This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the **[REDACTED]**.

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

WHO WE ARE

We provide AI-generated content (AIGC) solutions, AI enterprise solutions, smart devices and accessories with generative AI and voice interaction technologies at the core of our business.

According to the CIC Report, we ranked third in the field of AI voice technologies and natural language processing (NLP) software solution*(Note 1)* with a market share of 1.4% in China in terms of revenue recognized in 2022. On the other hand, in the rapid growing area of AIGC, we are one of the market players in Asia capable of self-building our large language model, "Sequence Monkey", which is equipped with multi-modal generative capability and has an ability to understand and generate humanized text, audios, images and videos. In 2022, we generated the largest amount of revenue from AIGC solutions among other market players in China*(Note 2)*. Furthermore, our revenue from Smart Devices and Other Accessories reached RMB197.3 million (or approximately USD28.1 million) in 2022, accounting for a market share of 0.02% of the global AI-empowered hardware solution market in terms of revenue.

We are a market player in the development of AI CoPilot in Asia through providing personalized AI assistants with voice interaction and content generation technologies to help users complete various tasks in work and life. Leveraging our voice interaction capability and our large language model with multi-modal generative capability, "Sequence Monkey", we are committed to providing AI CoPilot experience by integrating AI technology, innovative solution and commercialization capability through various software and hardware solutions to content creators, enterprises and consumers around the globe.

Notes:

1. In 2022, the AI voice and NLP software solution sub-market accounted for 37.5% of the AI software solution market, which accounted for 28.8% of China's AI market, both in terms of revenue.

2. In 2022, the size of China's AIGC market in terms of revenue was RMB0.4 billion, which accounted for 0.2% of China's AI market of the same year.

In 2020, we developed UCLAI, which has the ability to understand and generate text, and based on this, we introduced the upgraded version, "Sequence Monkey", in 2023. Compared with "UCLAI", "Sequence Monkey" has the ability to generate image, 3D content, speech and speech recognition in addition to text. Further, "Sequence Monkey" has the capability to train with more data and tackle more complex tasks than "UCLAI".

Before launching "Sequence Monkey", some of our AIGC solution matrix such as "Moyin Workshop", "Mozhuan Writing" and "Weta365" were built using exclusive algorithm models, each of which had its own modality and each modality has a distinct model for (i) speech recognition and synthesis, (ii) image recognition and generation, (iii) text understanding and generation, and (iv) digital avatar generation. In such cases, the maintenance of multiple models for each modality (for example, audio, images and text) incurred large amount of research and development expenses and the independence of models might affect the performance of subsequent tasks by a poor performing node in the pipeline. With the integration of Sequence Monkey into a multi-modal large language model in 2023, our research and development with regard to algorithms became more concentrated and cross-modal information loss due to consolidation within a single model has been largely reduced.

The below table summarizes the models or exclusive algorithm models used to develop the relevant AIGC solution matrix before and after the launching of "Sequence Monkey" and the advantages of utilizing "Sequence Monkey":

	AIGC solution matrix		
	Moyin Workshop	**Mozhuan Writing**	**Weta365**
Models used before the launching of "Sequence Monkey" in 2023	Exclusive algorithm models for (1) TTS and (2) ASR	UCLAI	Exclusive algorithm models for (1) TTS; (2) digital avatar generation; and (3) computer vision (CV)
Model used after the launching of "Sequence Monkey" in 2023	Sequence Monkey	Sequence Monkey	Sequence Monkey

	AIGC solution matrix		
	Moyin Workshop	Mozhuan Writing	Weta365
Benefits of utilizing "Sequence Monkey" over "UCLAI" or exclusive algorithm models. .	Prosody and naturalness of synthetic speech have been greatly improved. Content creators can now utilize AI writing (which was launched in May 2023) in the context of short videos (including editing and rewriting in different styles), making it more convenient to content creators.	More AI writing templates (such as slogans and adverts) are available for content creators and the quality and skills with regard to AI writing have been greatly improved.	Prosody and naturalness of synthetic speech have been greatly improved. Digital avatars will have more natural expressions and their mouth movements are more synchronized. Efficiency of video creation is enhanced. For example, avatar presentations can be generated simply based on a PowerPoint script.

