267280.6	01-17-2020
24.	激光雷達測距裝置和激光掃描控制方法	Shenzhen Suteng	ZL201910421764.0	04-02-2021
25.	一種應用於單光子陣列傳感器的溫度補償電路及方法	Shenzhen Suteng	ZL201910404118.3	05-14-2021
26.	人體行為的識別方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910383307.7	10-29-2021
27.	光學相控陣及其相位誤差改善方法、激光雷達、智能設備	Shenzhen Suteng	ZL201980002797.X	08-28-2020
28.	多線激光雷達	Shenzhen Suteng	ZL201910378869.2	08-17-2021
29.	激光發射裝置、激光雷達及智能裝置	Shenzhen Suteng	ZL201910377732.5	05-14-2021
30.	激光雷達的測距方法、系統和設備	Shenzhen Suteng	ZL201910361155.0	05-14-2021
31.	激光雷達保護裝置和激光雷達系統	Shenzhen Suteng	ZL201910349956.5	07-02-2021
32.	多線激光雷達	Shenzhen Suteng	ZL201910316860.9	10-19-2021
33.	激光雷達	Shenzhen Suteng	ZL201910316700.4	07-02-2021
34.	激光雷達及探測方法	Shenzhen Suteng	ZL201910316257.0	08-17-2021
35.	一種激光雷達系統	Shenzhen Suteng	ZL201910307448.0	08-17-2021
36.	半導體激光器陣列的快軸准直結構及激光雷達	Shenzhen Suteng	ZL201910302826.6	07-02-2021
37.	機械式激光雷達的軸承預緊結構	Shenzhen Suteng	ZL201910302827.0	11-30-2021
38.	一種接收系統和激光雷達	Shenzhen Suteng	ZL201910304418.4	07-02-2021
39.	點雲濾波方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910270650.0	04-02-2021
40.	固態激光雷達	Shenzhen Suteng	ZL201930145950.7	11-08-2019
41.	光掃描裝置和激光雷達	Shenzhen Suteng	ZL201920424820.1	02-07-2020
42.	磁環線序自適應方法、裝置、設備和存儲介質	Shenzhen Suteng	ZL201910255954.X	07-02-2021
43.	激光雷達裝置	Shenzhen Suteng	ZL201920413462.4	08-07-2020
44.	機械激光雷達	Shenzhen Suteng	ZL201930135662.3	11-05-2019
45.	激光雷達接收系統	Shenzhen Suteng	ZL201920395289.X	06-05-2020

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
46.	激光雷達	Shenzhen Suteng	ZL201930132485.3	11-08-2019
47.	激光雷達測距裝置	Shenzhen Suteng	ZL201910238113.8	02-05-2021
48.	點雲數據分類方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910231062.6	12-10-2021
49.	光信號接收系統、方法和激光雷達	Shenzhen Suteng	ZL201910225485.7	08-17-2021
50.	激光雷達	Shenzhen Suteng	ZL201920377796.0	06-05-2020
51.	准直器件、發射系統及激光雷達	Shenzhen Suteng	ZL201910216686.0	08-17-2021
52.	激光雷達	Shenzhen Suteng	ZL201910206858.6	04-28-2020
53.	激光雷達接收系統	Shenzhen Suteng	ZL201920337994.4	06-05-2020
54.	激光雷達發射系統	Shenzhen Suteng	ZL201920327680.6	01-17-2020
55.	激光雷達接收裝置、發射裝置及系統	Shenzhen Suteng	ZL201920327676.X	06-05-2020
56.	激光雷達系統	Shenzhen Suteng	ZL201920238594.8	06-05-2020
57.	多線激光雷達	Shenzhen Suteng	ZL201920240745.3	06-05-2020
58.	多線激光雷達	Shenzhen Suteng	ZL201920236494.1	01-21-2020
59.	激光雷達系統	Shenzhen Suteng	ZL201920170897.0	06-05-2020
60.	光柵耦合器及光学相控阵裝置	Shenzhen Suteng	ZL201920173813.9	11-05-2019
61.	多線激光雷達	Shenzhen Suteng	ZL201920164301.6	05-19-2020
62.	激光雷達	Shenzhen Suteng	ZL201920164289.9	06-05-2020
63.	車載支架	Shenzhen Suteng	ZL201830769777.3	07-16-2019
64.	固態激光雷達	Shenzhen Suteng	ZL201830706257.8	05-07-2019
65.	固態激光雷達	Shenzhen Suteng	ZL201830693038.0	05-07-2019
66.	掃描振鏡	Shenzhen Suteng	ZL201821929752.6	08-30-2019
67.	激光雷達電路系統及激光雷達	Shenzhen Suteng	ZL201821930184.1	05-19-2020
68.	相控陣激光雷達	Shenzhen Suteng	ZL201821903670.4	11-05-2019
69.	相控陣激光雷達	Shenzhen Suteng	ZL201821904691.8	11-05-2019

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
70.	MEMS器件檢測電路和設備	Shenzhen Suteng	ZL201821904737.6	01-17-2020
71.	激光發射系統及激光雷達	Shenzhen Suteng	ZL201821904695.6	11-05-2019
72.	雜散光消除裝置	Shenzhen Suteng	ZL201821907155.3	01-21-2020
73.	激光發射系統	Shenzhen Suteng	ZL201821903800.4	08-30-2019
74.	激光發射機構及相控陣激光雷達	Shenzhen Suteng	ZL201821903711.X	11-05-2019
75.	接收器件、接收系統及激光雷達	Shenzhen Suteng	ZL201821881610.7	01-21-2020
76.	激光發射設備	Shenzhen Suteng	ZL201821881595.6	01-17-2020
77.	偏置電壓調節方法及裝置	Shenzhen Suteng	ZL201811359034.4	08-28-2020
78.	激光雷達融合系統	Shenzhen Suteng	ZL201811358817.0	08-28-2020
79.	供能電路以及激光雷達裝置	Shenzhen Suteng	ZL201821873768.X	11-05-2019
80.	激光雷達光學系統及激光雷達	Shenzhen Suteng	ZL201821848638.0	08-30-2019
81.	一種磁環組件	Shenzhen Suteng	ZL201821766612.1	05-14-2019
82.	激光雷達	Shenzhen Suteng	ZL201821665707.4	07-16-2019
83.	激光發射電路以及激光雷達	Shenzhen Suteng	ZL201821657124.7	08-30-2019
84.	多回波激光雷達測距方法及多回波激光雷達	Shenzhen Suteng	ZL201811190492.X	11-30-2021
85.	一種多線激光雷達系統	Shenzhen Suteng	ZL201821610565.1	07-16-2019
86.	多線激光雷達	Shenzhen Suteng	ZL201821620378.1	07-16-2019
87.	帶能量傳輸的無線通訊裝置	Shenzhen Suteng	ZL201821597710.7	11-08-2019
88.	激光雷達	Shenzhen Suteng	ZL201821598557.X	08-30-2019
89.	無線通訊裝置	Shenzhen Suteng	ZL201821596631.4	05-07-2019
90.	激光雷達	Shenzhen Suteng	ZL201821596285.X	07-16-2019
91.	用於汽車的調頻連續波激光雷達及其測距方法	Shenzhen Suteng	ZL201811137473.0	10-19-2021
92.	衍射裝置	Shenzhen Suteng	ZL201821580795.8	05-07-2019
93.	快慢軸光束能量的收斂系統及激光雷達	Shenzhen Suteng	ZL201821576553.1	07-16-2019
94.	光纖耦合激光器的光束能量的收斂系統及激光雷達	Shenzhen Suteng	ZL201821574069.5	05-07-2019

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
95.	相控陣激光雷達	Shenzhen Suteng	ZL201821550642.9	07-16-2019
96.	激光雷達的光束排布方法及激光雷達系統	Shenzhen Suteng	ZL201811106821.8	11-27-2020
97.	液晶光波導與激光雷達	Shenzhen Suteng	ZL201821564532.8	07-16-2019
98.	激光雷達掃描角度的放大裝置及激光雷達系統	Shenzhen Suteng	ZL201821554401.1	07-16-2019
99.	智能感知激光雷達系統	Shenzhen Suteng	ZL201821534976.7	07-16-2019
100.	一種多線激光雷達系統	Shenzhen Suteng	ZL201821534930.5	08-30-2019
101.	多線激光雷達	Shenzhen Suteng	ZL201821521682.0	11-15-2019
102.	一種多線激光雷達系統	Shenzhen Suteng	ZL201821538545.8	08-30-2019
103.	一種用於圓柱表面的清潔裝置	Shenzhen Suteng	ZL201821381430.2	08-30-2019
104.	汽車擋風玻璃及汽車	Shenzhen Suteng	ZL201821377996.8	06-05-2020
105.	激光雷達位置檢測裝置及激光雷達	Shenzhen Suteng	ZL201821309804.X	05-24-2019
106.	一種激光雷達感知系統的固定裝置	Shenzhen Suteng	ZL201821154171.X	05-07-2019
107.	激光雷達感知系統的固定裝置	Shenzhen Suteng	ZL201830392488.6	12-14-2018
108.	激光雷達感知系統	Shenzhen Suteng	ZL201821154120.7	05-07-2019
109.	激光雷達	Shenzhen Suteng	ZL201821116896.X	02-19-2019
110.	激光雷達	Shenzhen Suteng	ZL201821118948.7	02-19-2019
111.	激光雷達及激光雷達控制方法	Shenzhen Suteng	ZL201810671183.8	11-30-2021
112.	多線激光雷達	Shenzhen Suteng	ZL201830324297.6	01-01-2019
113.	固態激光雷達	Shenzhen Suteng	ZL201830196277.5	09-11-2018
114.	激光雷達	Shenzhen Suteng	ZL201820622225.4	11-13-2018
115.	激光雷達	Shenzhen Suteng	ZL201820512226.3	03-26-2019
116.	激光雷達	Shenzhen Suteng	ZL201820465295.3	11-13-2018
117.	一種固態激光雷達	Shenzhen Suteng	ZL201820375420.1	02-19-2019
118.	一種固態激光雷達	Shenzhen Suteng	ZL201820380635.2	02-19-2019
119.	激光雷達	Shenzhen Suteng	ZL201820280694.2	09-11-2018