During the Track Record Period in November 2023, we officially launched (i) "Qi Miao Wen" (an upgraded version of our "Mozhuan Writing") — an AI writing assistant within our AIGC solution matrix with an additional feature of interactive dialogue; and (ii) "AI Ask365"— a solution for targeting enterprise customers and creating AI-empowered digital personnel who can act autonomously based on prescribed scenarios. For details, please refer to the paragraphs headed "Business — Our Solutions — AI Software Solutions — "Qi Miao Wen" — Our AI writing assistant" and "Business — Our Solutions — AI Software Solutions — "AI Ask365" — Our AI-empowered digital personnel creator" in this document.

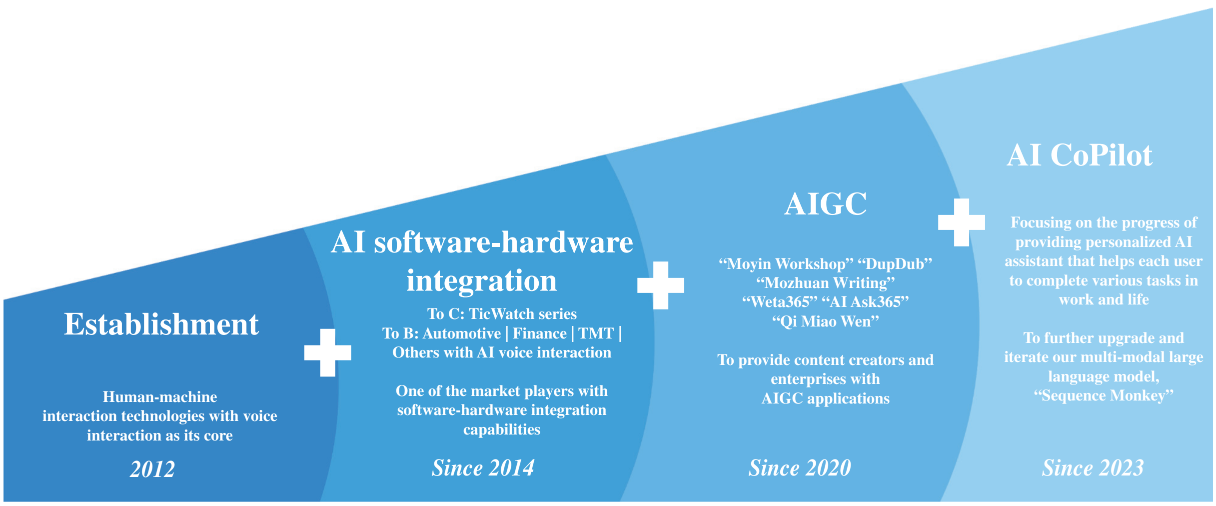
Since our Group was incorporated and up to the Latest Practicable Date, we had recorded more than 14 million users globally covering content creators, enterprises and consumers. For the years ended December 31, 2021, 2022 and 2023, we recorded 2.8 million, 4.6 million and 4.2 million[(Note 3)] users, respectively. Under content creators related scenarios, we are dedicated to providing high-quality AI voiceover solutions globally with our AI voiceover assistant, "Moyin Workshop" and our integrated AIGC solutions, "DupDub". We had recorded over nine million users for our AIGC solutions worldwide since 2020. For the years ended December 31, 2021, 2022 and 2023, we recorded approximately 1.5 million, 3.0 million and 4.0 million users on our AIGC platforms, respectively. Meanwhile, under enterprise-related scenarios, we have pre-installed our

Note:

3. Upon our disposal of Mobvoi JV in 2022, the tracking of the number of users of our in-vehicle speech dialogue system was discontinued.

automotive voice interaction solutions in more than two million vehicles since 2020. Under consumer-related scenarios, we have accumulated sales of more than one million pieces of our smart devices since 2020.

Our business segments consist of (i) AI Software Solutions, which comprise AIGC solutions and AI enterprise solutions; and (ii) Smart Devices and Other Accessories. We began to provide AIGC solutions in 2020, AI enterprise solutions in 2017 and Smart Devices and Other Accessories in 2015. We started to develop our AI CoPilot technology in 2023.