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120.	激光雷達	Shenzhen Suteng	ZL201820060124.2	09-11-2018
121.	激光雷達	Shenzhen Suteng	ZL201820066594.X	09-11-2018
122.	激光雷達	Shenzhen Suteng	ZL201820062912.5	09-11-2018
123.	激光雷達	Shenzhen Suteng	ZL201820062911.0	09-11-2018
124.	固態激光雷達	Shenzhen Suteng	ZL201730650311.7	09-11-2018
125.	激光雷達	Shenzhen Suteng	ZL201721749183.2	09-11-2018
126.	激光雷達	Shenzhen Suteng	ZL201721656561.2	09-11-2018
127.	激光雷達及激光雷達控制方法	Shenzhen Suteng	ZL201711101992.7	04-28-2020
128.	激光雷達	Shenzhen Suteng	ZL201721451098.8	05-11-2018
129.	激光雷達	Shenzhen Suteng	ZL201721353860.9	08-21-2018
130.	激光雷達(RS-LiDAR)	Shenzhen Suteng	ZL201730451990.5	03-09-2018
131.	激光雷達(RL32A)	Shenzhen Suteng	ZL201730452076.2	09-11-2018
132.	固態激光雷達及固態激光雷達控制方法	Shenzhen Suteng	ZL201710844939.X	11-27-2020
133.	固態激光雷達	Shenzhen Suteng	ZL201721204773.7	05-11-2018
134.	點雲分割方法及裝置	Shenzhen Suteng	ZL201710583405.6	05-19-2020
135.	多激光雷達系統	Shenzhen Suteng	ZL201720777490.5	03-06-2018
136.	一種多激光雷達的耦合平台及系統	Shenzhen Suteng	ZL201720768323.4	02-23-2018
137.	激光雷達	Shenzhen Suteng	ZL201720698552.3	02-23-2018
138.	行車路徑規劃方法及存儲介質	Shenzhen Suteng	ZL201710434532.X	06-05-2020
139.	激光雷達	Shenzhen Suteng	ZL201720598571.9	02-23-2018
140.	激光雷達	Shenzhen Suteng	ZL201720596787.1	02-23-2018
141.	激光雷達	Shenzhen Suteng	ZL201720598367.7	02-23-2018
142.	激光雷達	Shenzhen Suteng	ZL201720595236.3	02-23-2018
143.	激光雷達	Shenzhen Suteng	ZL201720595148.3	03-13-2018
144.	點雲數據分割方法和終端	Shenzhen Suteng	ZL201710353580.6	04-28-2020

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145.	電源處理電路	Shenzhen Suteng	ZL201720557838.X	01-09-2018
146.	多線激光雷達系統及其水平安裝角度的校正方法	Shenzhen Suteng	ZL201710345109.2	01-21-2020
147.	基於激光雷達掃描的路沿檢測方法	Shenzhen Suteng	ZL201710323028.2	06-05-2020
148.	目標跟蹤方法及存儲介質	Shenzhen Suteng	ZL201710322339.7	04-28-2020
149.	點雲分類方法及裝置	Shenzhen Suteng	ZL201710304503.1	08-28-2020
150.	光電二極管封裝裝置	Shenzhen Suteng	ZL201720387588.X	12-19-2017
151.	機載遙測系統	Shenzhen Suteng	ZL201720382955.7	12-19-2017
152.	點雲與平面圖像融合方法及裝置	Shenzhen Suteng	ZL201710214718.4	06-05-2020
153.	激光雷達	Shenzhen Suteng	ZL201720293348.3	02-23-2018
154.	獲取激光雷達校準參數、激光雷達校準的方法及系統	Shenzhen Suteng	ZL201710170279.1	01-21-2020
155.	激光雷達	Shenzhen Suteng	ZL201720279509.3	12-29-2017
156.	激光雷達	Shenzhen Suteng	ZL201720258725.X	12-29-2017
157.	激光雷達	Shenzhen Suteng	ZL201720252813.9	10-27-2017
158.	無人駕駛汽車系統及汽車	Shenzhen Suteng	ZL201720224116.2	12-01-2017
159.	激光雷達	Shenzhen Suteng	ZL201720214204.4	05-11-2018
160.	激光雷達	Shenzhen Suteng	ZL201720177383.9	12-29-2017
161.	三維激光掃描儀	Shenzhen Suteng	ZL201720093596.3	10-13-2017
162.	全景相機(IPANO-2T)	Shenzhen Suteng	ZL201730021698.X	07-28-2017
163.	多線激光雷達	Shenzhen Suteng	ZL201621489655.0	07-11-2017
164.	多線激光雷達	Shenzhen Suteng	ZL201621492882.9	09-08-2017
165.	多線激光雷達和多線激光雷達控制方法	Shenzhen Suteng	ZL201611246496.6	02-22-2019
166.	多線激光雷達系統及多線激光雷達系統的控制方法	Shenzhen Suteng	ZL201611186156.9	08-28-2020
167.	激光雷達	Shenzhen Suteng	ZL201630614262.7	09-08-2017
168.	激光雷達	Shenzhen Suteng	ZL201630614263.1	09-08-2017
169.	激光雷達	Shenzhen Suteng	ZL201630614261.2	09-08-2017

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170.	激光雷達與激光雷達控制方法	Shenzhen Suteng	ZL201611107368.3	07-14-2020
171.	圖像分割方法及圖像分割裝置	Shenzhen Suteng	ZL201611099438.5	05-19-2020
172.	激光雷達	Shenzhen Suteng	ZL201630562759.9	07-11-2017
173.	平面相控陣雷達及平面相控陣雷達控制方法	Shenzhen Suteng	ZL201610982887.8	05-22-2020
174.	地圖生成方法及地圖生成裝置	Shenzhen Suteng	ZL201610982886.3	05-22-2020
175.	相控陣雷達及相控陣雷達控制方式	Shenzhen Suteng	ZL201610984091.6	08-28-2020
176.	激光掃描儀歸位方法及激光掃描儀	Shenzhen Suteng	ZL201610893734.6	03-26-2019
177.	三維點雲數據配準方法及拼接方法	Shenzhen Suteng	ZL201610855932.3	01-21-2020
178.	彩色三維激光掃描儀	Shenzhen Suteng	ZL201610853902.9	04-10-2020
179.	彩色三維激光掃描儀	Shenzhen Suteng	ZL201621082380.9	06-27-2017
180.	三維激光掃描系統	Shenzhen Suteng	ZL201621034399.6	05-17-2017
181.	三維激光雷達	Shenzhen Suteng	ZL201610797606.1	07-16-2019
182.	三維激光雷達系統	Shenzhen Suteng	ZL201621034413.2	05-31-2017
183.	三維激光雷達	Shenzhen Suteng	ZL201621034411.3	05-31-2017
184.	目標檢測方法及裝置	Shenzhen Suteng	ZL201610710512.6	01-01-2019
185.	激光測距系統	Shenzhen Suteng	ZL201620518154.4	01-11-2017
186.	移動式三維激光掃描系統及移動式三維激光掃描方法	Shenzhen Suteng	ZL201610334363.8	02-05-2021
187.	多線激光雷達	Shenzhen Suteng	ZL201610303450.7	09-04-2018
188.	多線激光雷達	Shenzhen Suteng	ZL201620416709.4	11-30-2016
189.	一種二維激光雷達的測距裝置	Shenzhen Suteng	ZL201620343989.0	09-07-2016
190.	一種帶能量傳輸的無線通信系統	Shenzhen Suteng	ZL201610250794.6	03-26-2019
191.	一種基於波形時域匹配的激光測距系統及方法	Shenzhen Suteng	ZL201610250795.0	06-01-2018
192.	三維激光掃描儀	Shenzhen Suteng	ZL201630034235.2	08-10-2016
193.	全景掃描儀(360度)	Shenzhen Suteng	ZL201630034234.8	08-24-2016
194.	一種快速360度全景相機	Shenzhen Suteng	ZL201520476727.7	12-16-2015
195.	一種全自動360度全景掃描儀	Shenzhen Suteng	ZL201520353090.2	01-20-2016
196.	一種快速三維激光掃描儀	Shenzhen Suteng	ZL201520295894.1	02-10-2016
197.	三維立體彩色點雲掃描的方法	Shenzhen Suteng	ZL201510232715.4	02-13-2018
198.	三維激光掃描儀	Shenzhen Suteng	ZL201530030753.2	07-01-2015
199.	加熱結構和激光雷達裝置	Shenzhen Suteng	ZL202022822675.8	08-17-2021

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200.	電路板組件、光投射裝置、光探測系統以及設備	Shenzhen Suteng	ZL202023081311.5	11-26-2021
201.	激光雷達	Shenzhen Suteng	ZL202130308247.0	11-30-2021
202.	一種固態激光雷達	Shenzhen Suteng	ZL201810511749.0	11-30-2021
203.	激光雷達	Shenzhen Suteng	ZL202130409223.4	12-14-2021
204.	目標對象的運動信息確定方法、裝置、介質及終端	Shenzhen Suteng	ZL202110906967.6	01-11-2022
205.	數據處理方法、裝置及存儲介質	Shenzhen Suteng	ZL202110641220.2	01-11-2022
206.	雙雷達安裝結構、探測裝置以及可進行光探測的設備	Shenzhen Suteng	ZL202023257578.5	01-11-2022
207.	障礙物檢測方法、裝置及存儲介質	Shenzhen Suteng	ZL202110641243.3	02-01-2022
208.	路面檢測方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910220802.6	02-01-2022
209.	激光雷達	Shenzhen Suteng	ZL202130775654.2	04-05-2022
210.	激光發射裝置、激光雷達和智能設備	Shenzhen Suteng	ZL202122406103.6	04-05-2022
211.	激光雷達	Shenzhen Suteng	ZL202122101331.2	04-05-2022
212.	激光雷達振鏡的控制方法、控制裝置和激光雷達	Shenzhen Suteng	ZL201980064316.8	04-05-2022
213.	激光接收陣列、激光雷達和智能感應設備	Shenzhen Suteng	ZL201980002324.X	04-12-2022
214.	激光雷達系統及其控制方法	Shenzhen Suteng	ZL201910283310.1	04-12-2022
215.	數據同步方法和設備	Shenzhen Suteng	ZL201910211170.7	04-12-2022
216.	多通道採樣時間偏差校準模塊及時間交織模數轉換器	Shenzhen Suteng, Shanghai Lubo	ZL202210114504.0	05-20-2022
217.	激光雷達系統和激光掃描控制方法	Shenzhen Suteng	ZL201910426747.6	05-20-2022
218.	時間數字轉換器及電子設備	Shenzhen Suteng, Shanghai Lubo	ZL202210189699.5	05-24-2022
219.	激光雷達發射系統	Shenzhen Suteng	ZL201811612200.7	05-27-2022
220.	激光雷達	Shenzhen Suteng	ZL202122405188.6	06-14-2022
221.	激光雷達	Shenzhen Suteng	ZL202122404192.0	06-14-2022
222.	激光雷達	Shenzhen Suteng	ZL202122408871.5	06-14-2022
223.	鏡片安裝治具	Shenzhen Suteng	ZL202010716913.9	07-08-2022