WHAT DO WE OFFER

AI Software Solutions

To content creators:

We are dedicated to empowering content creation by providing AIGC solutions around the world. As of the Latest Practicable Date, we had attracted approximately 840,000 cumulative paying users for our AIGC solutions and achieved over one million payments since the launch of the solutions. As of the Latest Practicable Date, we had built our AIGC solution matrix enabling content creators to achieve efficient content generation:

- *AI voiceover assistant:* "Moyin Workshop" — provides high-quality AI voiceover solutions, serving millions of users, especially video creators, worldwide as of the Latest Practicable Date.

- *AI writing assistant:* "Mozhuan Writing" and "Qi Miao Wen"*(Note 4)* — offer distinguished AI written content generation solutions.

- *AI avatar:* "Weta365" — provides AI video generation and virtual live streaming solutions.

- *Integrated solutions:* "DupDub" — provides high-quality AI voiceover solutions, distinguished AI written content generation solutions and AI Avatar generation.

To enterprises:

Leveraging our strong software-hardware integration capability and voice interaction technologies, we are able to customize AI Software Solutions for enterprises from automotive, finance, TMT and others such as healthcare and retail industries, for instance:

- *AI voice interaction solutions:* With comprehensive interaction as foundation, we offer humanized and intelligent AI voice interaction solutions to various industries including automotive and finance industry. Software solutions include voice-interacted in-car control which helps achieve phone call answering, navigation, weather checking, hotel booking functions, through default or personalized hot words, and AI anti-fraud solution to the enterprises we serve to prevent theft and falsification. Additionally, enterprise solutions may also be provided to enterprises with AI software-embedded hardware to further cater to the highly customized demand of the enterprises we serve.

- *Intelligent customer service solutions:* We apply intelligent voice interaction technologies into customer service scenarios to reduce costs and increase operating efficiency. For instance, our intelligent customer service solutions can perform AI customer service, make callbacks and provide humanoid responses.

During the Track Record Period, our revenue and financial performance were significantly contributed by the IP rights arrangement project with Automotive Sub A which commenced in October 2021 and from which we generated revenue of RMB3.2 million, RMB213.0 million and RMB138.8 million, accounting for 0.8%, 42.6% and 27.4% of our total revenue in 2021, 2022 and 2023, respectively. The said IP rights arrangement project was completed in June 2023.

Note:

4. After the launch of "Qi Miao Wen", content creators will gradually be guided from "Mozhuan Writing" to "Qi Miao Wen". As such, we anticipate that the number of subscriptions in relation to "Mozhuan Writing" will decrease whilst there would be an increase in the user subscription rate of "Qi Miao Wen", although there is no expected timeframe or any anticipated schedule for the replacement as of the Latest Practicable Date.

The accomplishment of the IP rights arrangement project with Automotive Sub A is a significant value-adding milestone for our Group to strengthen and expand such a profitable business model. It serves as a successful precedent for our Group to market our IP rights arrangement business, in particular, opens up the opportunity for us to cooperate with other companies from the automotive industry.

In January 2023, leveraging our expertise in the industry, we started our IP rights arrangements with a new automotive customer, namely, a technology development subsidiary of a PRC domestic automotive group. We provided IP rights and technologies to the said automotive customer, from which we generated revenue of RMB4.0 million in 2023. We completed in late 2023 our performance obligations under the IP rights arrangements, namely, delivering the deliverables that satisfied the requirements of this new automotive customer. In December 2023, we entered into another contract, with a contract sum of RMB1.2 million, to continue our cooperation with the same customer and the contract is expected to be substantially completed in 2024.

As of the Latest Practicable Date, our relationship with this new automotive customer was still at its early stage and continuous investment in research and development was required and expected. For this reason, we recorded a gross profit margin of 56% for the IP rights arrangements with this new automotive customer in 2023. For the year ending December 31, 2024, we do not expect the gross profit margin attributable to this new automotive customer to be as high as that achieved in the project with Automotive Sub A.

We expect to record a decrease in revenue, gross profit and gross profit margin for our AI enterprise solutions in 2024. The revenue contribution by this new automotive customer has been substantially smaller in terms of contract value compared to the project with Automotive Sub A, which was completed in 2023.