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224.	一種多傳感器狀態估計方法、裝置及終端設備	Shenzhen Suteng	ZL201980002785.7	07-08-2022
225.	激光雷達及其抗干擾方法	Shenzhen Suteng	ZL201910410468.0	07-08-2022
226.	車輛自動駕駛方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910384071.9	07-08-2022
227.	掃描結構及其控制方法	Shenzhen Suteng	ZL201910241158.0	07-08-2022
228.	激光雷達與格柵組件及車輛	Shenzhen Suteng	ZL202220233642.6	08-12-2022
229.	激光雷達參數調整方法、激光雷達系統和計算機存儲介質	Shenzhen Suteng	ZL202011090310.9	08-16-2022
230.	接收裝置、收發裝置和激光雷達	Shenzhen Suteng	ZL201911322708.8	08-16-2022
231.	激光雷達接收系統	Shenzhen Suteng	ZL201811612197.9	08-16-2022
232.	激光雷達測距系統	Shenzhen Suteng	ZL201811376651.5	08-16-2022
233.	激光雷達	Shenzhen Suteng	ZL202230248985.5	09-09-2022
234.	一種雷達控制系統和激光雷達	Shenzhen Suteng	ZL202123108426.3	09-09-2022
235.	激光雷達	Shenzhen Suteng	ZL201910727565.2	09-13-2022
236.	激光雷達及其控制方法	Shenzhen Suteng	ZL201811375717.9	09-13-2022
237.	一體化激光雷達	Weidali Industrial (Chibi) Co., Ltd. (維達力實業(赤壁)有限公司), Wanjin Industrial (Chibi) Co., Ltd. (萬津實業(赤壁)有限公司), Shenzhen Suteng	ZL202221012360.X	10-14-2022
238.	複合光學防護片及激光雷達	Weidali Industrial (Chibi) Co., Ltd. (維達力實業(赤壁)有限公司), Wanjin Industrial (Chibi) Co., Ltd. (萬津實業(赤壁)有限公司), Shenzhen Suteng	ZL202220245508.8	10-14-2022
239.	激光雷達	Shenzhen Suteng	ZL202123445766.5	11-22-2022
240.	多站點路基網絡感知方法、終端和系統	Shenzhen Suteng	ZL202011525740.9	11-22-2022
241.	相控陣相位誤差的校準方法、裝置、存儲介質及激光雷達	Shenzhen Suteng	ZL202010786950.7	11-22-2022

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242.	相控陣發射裝置、激光雷達和自動駕駛設備	Shenzhen Suteng	ZL201980002788.0	11-22-2022
243.	激光雷達系統	Shenzhen Suteng	ZL201910171595.X	11-22-2022
244.	光收發模組、激光雷達、自動駕駛系統及可移動設備	Shenzhen Suteng	ZL202211219208.3	01-03-2023
245.	PCB固定結構、激光收發模塊及激光雷達	Shenzhen Suteng	ZL202222480882.9	01-03-2023
246.	激光雷達及存儲介質	Shenzhen Suteng	ZL202210884787.7	01-03-2023
247.	發射裝置性能檢測方法及系統	Shenzhen Suteng	ZL202010624852.3	01-03-2023
248.	光收發系統與激光雷達	Shenzhen Suteng	ZL202222227751.X	02-03-2023
249.	點雲的加密方法、裝置、存儲介質及激光雷達	Shenzhen Suteng	ZL202210884735.X	02-03-2023
250.	目標區域的定位方法和目標區域的定位裝置	Shenzhen Suteng	ZL202210831087.1	02-03-2023
251.	激光雷達設備	Shenzhen Suteng	ZL202220862879.0	02-03-2023
252.	一種光學傳感裝置及車輛	Shenzhen Suteng	ZL202122201873.7	02-03-2023
253.	耦合器與光纖陣列封裝方法、封裝結構及芯片	Shenzhen Suteng	ZL202110945656.0	02-03-2023
254.	目標對象的檢測方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202211098411.X	02-14-2023
255.	激光雷達	Shenzhen Suteng	ZL202230733261.X	03-10-2023
256.	光學相控陣芯片以及激光雷達	Shenzhen Suteng	ZL202180007949.2	03-10-2023
257.	探測器檢測方法及系統	Shenzhen Suteng	ZL202010624851.9	03-10-2023
258.	激光雷達及具有激光雷達的設備	Shenzhen Suteng	ZL202080005557.8	03-10-2023
259.	雷達防護裝置和雷達系統	Shenzhen Suteng	ZL201910944300.8	03-10-2023
260.	激光雷達	Shenzhen Suteng	ZL202220814671.1	03-14-2023
261.	激光發射模塊和激光雷達設備	Shenzhen Suteng	ZL202211273831.7	03-24-2023
262.	一種光學傳感裝置及車輛	Shenzhen Suteng	ZL202122199129.8	03-24-2023
263.	激光雷達	Shenzhen Suteng	ZL202330001706.X	04-04-2023
264.	激光探測裝置的探測方法、激光探測裝置及存儲介質	Shenzhen Suteng	ZL202211463839.X	04-04-2023
265.	激光雷達及激光雷達的控制方法	Shenzhen Suteng	ZL202180007911.5	04-04-2023
266.	激光發射電路和激光雷達	Shenzhen Suteng	ZL202080005462.6	04-04-2023

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267.	激光雷達系統及探測方法	Shenzhen Suteng	ZL202010684724.8	04-07-2023
268.	激光雷達及智能感應設備	Shenzhen Suteng	ZL201980002282.X	04-18-2023
269.	相控陣激光雷達	Optixpan Semiconductors	ZL201720837195.4	03-23-2018
270.	激光雷達及其相控陣激光發射單元	Optixpan Semiconductors	ZL201720668905.5	01-30-2018
271.	激光雷達及其相控陣激光發射單元	Optixpan Semiconductors	ZL201720668435.2	05-01-2018
272.	激光雷達及其二維相控陣激光發射單元	Optixpan Semiconductors	ZL201720669527.2	03-06-2018
273.	一種MEMS 微鏡的測試圖像獲取裝置及測試系統	Suzhou Xijing MEMS	ZL202022579638.9	06-29-2021
274.	運動解耦的二維掃描微鏡裝置	Suzhou Xijing MEMS	ZL202020952946.9	02-23-2021
275.	掃描微鏡	Suzhou Xijing MEMS	ZL202020591279.6	09-25-2020
276.	一種電磁驅動式MEMS 微鏡	Suzhou Xijing MEMS	ZL202020579906.4	10-16-2020
277.	微鏡裝置	Suzhou Xijing MEMS	ZL202020579077.X	10-23-2020
278.	微鏡裝置以及封裝其的封裝裝置	Suzhou Xijing MEMS	ZL202020579072.7	10-27-2020
279.	基於電磁原理驅動的大尺寸MEMS微鏡芯片及其封裝結構	Suzhou Xijing MEMS	ZL201820113484.4	08-21-2018
280.	掃描鏡裝置	Suzhou Xijing MEMS	ZL201610573084.7	05-22-2020
281.	調頻連續波激光雷達及自動駕駛設備	Shenzhen Suteng	ZL202211599679.1	05-23-2023
282.	波導轉換芯片、調頻連續波激光雷達及自動駕駛設備	Shenzhen Suteng	ZL202211600560.1	05-23-2023
283.	調頻連續波激光雷達及自動駕駛設備	Shenzhen Suteng	ZL202211600478.9	05-23-2023
284.	停車位的識別方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202211560566.0	05-23-2023
285.	動態目標外觀尺寸的確定方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202111169245.3	05-23-2023
286.	一種多脈衝抗干擾信號處理方法及裝置	Shenzhen Suteng	ZL201910468936.X	05-23-2023
287.	無人駕駛汽車系統及汽車	Shenzhen Suteng	ZL201710136501.6	05-23-2023
288.	多線激光雷達及多線激光雷達控制方法	Shenzhen Suteng	ZL201611255426.7	05-23-2023
289.	外參標定方法、裝置、計算設備以及計算機存儲介質	Shenzhen Suteng	ZL201980002761.1	05-26-2023
290.	鏡片安裝治具	Shenzhen Suteng	ZL202210484906.X	06-13-2023
291.	波導光柵結構參數確定方法、裝置、存儲介質及激光雷達	Shenzhen Suteng	ZL202010786309.3	06-16-2023
292.	一種激光雷達、自動駕駛系統及可移動設備	Shanghai Lubo	ZL202223014302.3	05-23-2023
293.	激光雷達及激光雷達控制方法	Shenzhen Suteng	ZL202180008156.2	06-23-2023
294.	激光雷達的姿態校正方法、裝置和系統	Shenzhen Suteng	ZL202080005491.2	06-30-2023
295.	一種多激光雷達的耦合平台及系統	Shenzhen Suteng	ZL201710510980.3	06-30-2023
296.	固態激光雷達及固態激光雷達控制方法	Shenzhen Suteng	ZL202011164709.7	06-30-2023
297.	點雲的運動補償方法、裝置和系統	Shenzhen Suteng	ZL202011629746.0	06-30-2023

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298.	對交通標識的控制方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202111682534.3	06-30-2023
299.	車輛行駛的控制方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202111680470.3	06-30-2023
300.	光芯片、激光雷達、自動駕駛系統及可移動設備	Shenzhen Suteng	ZL202310370432.0	06-30-2023
301.	光芯片、激光雷達、自動駕駛系統及可移動設備	Shenzhen Suteng	ZL202310370426.5	06-30-2023
302.	對站台障礙物的預警方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202111539304.1	07-04-2023
303.	跟蹤算法的精度檢測方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910205057.8	07-14-2023
304.	激光雷達測距方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201980050564.7	07-14-2023
305.	激光雷達回波信號處理方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201980050255.X	07-14-2023
306.	一種激光調頻方法、裝置、存儲介質及激光器	Shenzhen Suteng	ZL201980051049.0	07-14-2023
307.	激光雷達測距方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201980050264.9	08-04-2023
308.	校正方法、裝置、存儲介質及多通道激光雷達	Shenzhen Suteng	ZL201980051815.3	08-04-2023
309.	激光發射電路和激光雷達	Shenzhen Suteng	ZL201980064687.6	08-04-2023
310.	激光雷達系統的校準方法及校準裝置、介質及測距設備	Shenzhen Suteng	ZL201980050174.X	08-04-2023
311.	激光發射模組及其裝調方法、激光雷達及智能感應設備	Shenzhen Suteng	ZL201980002318.4	08-04-2023
312.	接收光學系統、激光接收模組、激光雷達和光調方法	Shenzhen Suteng	ZL201980002325.4	08-04-2023
313.	基於連續波的測距方法、裝置和激光雷達	Shenzhen Suteng	ZL202080004388.6	08-04-2023
314.	車輛定位方法、裝置和車輛	Shenzhen Suteng	ZL202080005449.0	08-04-2023
315.	激光雷達、快慢軸光束能量的收斂系統及收斂方法	Shenzhen Suteng	ZL201811125512.5	08-04-2023
316.	激光雷達的探測方法、計算機可讀存儲介質和激光雷達	Shenzhen Suteng	ZL202080004048.3	08-04-2023
317.	一種多脈衝激光雷達系統抗干擾處理方法及裝置	Shenzhen Suteng	ZL202080004309.1	08-04-2023
318.	激光接收電路和激光雷達	Shenzhen Suteng	ZL202080005503.1	08-04-2023
319.	激光雷達標定方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910352739.1	08-04-2023
320.	殼體密封結構及激光雷達	Shenzhen Suteng	ZL202010005039.8	08-04-2023
321.	振鏡固定結構及激光雷達	Shenzhen Suteng	ZL202010004833.0	08-04-2023
322.	激光雷達及具有激光雷達的設備	Shenzhen Suteng	ZL202010011640.8	08-04-2023

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
323.	光學傳感結構及激光雷達	Shenzhen Suteng	ZL202111525883.4	08-04-2023
324.	車位檢測方法、電子設備及計算機可讀存儲介質	Shenzhen Suteng	ZL202211563659.9	08-04-2023
325.	停車位置的確定方法、電子設備及計算機可讀存儲介質	Shenzhen Suteng	ZL202310431052.3	08-04-2023
326.	光芯片、激光雷達、自動駕駛系統及可移動設備	Shenzhen Suteng	ZL202310370438.8	08-04-2023
327.	激光雷達和可移動設備	Shenzhen Suteng	ZL202310511793.2	08-04-2023
328.	光芯片模組、激光雷達及可移動設備	Shenzhen Suteng	ZL202310511788.1	08-04-2023
329.	激光測距方法、裝置和激光雷達	Shenzhen Suteng	ZL202310465605.7	08-04-2023
330.	激光雷達及可移動設備	Shenzhen Suteng	ZL202310370431.6	08-04-2023
331.	光芯片及激光雷達	Shenzhen Suteng	ZL202310511790.9	08-04-2023
332.	氣密測試夾具及用於激光雷達的氣密測試設備	Shenzhen Suteng	ZL202320746274.X	08-04-2023
333.	車輛定位方法、裝置和計算機設備	Shenzhen Suteng	ZL201910178051.6	08-08-2023
334.	反射強度標定方法、裝置、系統和計算機設備	Shenzhen Suteng	ZL201910149791.7	08-15-2023
335.	激光測距標定方法、裝置、系統和計算機設備	Shenzhen Suteng	ZL201910151024.X	08-15-2023
336.	定位算法的精度檢測方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910204805.0	08-15-2023
337.	一種光學接收裝置及光學傳感裝置	Shenzhen Suteng	ZL202111479452.9	08-15-2023
338.	光掃描裝置和激光雷達	Shenzhen Suteng	ZL202080004329.9	08-25-2023
339.	鏡片調節裝置、反射組件、激光雷達及智能駕駛設備	Shenzhen Suteng	ZL202080005437.8	08-25-2023
340.	激光發射控制方法、裝置及相關設備	Shenzhen Suteng	ZL202080004257.8	08-25-2023
341.	角度計算方法、裝置、存儲介質及電子設備	Shenzhen Suteng	ZL202111660474.5	08-25-2023
342.	激光接收裝置及激光雷達	Shenzhen Suteng	ZL202111525513.0	08-29-2023
343.	激光雷達及其裝調方法	Shenzhen Suteng	ZL201980002537.2	08-29-2023
344.	激光雷達及汽車	Shenzhen Suteng	ZL202080005438.2	08-29-2023
345.	激光雷達及激光雷達控制方法	Shenzhen Suteng	ZL201810320553.3	08-29-2023
346.	跟蹤算法的精度檢測方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910204081.X	08-29-2023
347.	一種盲區預警的方法、裝置、電子設備和存儲介質	Shenzhen Suteng	ZL202310383013.0	08-29-2023
348.	激光雷達和車	Shenzhen Suteng	ZL202321112604.6	09-15-2023

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
349.	激光收發模組、激光雷達及自動駕駛設備	Shenzhen Suteng	ZL202210988960.8	09-15-2023
350.	減小近距離盲區的激光雷達	Shenzhen Suteng	ZL201910809225.4	09-15-2023
351.	無線通訊裝置及無線通訊方法	Shenzhen Suteng	ZL201811139959.8	09-15-2023
352.	帶能量傳輸的無線通訊裝置及帶能量傳輸的無線通訊方法	Shenzhen Suteng	ZL201811139915.5	09-15-2023
353.	路基傳感器的位姿校正方法、裝置和路基傳感器	Shenzhen Suteng	ZL202080005468.3	09-15-2023
354.	激光雷達及激光雷達控制方法	Shenzhen Suteng	ZL201711068018.5	09-19-2023
355.	激光發射電路和激光雷達	Shenzhen Suteng	ZL201980064663.0	09-26-2023
356.	激光雷達和可移動設備	Shenzhen Suteng	ZL202310760089.0	09-26-2023
357.	取料裝置	Shenzhen Suteng	ZL202321280785.3	09-26-2023
358.	電磁振鏡的驅動裝置、驅動方法和激光雷達	Shenzhen Suteng	ZL202080004925.7	10-31-2023
359.	激光發射裝置、激光雷達和智能感應設備	Shenzhen Suteng	ZL202080005404.3	10-31-2023
360.	激光雷達及激光雷達控制方法	Shenzhen Suteng	ZL201810088838.9	10-31-2023
361.	激光雷達及提高激光雷達發射點頻的方法	Shenzhen Suteng	ZL201810034793.7	10-31-2023
362.	激光雷達抗干擾的方法及抗干擾激光雷達	Shenzhen Suteng	ZL201810407450.0	10-31-2023
363.	激光雷達的探測方法、裝置以及激光雷達	Shenzhen Suteng	ZL202310786806.7	10-31-2023
364.	調頻連續波激光雷達的信號處理方法、裝置及可移動設備	Shenzhen Suteng	ZL202310935824.7	10-31-2023
365.	激光雷達及激光雷達控制方法	Shenzhen Suteng	ZL201711335615.X	11-03-2023
366.	點雲數據的分類方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910151657.0	11-07-2023
367.	一種雷達數據處理方法、終端設備及計算機可讀存儲介質	Shenzhen Suteng	ZL202110966919.6	11-07-2023
368.	激光雷達及可移動設備	Shenzhen Suteng	ZL202310870938.8	11-07-2023
369.	激光雷達及可移動設備	Shenzhen Suteng	ZL202310899767.1	11-07-2023
370.	激光雷達及測速測距的方法	Shenzhen Suteng	ZL202311028010.1	11-07-2023
371.	一種激光雷達、自動駕駛系統及可移動設備	Shanghai Lubo	ZL202223170343.1	11-14-2023
372.	激光收發系統、激光雷達及自動駕駛設備	Shenzhen Suteng	ZL202080005825.6	11-24-2023
373.	激光器、激光雷達及可移動設備	Shenzhen Suteng	ZL202311051205.8	11-24-2023

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374.	一種激光接收裝置和激光雷達	Shenzhen Suteng	ZL202080005458.X	11-24-2023
375.	光芯片、FMCW激光雷達及可移動設備	Shenzhen Suteng	ZL202311022779.2	11-28-2023
376.	角位移測量裝置、激光雷達及角度調節方法	Shenzhen Suteng	ZL201980064435.3	11-28-2023
377.	數據處理方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910150131.0	12-01-2023
378.	微鏡裝置的壽命預測方法及裝置、計算機可讀存儲介質	Suzhou Xijing MEMS	ZL202010332765.0	12-01-2023
379.	光芯片、激光雷達及可移動設備	Shenzhen Suteng	ZL202311171875.3	12-12-2023
380.	光芯片、激光雷達及可移動設備	Shenzhen Suteng	ZL202311104970.1	12-12-2023
381.	光芯片、激光雷達及可移動設備	Shenzhen Suteng	ZL202311104997.0	12-12-2023
382.	矽光芯片、激光雷達及可移動設備	Shenzhen Suteng	ZL202311014600.9	12-12-2023
383.	激光雷達抗干擾方法、裝置、存儲介質及激光雷達	Shenzhen Suteng	ZL202111681548.3	12-12-2023
384.	控制激光雷達的方法、裝置、電子設備及存儲介質	Shenzhen Suteng	ZL202111595865.3	12-12-2023
385.	車載激光雷達	Shenzhen Suteng	ZL202330390312.8	12-12-2023
386.	飛行時間的測量方法、裝置、存儲介質和激光雷達	Shenzhen Suteng	ZL202080005422.1	12-12-2023

(ii) *Patents in the United States*

As at the Latest Practicable Date, we had registered the following patents in the United States which we consider to be or may be material to our business:

No.	Patent	Applicant/ Patentee	Patent Number	Application Date (mm-dd-yyyy)	Patent Date (mm-dd-yyyy)	Expiry Date (mm-dd-yyyy)
1.	LIDAR RANGING METHOD, DEVICE, COMPUTER APPARATUS AND STORAGE MEDIUM	Shenzhen Suteng	US10989796B2	09-16-2020	04-27-2021	09-06-2039
2.	SYSTEMS AND METHODS FOR LIDAR DETECTION	Shenzhen Suteng	US10761191B2	10-09-2019	09-01-2020	07-19-2039
3.	OPTICAL SCANNING APPARATUS AND LIDAR	Shenzhen Suteng	US11085997B2	08-25-2020	08-10-2021	03-31-2040
4.	LIDAR AND INTELLIGENT SENSING DEVICE	Shenzhen Suteng	US11187791B2	02-23-2021	11-30-2021	08-06-2040
5.	LIDAR APPARATUS	Shenzhen Suteng	USD826746S1	05-08-2017	08-28-2018	08-28-2033