For details of the two series of IP rights arrangements, please refer to the paragraphs headed "Business — Our Solutions — AI Software Solutions — AI enterprise solutions IP rights arrangements with Automotive Sub A" and "Business — Our Solutions — AI Software Solutions — AI enterprise solutions — IP rights arrangements with a technology development subsidiary of a PRC domestic automotive group" in this document.

Smart Devices and Other Accessories

We have launched various smart devices, such as AI smart watch — TicWatch series, AI smart treadmill — Mobvoi Home Treadmill Incline. We have gradually applied advanced AI technology in three major human-machine interaction life scenarios of "wearable, automotive and smart homes" through software-hardware integrated devices. Our relevant smart devices can be interconnected by our personal virtual assistant — "Xiaowen":

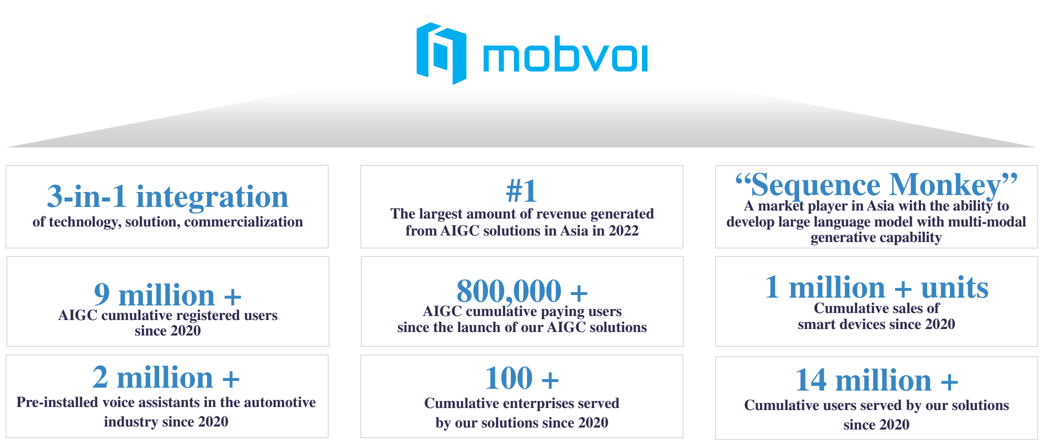
- ***User experience***: Our TicWatch series have been highly recognized with numerous international awards.

- ***Strategic cooperation***: We have established in-depth strategic cooperation with a world-leading multinational technology company focusing on search engine technology and a multinational technology corporation that creates semiconductors, software, and services related to wireless technology. Benefiting from the long-term cooperation on multiple projects, we have effectively improved our technological and solution capabilities. As a result, we have developed and maintained a pre-eminent research and development team.

- ***Design and algorithms***: Our sport, health algorithms and sensors feed the human-machine interaction to the relative technology modules to achieve constant optimization and efficient iteration. Our iconic "dual-screen and dual-system" design resolves the two major pain points of smart watches: low battery life and low visibility under high bright outdoor conditions.

We typically purchase raw materials, key hardware components and customized parts from suppliers and outsource the assembly of our in-house designed products to our contract manufacturers.

The following graph sets forth our operating highlights as of the Latest Practicable Date:



OUR STRENGTHS

We believe the following competitive advantages have contributed to our success and differentiated us from our competitors, and will continue to drive our growth in the future:

- Strong large language model capabilities and vertical module technologies;
- Well-established solution matrix of AI-empowered, voice-enabled, end-to-end and software-hardware integrated solutions to serve diverse customer groups;
- Solid commercialization capabilities of our AI technologies and user-in-the-loop ecosystem;
- Well-positioned business exposure with international vision; and
- Visionary management team and innovative corporate culture.

For details, please refer to the paragraph headed "Business — Our strengths" in this document.

OUR STRATEGIES

To achieve our mission and further solidify our market position, we intend to pursue the following strategies:

- Continuously improve and enrich our solution matrix;
- Continuous investment in research and development and optimize capabilities of our large language model with multi-modal generative capability, "Sequence Monkey";
- Further strengthening our commercialization capabilities;
- Expand our international reach; and
- Pursue strategic cooperation, investments and acquisitions.

For details, please refer to the paragraph headed "Business — Our strategies" in this document.