No.	Patent	Applicant/ Patentee	Patent Number	Application Date (mm-dd-yyyy)	Patent Date (mm-dd-yyyy)	Expiry Date (mm-dd-yyyy)
6.	DATA TRANSMISSION APPARATUS, LIDAR, AND INTELLIGENT DEVICE	Shenzhen Suteng	US11679803B2	04-07-2022	06-20-2023	09-17-2040
7.	Multiline LIDAR	Shenzhen Suteng	US11686825B2	09-29-2020	06-27-2023	05-16-2037
8.	LIDAR SIGNAL RECEIVING CIRCUITS, LIDAR SIGNAL GAIN CONTROL METHODS, AND LIDARS USING THE SAME	Shenzhen Suteng	US11703590B2	11-18-2019	07-18-2023	11-18-2039
9.	LASER RADAR AND INTELLIGENT SENSING DEVICE	Shenzhen Suteng	US11782135B2	10-25-2021	10-10-2023	11-28-2040
10.	LIDAR AND ADJUSTMENT METHOD THEREOF	Shenzhen Suteng	US11782144B2	02-05-2020	10-10-2023	05-18-2040
11.	LIDAR RECEIVING APPARATUS, LIDAR SYSTEM AND LASER RANGING METHOD	Shenzhen Suteng	US11768278B2	03-20-2020	09-26-2023	05-13-2041
12.	LASER EMITTING CIRCUIT AND LIDAR	Shenzhen Suteng	US11768276B2	06-18-2022	09-26-2023	12-20-2039
13.	METHOD AND DEVICE FOR ADJUSTING PARAMETERS OF LIDAR, AND LIDAR	Shenzhen Suteng	US11768293B2	01-07-2023	09-26-2023	07-07-2041
14.	SYSTEMS AND METHODS FOR LIDAR DETECTION	Shenzhen Suteng	US11768272B2	07-23-2020	09-26-2023	12-19-2040
15.	OPTICAL SCANNING APPARATUS AND LIDAR WITH EXTINCTION COMPONENT	Shenzhen Suteng	US11662438B2	07-08-2021	05-30-2023	04-25-2040
16.	LIDAR DEVICE	Shenzhen Suteng	US11650297B2	11-09-2018	05-16-2023	09-28-2041
17.	OBSTACLE DETECTION METHOD AND APPARATUS AND STORAGE MEDIUM	Shenzhen Suteng	US11624831B2	06-08-2022	04-11-2023	06-08-2042
18.	DISTANCE MEASUREMENT SYSTEM AND METHOD USING LIDAR WAVEFORM MATCHING	Shenzhen Suteng	US11592553B2	04-22-2016	02-28-2023	01-31-2039

No.	Patent	Applicant/ Patentee	Patent Number	Application Date (mm-dd-yyyy)	Patent Date (mm-dd-yyyy)	Expiry Date (mm-dd-yyyy)
19.	OPTICAL PHASED ARRAY LIDAR	Shenzhen Suteng	US11567177B2	07-11-2017	01-31-2023	08-22-2038
20.	RANGE-FINDING SYSTEM AND METHOD FOR DATA COMMUNICATION WITHIN THE SAME	Shenzhen Suteng	US11550055B2	09-29-2020	01-10-2023	12-30-2039
21.	LIDAR MIRROR CONTROL METHOD AND DEVICE AND LIDAR	Shenzhen Suteng	US11536954B2	03-29-2022	12-27-2022	09-30-2039
22.	METHOD FOR CONVERGING SENSED INFORMATION OF MULTIPLE SENSORS AND DEVICE THEREOF	Shenzhen Suteng	US11533590B2	05-11-2022	12-20-2022	05-11-2042
23.	LIDAR AND LIDAR CONTROL METHOD	Shenzhen Suteng	US11506760B2	04-28-2019	11-22-2022	03-17-2041
24.	Pulsed time-of-flight sensor, pulsed time-of-flight pixel array and operation method therefor	Shenzhen Suteng	US11368643B2	01-29-2019	06-21-2022	04-23-2041
25.	Multi-beam liDAR systems and METHODs for detection using the same	Shenzhen Suteng	US11125864B2	12-23-2019	09-21-2021	09-17-2039
26.	TARGET DETECTION METHOD AND SYSTEM	Shenzhen Suteng	US10891499B2	08-23-2016	01-12-2021	12-11-2036
27.	Multiline LIDAR	Shenzhen Suteng	US10838046B2	05-10-2016	11-17-2020	04-23-2037
28.	RANGE-FINDING SYSTEM AND METHOD FOR DATA COMMUNICATION WITHIN THE SAME	Shenzhen Suteng	US10823853B2	05-12-2020	11-03-2020	09-27-2039
29.	MULTI-LINE LASER RADAR AND MULTI-LINE LASER RADAR CONTROL METHOD	Shenzhen Suteng	US10746855B2	10-18-2017	08-18-2020	10-18-2037
30.	Multi-beam Lidar systems with two types of laser emitter boards and methods for detection using the same	Shenzhen Suteng	US10705189B2	11-22-2019	07-07-2020	09-29-2039

No.	Patent	Applicant/ Patentee	Patent Number	Application Date (mm-dd-yyyy)	Patent Date (mm-dd-yyyy)	Expiry Date (mm-dd-yyyy)
31.	ENERGY TRANSMISSION USING WIRELESS COMMUNICATION SYSTEM	Shenzhen Suteng	US10476553B2	05-11-2016	11-12-2019	05-11-2036
32.	OPTICAL RECEIVING DEVICE AND OPTICAL SENSING DEVICE	Shenzhen Suteng	US11796385B2	11-30-2022	10-24-2023	11-30-2042
33.	LASER FREQUENCY MODULATION METHOD AND DEVICE, STORAGE MEDIUM, AND LASER DEVICE	Shenzhen Suteng	US11799264B2	03-14-2022	10-24-2023	01-26-2040
34.	Laser receiving circuit and LiDAR wherein the reverse DC voltage signals from a DC bias circuit and the AC voltage signals from an amplifier circuit are superimposed	Shenzhen Suteng	US11835650B2	07-10-2020	12-05-2023	07-10-2040
35.	METHOD FOR CONVERGING SENSED INFORMATION OF MULTIPLE SENSORS AND DEVICE THEREOF	Shenzhen Suteng	US11844003B2	11-16-2022	12-12-2023	11-16-2042
36.	Multi-beam LiDAR systems and methods for detection using the same	Shenzhen Suteng	US11835662B2	09-17-2019	12-05-2023	01-30-2040

(d) Domain name

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date (mm-dd-yyyy)	Expiry Date (mm-dd-yyyy)
1.	robosense.cn	Shenzhen Suteng	01-06-2016	01-06-2026
2.	robosense.ai	Shenzhen Suteng	03-08-2017	03-08-2025
3.	siliconvision.com.cn	Suzhou Xijing MEMS	12-10-2018	12-10-2026
4.	svmems.com	Suzhou Xijing MEMS	12-07-2018	12-07-2032

Save as disclosed above, as of the Latest Practicable Date, there were no other trademarks, copyrights, patents or domain names which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests and short positions of our Directors and the chief executive of our Company in the Share, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of our Company and its associated corporation, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is 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 to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, are set out below:

(i) Interest in Shares

		Shares held immediately following completion of the Global Offering[2]	
Name of Director or chief executive	**Nature of interest**	**Number**	**Approximate percentage**
Dr. Qiu[3] [7]	Beneficiary of a trust; interest held jointly with another person	97,082,430	21.61%
Dr. Zhu[4] [7]	Beneficiary of a trust; interest held jointly with another person	97,082,430	21.61%
Mr. Liu[5] [7]	Beneficiary of a trust; interest held jointly with another person	97,082,430	21.61%
Mr. Qiu[6]	Beneficiary of a trust	9,107,746	2.03%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 449,211,723 Shares in issue immediately following completion of the Global Offering assuming (i) the Over-allotment Option is not exercised and (ii) all Preferred Shares are reclassified as Ordinary Shares on a one-to-one basis immediately before the completion of the Global Offering.

(3) As of the Latest Practicable Date, BlackPearl is owned as to 99.9% by BlackPearl Investment Limited and 0.1% by Sunton Global. Sunton Global is wholly owned by Dr. Qiu. BlackPearl Investment Limited is held by TMF (Cayman) Ltd. acting as the trustee of a trust, with Sunton Global and Dr. Qiu as the beneficiaries. As such, Dr. Qiu is deemed to be interested in the Shares held by BlackPearl for the purpose of Part XV of the SFO.

(4) As of the Latest Practicable Date, Emerald Forest is owned as to 99.9% by Emerald Forest Investment Limited and 0.1% by Emerald Forest Holding. Emerald Forest Holding is wholly owned by Dr. Zhu. Emerald Forest Investment Limited is held by TMF (Cayman) Ltd. acting as the trustee of a trust, with Emerald Forest Holding and Dr. Zhu as the beneficiaries. As such, Dr. Zhu is deemed to be interested in the Shares held by Emerald Forest for the purpose of Part XV of the SFO.

(5) As of the Latest Practicable Date, Sixsense is owned as to 99.9% by CyberStone Holdings Limited and 0.1% by Realsense. Realsense is wholly owned by Mr. Liu. CyberStone Holdings Limited is held by TMF (Cayman) Ltd. acting as the trustee of a trust, with Realsense and Mr. Liu as the beneficiaries. As such, Mr. Liu is deemed to be interested in the Shares held by Sixsense for the purpose of Part XV of the SFO.

(6) As of the Latest Practicable Date, Mr. Qiu is entitled to receive 4,849,401 Shares and 4,258,345 Shares underlying the awards in the form of Restricted Shares and Restricted Share Units, respectively, granted to him pursuant to the Pre-IPO Share Incentive Scheme A and the Pre-IPO Share Incentive Scheme B, respectively. The 4,849,401 and 4,258,345 Shares underlying the awards in the form of Restricted Shares and Restricted Share Units granted to him pursuant to the Pre-IPO Share Incentive Scheme A and the Pre-IPO Share Incentive Scheme B are held by Ruby and Hoping Dream, respectively. As of the Latest Practicable Date, (a) Ruby was held as to (i) 99.9% by Ruby Group Holdings Limited, which was in turn wholly owned by TMF (Cayman) Ltd. as the trustee of a trust with Mr. Qiu and Sunton Limited as beneficiaries, and (ii) 0.1% by Sunton Limited, which was in turn wholly owned by Mr. Qiu and (b) Hoping Dream was held as to (i) 99.9% by Hoping Dream Investment Limited, which was in turn wholly owned by Futu Trustee Limited as the trustee of a trust, and (ii) 0.1% by Shinin Holdings Limited, a limited liability company incorporated under the laws of the BVI on July 15, 2021, which was in turn wholly owned by Mr. Wei Yonggang, an employee of the Group and an Independent Third Party. See "Statutory and General Information — D. Share Incentive Schemes" below for details.