OUR CUSTOMERS AND SUPPLIERS

Our customers

Our customers primarily consist of (i) content creators who purchase our AIGC solutions; (ii) enterprises to whom we sell our AI enterprise solutions; (iii) consumers who purchase our Smart Devices and Other Accessories; and (iv) online and offline distributors to whom we sell our Smart Devices and Other Accessories. For each of the years ended December 31, 2021, 2022 and 2023, our revenue generated from our five largest customers accounted for 37.0%, 62.8% and 49.9% of our revenue, respectively, while our revenue generated from our largest customer for each of the years ended December 31, 2021, 2022 and 2023, accounted for 24.1%, 42.6% and 27.4% of our revenue, respectively. For details, please refer to the paragraph headed "Business — Our customers" in this document.

Our suppliers

Our suppliers primarily consist of suppliers of hardware components and raw materials, contract manufacturers, providers of cloud services and servers, suppliers of data sources, and service providers of warehouse and logistic services. Our major suppliers are mostly situated in China. For each of the years ended December 31, 2021, 2022 and 2023, our purchases from our top five suppliers accounted for 32.7%, 24.3% and 20.3% of our costs of sales, respectively while our purchase from our largest supplier accounted for 11.4%, 9.7% and 5.7%, respectively, of our costs of sales for the same years. For details, please refer to the paragraph headed "Business — Our suppliers" in this document.

RISK FACTORS

Our business and the **[REDACTED]** involve certain risks as set out in "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to invest in our Shares. The following is a non-exhaustive list of some of the major risks we face:

- The competitiveness of our solutions is based on our research and development capabilities. If we fail to continuously develop and upgrade our solutions with technological innovation, we may not be able to retain existing customers, attract new customers or maintain our market position in the industry.

- We face fierce competition in the AI industry; in particular, certain leading technology companies have signalled their intention on price competition for gaining share in the AIGC market. If we do not compete effectively, we may suffer from a loss of customers and our business, results of operations, financial conditions or business prospects could be materially and adversely affected as a result.

- Any actual or perceived misuse of AI technologies committed by us or by other third parties intentionally or inadvertently, could materially and adversely affect our business, results of operations, financial conditions and business prospects.

- We may be subject to complex and evolving laws and regulations in China. Any failure to comply with the evolving PRC laws and regulations relating to AIGC services, data security, privacy and personal information protection may subject us to legal or administrative proceedings, which may materially and adversely affect our reputation and business operations.

- We have been and will continue investing in research and development, which may adversely affect our profitability and operating cash flow in the short term and may not generate the results we expect to achieve.

- The continuous and collaborative efforts of our senior management and key employees are crucial to our success, and our business may be harmed if we lose their services.

For details, please refer to the paragraph headed "Risk Factors" in this document.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We are applying for the **[REDACTED]** under Rule 8.05(3) of the Listing Rules and satisfy the **[REDACTED]**/revenue test, among other things, with reference to (i) our revenue for the financial year ended December 31, 2023, being RMB507.1 million, which is over HK$500 million as required by Rule 8.05(3) of the Listing Rules; and (ii) our expected **[REDACTED]** at the time of the **[REDACTED]**, which, based on the low-end of the indicative **[REDACTED]** range of **[REDACTED]** per **[REDACTED]**, exceeds HK$4 billion as required by Rule 8.05(3) of the Listing Rules.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets out a summary of our results of operations for the years indicated:

	For the year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Continuing operations			
Revenue	397,914	500,194	507,060
Cost of sales	(248,718)	(164,043)	(180,981)
Gross Profit	149,196	336,151	326,079
Research and development expenses	(91,505)	(118,663)	(154,746)
Selling and marketing expenses	(105,938)	(97,120)	(150,711)
Administrative expenses	(48,701)	(55,169)	(88,987)
Other incomes and losses, net	35,650	7,584	24,708
Impairment losses recognized on trade receivables	(461)	(1,195)	(3,885)
(Loss)/profit from operations	(61,759)	71,588	(47,542)
Finance costs	(1,008)	(1,003)	(253)
Share of losses of a joint venture	(18,567)	(9,362)	—
Gain on disposal of interest in a joint venture/a subsidiary	—	28,999	773
Changes in fair value of financial assets	—	1,179	—
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	(98,893)	(775,084)	(753,785)
Loss before taxation from continuing operations	(180,227)	(683,683)	(800,807)
Income tax	(1,753)	(1,296)	(1,795)
Loss for the year from continuing operations	(181,980)	(684,979)	(802,602)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	(94,316)	15,174	—
Loss for the year	(276,296)	(669,805)	(802,602)
Other comprehensive income for the year (after tax):			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements	35,877	(195,647)	(38,803)
Item that may be reclassified subsequently to profit or loss:			
Changes in the fair value of financial assets measured at fair value through other comprehensive income	—	—	1,783
Exchange differences on translation of financial statements of overseas subsidiaries	35,272	(120,100)	(27,821)
Other comprehensive income for the year	71,149	(315,747)	(64,841)
Total comprehensive income for the year attributable to equity shareholders of the Company	(205,147)	(985,552)	(867,443)

NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net (loss)/profit (non-IFRS measure) as additional financial measure, which are not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company and 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 the adjusted net (loss)/profit (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 them in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under IFRS.

We define "adjusted net (loss)/profit" (non-IFRS measure) as loss for the year from continuing operations excluding changes in the carrying amount of contingently redeemable preferred shares and ordinary shares, share-based compensation and **[REDACTED]** expenses. We have made adjustments to the following items consistently during the Track Record Period:

- Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares, which are affected primarily by the changes in the redemption price of the preferred shares and ordinary shares. We do not expect to record such changes in the future as our contingently redeemable preferred shares and ordinary shares will be automatically converted into equity upon completion of the **[REDACTED]**;

- Share-based compensation, which represents the non-cash employee benefit expenses incurred. It relates to the share rewards we offered to our employees under the **[REDACTED]** Share Option Scheme, which is a non-cash expense; and

- **[REDACTED]** expenses relating to the **[REDACTED]**.

The following table sets out a reconciliation of our non-IFRS financial measure for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year from continuing operations	**(181,980)**	**(684,979)**	**(802,602)**
Adjusted for:			
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	98,893	775,084	753,785
Share-based compensation	9,648	17,322	41,698
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net (loss)/profit (non-IFRS measure)	(73,439)	108,891	17,535

Revenue

The following table sets out a breakdown of our revenues by segments for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
AI Software Solutions	59,519	15.0	302,888	60.6	343,247	67.7
— AIGC solutions	6,822	1.7	39,857	8.0	117,605	23.2
— AI enterprise solutions	52,697	13.3	263,031	52.6	225,642	44.5
Smart Devices and Other Accessories	338,395	85.0	197,306	39.4	163,813	32.3
Total	**397,914**	**100.0**	**500,194**	**100.0**	**507,060**	**100.0**

Our revenue grew rapidly from RMB397.9 million in 2021 to RMB500.2 million in 2022, and further to RMB507.1 million in 2023. Such increase was generally in line with the growth in AI Software Solutions contributed by (i) the increase in revenue from AIGC solutions due to the increase in paying users for our AIGC solutions; and (ii) the increase in revenue from AI enterprise solutions primarily due to the IP rights arrangements with Automotive Sub A for sharing certain copyrights, patents and know-how matters in relation to backend technology for automotive speech dialogue system, which was partially offset by the decrease in revenue from Smart Devices and Other Accessories affected by the delay in launching of new flagship products. The delay in the launch of new flagship products was primarily caused by the pandemic prevention policies under which transport of the testing machines used for the co-development projects among us, Semiconductor Corporation A and Technology Corporation A were hindered. In addition, the travel restrictions had restricted our physical interactions with Semiconductor Corporation A's experts and Technology Corporation A's technical staff. The growth in our revenue from RMB500.2 million in 2022 to RMB507.1 million in 2023 was relatively modest, primarily due to the increase in revenue from our AIGC solutions due to an increase in the number of paying users of our AIGC solutions, partially offset by (i) the decrease in revenue from the IP rights arrangements with Automotive Sub A leading to a decrease in revenue from our AI enterprise solutions; and (ii) the decrease in revenue from our Smart Devices and Other Accessories considering most of the products sold during the first half of 2023 were old models, which entered into the later stage of product life cycle. For details, please refer to the paragraph headed "Financial Information — Description of major components of our results of operations — Revenue" in this document.