(7) Each of Dr. Qiu, Dr. Zhu and Mr. Liu entered into the Concert Party Confirmation to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier). See "History, Reorganization and Corporate Structure – Parties Acting in Concert" for details of the Concert Party Confirmation. As such, each of Dr. Qiu, Dr. Zhu and Mr. Liu is deemed to be interested in the Shares held by other members of the Founders for the purpose of Part XV of the SFO.

Save as disclosed above, as of the Latest Practicable Date, the Directors are not aware of any of our Directors or chief executives who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), has any interests and/or short positions in the shares, underlying shares and debentures of our Company and its associated corporation, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is 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 recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

(b) Interests and short positions of the substantial shareholders in our Shares and underlying Shares

Save as disclosed in the section headed "Substantial Shareholders" in this document, as of the Latest Practicable Date, our Directors were not aware of any persons who will, immediately following the completion of the Global Offering, have or be deemed or taken to have interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be 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 our Company.

(c) Interests and short positions of the substantial shareholders of any members of our Group (other than our Company)

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), as far as our Directors are aware, the following persons (not being the Directors or chief executive of our Company) will, directly or indirectly, be interested in 10% or more of the issued voting shares of the following member of our Group (other than our Company):

Name of shareholder	Name of members of our Group	Nature of interests	Approximate percentage of shareholding interests
Ms. Zhang Xiaohong (張小紅)	Suzhou Xijing MEMS	Beneficial owner	44.74%

2. Particulars of Directors' service contracts and appointment letters

(a) Executive Directors

Each of our executive Directors has entered into a service contract with us pursuant to which they agreed to act as executive Directors with effect from the date of his/her appointment as a Director until the third annual general meeting of our Company since the Listing Date (subject always to re-election as and when required under the Memorandum and Articles of Association). Either party has the right to give not less than three months' written notice to terminate the agreement. Details of the Company's remuneration policy is described in section headed "Directors and Senior Management — Remuneration and Compensation of Directors and Senior Management."

(b) Non-executive Director and independent non-executive Directors

Our non-executive Director has entered into an appointment letter with our Company pursuant to which she agreed to act as a non-executive Director with effect from the date of her appointment as a Director until the third annual general meeting of the Company since the Listing Date, (subject always to re-election as and when required under the Memorandum and Articles of Association). Either party has the right to give not less than one months' written notice to terminate the agreement.

Each of our independent non-executive Directors has entered into an appointment letter with our Company on December 7, 2023. The initial term for their appointment letters shall be from the Listing Date until the third annual general meeting of the Company since the Listing Date (subject always to re-election as and when required under the Memorandum and Articles of Association). Either party has the right to give not less than one months' written notice to terminate the agreement.

3. Remuneration of Directors

(a) Save as disclosed above, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(b) During the three years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, the aggregate amount of remuneration incurred for our Directors were approximately RMB2.7 million, RMB3.6 million, RMB4.6 million and RMB70.7 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in Appendix I to this document.

(c) Under the arrangements currently in force, the aggregate amount of remuneration (excluding any discretionary bonus which may be paid) payable by our Group to our Directors for the financial year ending December 31, 2023 is expected to be approximately RMB5.2 million.

(d) No remuneration was paid to our Directors or the five individuals whose emoluments were the highest in the Group as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five individuals whose emoluments were the highest in the Group for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

(e) Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

4. Disclaimers

Save as disclosed in this document:

(a) none of the Directors or any experts named in "— E. Other Information — 4. Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, 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) none of the Directors or any experts named in "— E. Other Information — 4. Qualifications and Consents of Experts" below is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(c) none of our Directors or any of experts named in "— E. Other Information — 4. Qualifications and Consents of Experts" below has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(d) taking no account of any Shares which may be taken up under the Global Offering, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the Global Offering, have interests or short positions in the Shares and 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 (not being a member of the Group), be interested, directly or indirectly, 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 any member of the Group;

(e) none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is 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 into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon; and

(f) so far as is known to our Directors, none of our Directors, their respective close associates or our Shareholders who are interested in more than 5% of the share capital of our Group has any interests in the five largest customers or the five largest supplier of our Group.

D. SHARE INCENTIVE SCHEMES

1. Pre-IPO Share Incentive Scheme A

The following is a summary of the principal terms of the pre-IPO share incentive schemes of the Company adopted and approved by the then Shareholders with effect from December 30, 2021 (the "**Pre-IPO Share Incentive Scheme A**"). The terms of the Pre-IPO Share Incentive Scheme A are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of share options or awards by our Company after Listing. Given the Shares underlying all the Awards (as defined below) under the Pre-IPO Share Incentive Scheme A have already been issued to Robust and Ruby as of the Latest Practicable Date, there will not be any dilutive effect to the issued Shares as a result of the operation of the Pre-IPO Share Incentive Scheme A. Terms defined and used under this sub-section headed "Pre-IPO Share Incentive Scheme A" shall apply to this sub-section only.

As of the Latest Practicable Date, there were two ESOP Holding Entities for the Pre-IPO Share Incentive Scheme A, namely (i) Robust and (ii) Ruby, which held 13,450,225 Shares and 4,849,401 Shares, representing 3.00% and 1.08% of the issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), respectively.

As of the Latest Practicable Date, Robust was held as to (1) 99.9% by Robust Investment Limited, which was in turn wholly owned by Futu Trustee Limited as the trustee of a trust where the Participants (as defined below) are the beneficiaries, and (2) 0.1% by Sense Limited, which was in turn wholly owned by Mr. Zhang Teng (張騰), an employee of our Group and an Independent Third Party.

As of the Latest Practicable Date, Ruby was held as to (1) 99.9% by Ruby Group Holdings Limited, which was in turn wholly owned by TMF (Cayman) Ltd. as the trustee of a trust where Mr. Qiu and Sunton Limited are the beneficiaries, and (2) 0.1% by Sunton Limited, which was in turn wholly owned by Mr. Qiu.

(a) Purposes

The purposes of the Pre-IPO Share Incentive Scheme A are to (i) improve the employee incentive and remuneration mechanism of the Group and align the interests of our Shareholders and employees to promote the Group's development in the long run; and (ii) attract and retain our mid-level and senior management team and core talents, motivate their initiatives and creativity so as to enhance the operation efficiency and management performance of the Group.

(b) Types of awards

The Pre-IPO Share Incentive Scheme A governs the award of (i) a contingent right to receive at a future date a Share or an equivalent value in cash or economic interests with reference to the market value of the Share (the "**Restricted Share Unit**"); and (ii) Share(s) that is/are subject to certain restrictions (the "**Restricted Share**", together with the Restricted Share Unit, the "**Awards**").

Shares underlying the Restricted Shares and the Restricted Share Units granted and to be granted are held by Robust. Shares underlying the Restricted Shares granted are held by Ruby.

(c) Participants

Persons eligible to participate in the Pre-IPO Share Incentive Scheme A (the "**Participants**") include the directors, members of senior and middle level management team, core employees from research and development and technology and other core employees of the Group.

(d) Maximum number of Shares

The maximum aggregate number of Shares which may be issued pursuant to the Pre-IPO Share Incentive Scheme A is 18,299,626 Shares.

(e) Administrator

The Board may authorize any of its committees or any senior officer (the "**Administrator**") to determine, grant, execute or revise the Awards granted to the Participants (excluding the Directors, the chief executive officer, president, and chief financial officer of the Company).

The Administrator has the right to, among others, (i) specify the Participant, (ii) determine the number of Awards granted and offer special vesting arrangement, (iii) set out specific provisions and conditions in relation to the grant of Awards, (iv) determine the format of the award agreement (the "**Award Agreement**").

(f) Vesting Schedule

The vesting schedule for the Awards granted can be based on performance criteria, passage of time or other factors as determined by the Administrator.

All Awards shall vest or become unrestricted on the Listing Date, unless otherwise (a) provided in the Award Agreement or (b) determined by the Board to vest a fewer number of Awards based on performance appraisal of the Participants.

The Company may, at its discretion, at any time accelerate the vesting of all or some of the remaining unvested Awards. In the case of accelerated vesting, such Awards will be deemed to have vested on the date specified by the Company.

(g) Non-transferability of the Awards

No security, mortgage, lien, obligation or liability shall be created on the rights or interests of the Award(s) granted. Except as otherwise provided by the Administrator, no Award shall be assigned, transferred, or otherwise disposed of by a Participant. With the explicit written consent of the Administrator, the Participant may transfer the granted Award(s) to certain persons or entities related to him/her, which includes but not limited to the Participant's family members, charitable institutions or his/her designated trust or other entities or other persons or entities expressly approved by the Administrator pursuant to such conditions and procedures as the Administrator may establish.

(h) Restriction on disposal

The Shares held by Robust and Ruby are subject to a lock-up period of six months from the Listing Date.

(i) Expiration of Restricted Shares and/or Restricted Share Units

A Restricted Share or a Restricted Share Unit may not be vested and will automatically lapse upon the occurrence of any one of the following events:

(1) the earlier of ten years from the date it is granted and listing of the Shares on a recognized stock exchange, unless an earlier time is otherwise provided;

(2) upon the Participant's termination of employment or retirement as an Employee or cessation, retirement or vacation of directorship as a director of any member of the Group (as the case may be);

(3) upon the Participant's disability or death, subject to other requirements as provided under the Post-IPO Share Incentive Scheme; and

(4) upon the Participant being convicted of any criminal offense involving his or her integrity or honesty, or charged, convicted or held liable for any offense under the relevant securities laws, regulations or rules in force from time to time in Hong Kong or elsewhere.

(j) Awards granted

As of the Latest Practicable Date, the Company had granted (i) Awards in the form of Restricted Shares representing 4,849,401 Shares to one Director and (ii) Awards in the form of Restricted Shares and Restricted Share Units representing an aggregate of 13,450,225 Shares to 45 other employees of the Group and service provider. As at the Latest Practicable Date, the Company has granted all awards under the Pre-IPO Share Incentive Scheme A. Therefore, the Pre-IPO Share Incentive Scheme A is not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Incentive Scheme A does not involve the grant of share options or awards by our Company after Listing.

The table below sets forth the list of grantees and the number of the underlying Shares of their respective Awards.

Grantees	Number of Shares underlying the Awards granted as of the Latest Practicable Date	Approximate percentage of Shares underlying the Awards granted immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised)
Mr. Qiu [(1)]	4,849,401	1.08%
45 other employees and service provider[(1)(2)]	13,450,225	2.99%

Notes:

(1) All the Shares underlying the Awards granted shall vest or become unrestricted on the Listing Date, unless (a) otherwise provided in the Award Agreement or (b) determined by the Board to vest a fewer number of Shares based on performance appraisal.

(2) To the best of our Directors' knowledge, none of the employees and service provider is a Director, chief executive or substantial shareholder of the Company, or their respective associates or otherwise a connected person of the Group.

2. Pre-IPO Share Incentive Scheme B

The following is a summary of the principal terms of the pre-IPO share incentive scheme of the Company adopted and approved by the then Shareholders with effect from December 30, 2021 (the "**Pre-IPO Share Incentive Scheme B**"). The terms of the Pre-IPO Share Incentive Scheme B are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of share options or awards by our Company after Listing. Given the Shares underlying all the Awards (as defined below) under the Pre-IPO Share Incentive Scheme B have already been issued to Hoping Dream as of the Latest Practicable Date, there will not be any dilutive effect to the issued Shares as a result of the operation of the Pre-IPO Share Incentive Scheme B. Terms defined and used under this sub-section headed "Pre-IPO Share Incentive Scheme B" shall apply to this sub-section only.

As of the Latest Practicable Date, the ESOP Holding Entity for the Pre-IPO Share Incentive Scheme B, Hoping Dream, held 17,210,526 Shares, representing 3.83% of the issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). As of the Latest Practicable Date, Hoping Dream was held as to (1) 99.9% by Hoping Dream Investment Limited, which was in turn wholly owned by Futu Trustee Limited as the trustee of a trust, and (2) 0.1% by Shinin Holdings Limited, a limited liability company incorporated under the laws of the British Virgin Islands on July 15, 2021, which was in turn wholly owned by Mr. Wei Yonggang (魏永剛), an employee of the Group and an Independent Third Party.

(a) Purposes

The purposes of the Pre-IPO Share Incentive Scheme B are to (i) promote the success and enhance the value the Company by aligning the personal interests of the directors of members of the Group and the employees to those of the Company's shareholders and motivating their outstanding performance to promote the Group's development and generate returns to the Shareholders; and

(ii) provide flexibility to the Company in its ability to motivate, attract, and retain the services of directors of members of the Group and the employees upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

(b) Types of awards

The Pre-IPO Share Incentive Scheme B provides for an award of (i) a right to purchase a specified number of Shares at a specified price during specified time periods (the "**Option**"), (ii) a Share that is subject to certain restrictions and may be subject to risk of forfeiture (the "**Restricted Share**") or (iii) a contingent right to receive at a future date a Share or an equivalent value in cash or economic interests with reference to the market value of the Share (the "**Restricted Share Unit**") (collectively, the "**Awards**").

(c) Participants

Persons eligible to participate in the Pre-IPO Share Incentive Scheme B (the "**Participants**") include: (i) any person, including an officer or member of the Board of any member of the Group, who is in the employ of any member of the Group, subject to the control and direction of any member of the Group as to both the work to be performed and the manner and method of performance (the "**Employee**"); and (ii) all directors of any member of the Group, as determined by the Board or a committee delegated by the Board pursuant to the Pre-IPO Share Incentive Scheme B.

(d) Maximum number of Shares

The maximum aggregate number of Shares which may be issued pursuant to all Awards (including Options) is 17,210,526 Shares or a lesser number of Shares determined by the Board.

(e) Administrator

The Board, any of its committees or any officer who is designated for the administration of the Pre-IPO Share Incentive Scheme B (the "**Administrator**") has the right to implement specific provisions (such as provisions on performance assessment) to determine whether or not unvested Awards can vest in favor of the Participants according to schedule or whether or not vested but unexercised Awards can be exercised by the Participants.

(f) Exercise price of an Option, purchase price of a Restricted Share and consideration of a Restricted Share Unit

The exercise price of an Option, purchase price of a Restricted Share and consideration of a Restricted Share Unit shall be determined by the Administrator and set forth in the written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium, entered into between the Company and a Participant and any amendment thereto (the "**Award Agreement**").

The exercise price of an Option may be a fixed or variable price related to the fair market value of the Share.

(g) Vesting schedule

Vesting period for Options

The Administrator may specify the exercise period and/or vesting schedule for Options granted in the Award Agreement, which may be based on performance criteria, passage of time or other factors of any combination thereof as determined by the Administrator.

Vesting period and grantees' rights upon vesting

The Administrator may, in its sole discretion, specify in the Award Agreement (i) the vesting schedule for Restricted Shares and/or Restricted Share Units granted, which may be based on performance criteria, passage of time or other factors of any combination thereof as determined by the Administrator; and (ii) the grantee's rights upon vesting of the Restricted Shares and/or Restricted Share Units granted.

(h) Non-transferability of the Awards

No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a subsidiary. Except as otherwise provided by the Administrator, no Award shall be assigned, transferred, or otherwise disposed of by a Participant.

The Administrator by express provision in the Award or an amendment thereto may permit an Award to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Administrator, pursuant to such conditions and procedures as the Administrator may establish.

(i) Expiration of Options, Restricted Shares, and/or Restricted Share Units

(i) An Option may not be exercised and (ii) a Restricted Share or a Restricted Share Unit may not be vested, and will automatically lapse upon the occurrence of any one of the following events:

(1) the earlier of ten years from the date it is granted and the fifth anniversary of the completion of the Company's initial public offering and listing of the Shares on a recognized stock exchange, unless an earlier time is set in the Award Agreement;

(2) upon the Participant's termination of employment or retirement as an Employee or cessation, retirement or vacation of directorship as a director of any member of the Group (as the case may be);

(3) upon the Participant's disability or death, subject to other requirements as provided under the Pre-IPO Share Incentive Scheme B; and

(4) upon the Participant being convicted of any criminal offense involving his or her integrity or honesty, or charged, convicted or held liable for any offense under the relevant securities laws, regulations or rules in force from time to time in Hong Kong or elsewhere.

(j) Changes in capital structure

In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of the Company's assets to the Shareholders, or any other change affecting the number of Shares or the share price of a Share, the Board shall make such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Pre-IPO Share Incentive Scheme B; (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Pre-IPO Share Incentive Scheme B.

(k) Amendment, modification and termination

At any time and from time to time, the Board may terminate, amend or modify the Pre-IPO Share Incentive Scheme B; provided, however, that (a) to the extent necessary and desirable to comply with applicable laws, or stock exchange rules, the Company shall obtain shareholder approval of any amendment of the Pre-IPO Share Incentive Scheme B in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Pre-IPO Share Incentive Scheme B that (i) increases the number of Shares available under the Pre-IPO Share Incentive Scheme B (other than any adjustment as provided under the Pre-IPO Share Incentive Scheme B), (ii) permits the Board to extend the term of the Pre-IPO Share Incentive Scheme B or the exercise period for an Option beyond ten years from the date of grant, or (iii) results in a material increase in benefits or a change in eligibility requirements.

(l) Awards granted

As of the Latest Practicable Date, the Company had granted (i) Awards in the form of Restricted Share Units representing 4,258,345 Shares to one Director; (ii) Awards in the form of Restricted Share Units representing 1,512,797 Shares to one senior management member (who is not a Director), and (iii) Awards in the form of Restricted Shares and Restricted Share Units representing an aggregate of 11,439,384 Shares to 203 other employees of the Group. As at the Latest Practicable Date, the Company has granted all awards under the Pre-IPO Share Incentive Scheme B. Therefore, the Pre-IPO Share Incentive Scheme B (including the Awards granted and to be granted before Listing thereunder) are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Incentive Scheme B does not involve the grant of share options or awards by our Company after Listing.

The table below sets forth the list of grantees and the number of the underlying Shares of their respective awards.

Grantees	Number of Shares underlying the Awards granted as of the Latest Practicable Date	Approximate percentage of Shares underlying the awards granted immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised)
Mr. Qiu (1)	4,258,345	0.95%
Mr. Lau Wing Kee (1)	1,512,797	0.34%
203 other employees (3)	11,439,384 (2)	2.55%

Notes:

(1) All the Shares underlying the Awards granted shall vest upon Listing.

(2) Among these Shares, (i) Awards representing 2,294,737 Shares have been vested as of the Latest Practicable Date; (ii) Awards representing 1,286,629 Shares shall vest upon Listing; and (iii) Awards representing the remaining 13,629,160 Shares typically have a vesting period of two to three years commencing from January 31, 2022, January 31, 2023, July 31, 2023, January 31, 2024 and January 31, 2025, provided that if any of the vesting dates falls on a date which is earlier than the Listing Date, the Company has the sole discretion to postpone such vesting date(s) to the Listing Date or any other date(s) after Listing.

(3) This includes current and former employees of the Company. To the best of our Directors' knowledge, none of the employees is a Director, chief executive or substantial shareholder of the Company, or their respective associates or otherwise a connected person of the Group.

3. Post-IPO Share Incentive Scheme

The following is a summary of the principal terms of the post-IPO share incentive scheme conditionally adopted and approved by our Shareholders with effect from June 29, 2023 (the "**Post-IPO Share Incentive Scheme**"). The terms of the Post-IPO Share Incentive Scheme will be governed by Chapter 17 of the Listing Rules. Terms defined and used under this sub-section headed "Post-IPO Share Incentive Scheme" shall apply to this sub-section only.

The Post-IPO Share Incentive Scheme is effective from the date of approval by the Shareholders (the "**Effective Date**").

(a) Purposes

The purposes of the Post-IPO Share Incentive Scheme are (i) to promote the success and enhance the value the Company by aligning the personal interests of the directors of members of the Group and the employees to those of the Company's shareholders and motivating their outstanding performance to promote the Group's development and generate returns to the Shareholders; and (ii) to provide flexibility to the Company in its ability to motivate, attract, and retain the services of directors of members of the Group and the employees upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

(b) Types of awards

The Post-IPO Share Incentive Scheme provides for an award of (i) a right to purchase a specified number of Shares at a specified price during specified time periods (the "**Option**"), (ii) a Share that is subject to certain restrictions and may be subject to risk of forfeiture (the "**Restricted Share**") or (iii) a right to receive a Share at a future date (the "**Restricted Share Unit**") (collectively, the "**Awards**").

(c) Participants

Persons eligible to participate in the Post-IPO Share Incentive Scheme (the "**Participants**") include: (i) any person, including an officer or member of the Board of any member of the Group, who is in the employ of any member of the Group, subject to the control and direction of any member of the Group as to both the work to be performed and the manner and method of performance (the "**Employees**"); and (ii) all directors of any member of the Group, as determined by the Board or a committee delegated by the Board pursuant to the Post-IPO Share Incentive Scheme.

(d) Maximum number of Shares

The maximum aggregate number of Shares which may be issued pursuant to all Awards (including Options) is 21,000,000 Shares or a lesser number of Shares determined by the Board.

In addition, the maximum number of Shares issuable upon exercise of Options or vesting of any Awards granted under the Post-IPO Share Incentive Scheme and any grants made under any other share schemes of the Company shall not exceed 10% of the total number of Shares in issue as at the Effective Date (excluding, for this purpose, Shares issuable upon exercise of options or vesting of awards which have been granted but which have lapsed in accordance with the terms of the Post-IPO Share Incentive Scheme or any other share schemes of the Company).

(e) Maximum entitlement of each Participant

Where any grant of awards or options to a Participant would result in the total number of Shares issued and to be issued in respect of all awards or options granted (excluding any options and awards lapsed in accordance with the terms of the Plan or any other share schemes of the Company) under the Post-IPO Share Incentive Scheme and any other share schemes of the Company in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules with such Participant and his/her close associate (or associates), if the Participant is a connected person (as defined under the Listing Rules), or such persons as may be required under the Listing Rules from time to time, abstaining from voting. The number and terms of Options to be granted to such Participant must be fixed before the approval of the Shareholders. In such event, the Company must send a circular to the Shareholders containing all information required under the Listing Rules.

(f) Performance target

The Board has the right to implement specific provisions (such as provisions on performance assessment) to determine whether or not unvested Awards can vest in favor of the Participants according to schedule or whether or not vested but unexercised Awards can be exercised by the Participants.

(g) Exercise price of an Option

The exercise price of an Option shall be determined by the Board and set forth in the written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium, entered into between the Company and a Participant and any amendment thereto (the "**Award Agreement**").

The exercise price of an Option may be a fixed or variable price related to the fair market value of the Share provided that such exercise price shall be at least the higher of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (2) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the date of grant.

Notwithstanding the above, the exercise price per Share may be adjusted or amended in the absolute discretion of the Board to the extent permitted by the applicable laws (including the Listing Rules), the determination of which shall be final, binding and conclusive.

(h) Vesting schedule

Vesting period for Options

The Board may specify the exercise period and/or vesting schedule for Options granted in the Award Agreement, which may be based on performance criteria, passage of time or other factors of any combination thereof, provided that an Option must be held by the Participant for at least 12 months before the Option can be exercised, save for a shorter exercise period may be granted to the Participant in any of the following circumstances below at the sole discretion of the Board:

(i) grants of "make-whole" Options to new Employees to replace the share options or share awards they forfeited when leaving his or her previous employer;

(ii) grants to a Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

(iii) grants that are made in batches during a year for administrative and compliance reasons;

(iv) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months;

(v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; or

(vi) grants of Options with a total vesting and holding period of more than 12 months.

Vesting period for Restricted Shares and/or Restricted Share Units

The Board may specify the vesting schedule for Restricted Shares and/or Restricted Share Units granted in the Award Agreement, which may be based on performance criteria, passage of time or other factors of any combination thereof, provided that the vesting period for Restricted Shares and/

or Restricted Share Units shall not be less than 12 months, save for a shorter vesting period may be granted to the Participant in any of the following circumstances at the sole discretion of the Board:

(i) grants of "make-whole" Restricted Shares and/or Restricted Share Units to new Employees to replace the share options or share awards they forfeited when leaving his or her previous employer;

(ii) grants to a Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

(iii) grants that are made in batches during a year for administrative and compliance reasons;

(iv) grants with a mixed or accelerated vesting schedule such as where the Restricted Shares and/or Restricted Share Units may vest evenly over a period of 12 months;

(v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; or

(vi) grants of Restricted Shares and/or Restricted Share Units with a total vesting and holding period of more than 12 months.

(i) Non-transferability of the Awards

Any Awards granted shall be personal to the Participant, and no right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a subsidiary. Except as otherwise provided by the Board, no Award shall be assigned, transferred, or otherwise disposed of by a Participant.

(j) Grant to connected persons

Any grant of Awards to a connected person (as defined in the Listing Rules) of the Company or any of his or her associates (as defined in the Listing Rules) shall comply with and shall be approved in accordance with the applicable requirements under the Listing Rules.

(k) Expiration of Options, Restricted Shares, and/or Restricted Share Units

(i) An Option may not be exercised and (ii) a Restricted Share or a Restricted Share Unit may not be vested and will automatically lapse upon the occurrence of any one of the following events:

(1) the earlier of ten years from the date it is granted and listing of the Shares on a recognized stock exchange, unless an earlier time is set in the Award Agreement;

(2) upon the Participant's termination of employment or retirement as an Employee or cessation, retirement or vacation of directorship as a director of any member of the Group (as the case may be);

(3) upon the Participant's disability or death, subject to other requirements as provided under the Post-IPO Share Incentive Scheme; and

(4) upon the Participant being convicted of any criminal offense involving his or her integrity or honesty, or charged, convicted or held liable for any offense under the relevant securities laws, regulations or rules in force from time to time in Hong Kong or elsewhere.

(l) Changes in capital structure

In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of the Company's assets to the Shareholders, or any other change affecting the number of Shares or the share price of a Share, the Board shall make such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Post-IPO Share Incentive Scheme; (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Post-IPO Share Incentive Scheme.

(m) Amendment, modification and termination

At any time and from time to time, the Board may terminate, amend or modify the Post-IPO Share Incentive Scheme; provided, however, that (a) to the extent necessary and desirable to comply with applicable laws, or stock exchange rules, the Company shall obtain shareholder approval of any amendment of the Post-IPO Share Incentive Scheme in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Post-IPO Share Incentive Scheme that (i) increases the number of Shares available under the Post-IPO Share Incentive Scheme (other than any adjustment as provided under the Post-IPO Share Incentive Scheme) to the extent permitted under the applicable laws, (ii) permits the Board to extend the term of the Post-IPO Share Incentive Scheme or the exercise period for an Option beyond ten years from the date of grant to the extent permitted under the applicable laws, (iii) results in a material increase in benefits or a change in eligibility requirements, (iv) is of material nature to the advantage of the Participants, or (v) changes the authority of the Board to alter the terms of the Post-IPO Share Incentive Scheme.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in "Risk Factors" and "Business — Legal Proceedings and Compliance — Legal Proceedings", so far as our Directors are aware, as at the Latest Practicable Date, no litigation or claim of material importance was pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the

Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option). All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

J.P. Morgan Securities (Far East) Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

China Renaissance Securities (Hong Kong) Limited, one of the Joint Sponsors, does not consider itself to be independent from our Company according to Rule 3A.07 of the Listing Rules as the holding company of China Renaissance Securities (Hong Kong) Limited is deemed to be interested in approximately 3.60% and 1.72% of the total issued Shares immediately before the completion of the Global Offering respectively through our Shareholders, Golden Development Asia Limited and Huaxing Growth Capital III, L.P.

Our Company has entered into an engagement agreement with the Joint Sponsors, pursuant to which our Company agreed to pay each Joint Sponsor a fee of US$500,000 to act as a sponsor to our Company in the Global Offering.

4. Qualifications and Consents of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
J.P. Morgan Securities (Far East) Limited	A corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
China Renaissance Securities (Hong Kong) Limited	A corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50) Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Cap. 588)
Maples and Calder (Hong Kong) LLP	Legal advisor to our Company as to Cayman Islands laws
Han Kun Law Offices	Legal advisor to our Company as to PRC laws
Jacobson Burton Kelley PLLC	Legal advisor to our Company as to U.S. export controls, sanctions, customs, and foreign investment laws and regulations
China Insights Industry Consultancy Limited	Industry consultant

Each of the experts named above has given and has not withdrawn its written consents to the issue of this document with the inclusion of its reports, letters, opinions or summaries of opinions (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. Binding Effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Bilingual Prospectus

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Compliance Advisor

Our Company have appointed Maxa Capital Limited as its Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

8. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

9. No Material Adverse Change

The Directors confirm that there has been no material adverse change in our financial or trading position since June 30, 2023.

10. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no share or loan capital or debenture of our 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 partly paid other than in cash or otherwise; and

(ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this document:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) none of our Directors or experts (as named in this document), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iv) no equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought;

(v) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(vi) our Company has no outstanding convertible debt securities or debentures; and

(vii) there is no arrangement under which future dividends are waived or agreed to be waived.

(c) We do not have any promoter. 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 and the related transactions described in this document within the two years immediately preceding the date of this document.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of the material contracts referred to under "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this document; and

(b) the written consents referred to under "Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts" in Appendix IV to this document.

2. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.robosense.ai/en up to and including the date which is 14 days from the date of this document:

(a) our Memorandum and Articles of Association;

(b) the Accountant's Report of our Group from PricewaterhouseCoopers, the texts of which is set out in Appendix I to this document;

(c) the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the texts of which is set out in Appendix II to this document;

(d) the audited consolidated financial statements of our Company for the three years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023;

(e) the legal opinions issued by Han Kun Law Offices, our legal advisor as to PRC laws, in respect of certain general corporate matters and property interests of our Group;

(f) the letter of advice issued by Maples and Calder (Hong Kong) LLP, our legal advisor as to Cayman Islands laws, in respect of certain aspects of the Cayman Companies Act referred to in Appendix III to this document;

(g) the legal opinions issued by Jacobson Burton Kelley PLLC, our legal advisor as to U.S. export controls, sanctions, customs, and foreign investment laws and regulations;

(h) the report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in "Industry Overview" in this document;

(i) the material contracts referred to under "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this document;

(j) the written consents referred to under "Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts" in Appendix IV to this document;

(k) the service contracts and letters of appointment with our Directors referred to under "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix IV to this document;

(l) the terms of each of the Share Incentive Schemes; and

(m) the Cayman Companies Act.

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