The following table sets forth our revenue by geographical locations of end customers for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Mainland China	97,191	24.4	290,944	58.2	328,512	64.8
United States	73,683	18.5	55,372	11.1	34,600	6.8
United Kingdom	24,232	6.1	22,430	4.5	15,984	3.2
Italy	50,458	12.7	23,756	4.7	13,754	2.7
Spain	15,047	3.8	11,556	2.3	8,326	1.6
Germany	25,586	6.4	6,417	1.3	33,189	6.5
Japan	14,961	3.8	19,781	4	13,802	2.7
Brazil	7,222	1.8	15,972	3.2	18,435	3.6
Other countries or regions	89,534	22.5	53,966	10.7	40,458	8.1
Total	**397,914**	**100.0**	**500,194**	**100.0**	**507,060**	**100.0**

Our revenue from Mainland China amounted to RMB97.2 million, RMB290.9 million and RMB328.5 million for the years ended December 31, 2021, 2022 and 2023, respectively, representing 24.4%, 58.2% and 64.8% for the same years. The overall increase in our revenue from Mainland China as a percentage of our total revenue was due to (i) the continuous increase in revenue from our AIGC solutions since its introduction in 2020 from which more than 99% of our revenue was generated in Mainland China; and (ii) the IP rights arrangements with Automotive Sub A, which commenced in 2021. Automotive Sub A was our largest customer in 2022 and 2023, from whom we generated revenue of RMB3.2 million, RMB213.0 million and RMB138.8 million, accounting for 0.8%, 42.6% and 27.4% of our total revenue in 2021, 2022 and 2023, respectively. For details, please refer to the paragraph headed "Business — Our Solutions" in this document.

Cost of sales

Our cost of sales primarily consists of cost of inventories, fulfillment related expenses and staff costs. The following table sets forth our cost of sales by nature for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of inventories	184,821	74.3	121,567	74.1	121,258	67.0
Fulfillment related expenses	36,787	14.8	21,608	13.2	15,563	8.6
Staff costs	10,499	4.2	4,297	2.6	11,643	6.4
Impairment losses and obsolete inventories	11,219	4.5	9,630	5.8	21,974	12.2
Technical service fees	4,993	2.0	6,854	4.2	10,476	5.8
Others *(note)*	399	0.2	87	0.1	67	0.0
Total	**248,718**	**100.0**	**164,043**	**100.0**	**180,981**	**100.0**

Note: Others mainly include outsourcing development fee and office expenses.

In 2021, 2022 and 2023, our cost of sales amounted to RMB248.7 million, RMB164.0 million and RMB181.0 million, respectively, primarily due to the fluctuation in cost of inventories and fulfillment related expenses which is generally in line with the fluctuation in our revenue from Smart Devices and Other Accessories and AI enterprise solutions. Our impairment losses and obsolete inventories remained relative stable for the years ended December 31, 2021 and 2022. It increased by 128.2% from RMB9.6 million for the year ended December 31, 2022 to RMB22.0 million for the year ended December 31, 2023, primarily due to (i) the longer time interval between the launch of new flagship products which resulted in a decline in the value of older models at the later stages of their life cycle; and (ii) the introduction of new products in May 2023 which further reduced the competitiveness of older models. Our staff costs increased by 1.7 times from RMB4.3 million in 2022 to RMB11.6 million in 2023, primarily attributable to the staff costs in connection with our AI enterprise solutions.

Research and development expenses

We incurred research and development expenses of RMB91.5 million, RMB118.7 million and RMB154.7 million for the years ended December 31, 2021, 2022 and 2023, respectively, in (i) developing and upgrading our content creator platforms and adopting different languages in our AIGC solutions; (ii) iterating and optimizing our AI enterprise solutions, including upgrade of automotive AI assistant and upgrade of bank intelligent customer services with dialogue; and (iii) equipping our Smart Devices and Other Accessories with AI CoPilot technologies and developing our human-machine interaction model.

Our research and development expenses increased from RMB91.5 million in 2021 to RMB118.7 million in 2022, and further to RMB154.7 million in 2023, primarily due to the increase in number of staff in research and development function in relation to our solutions and the increase in technical service fees for the development of our large language model which are in line with our Group's strategies to enrich our solution matrix and optimize capabilities of our "Sequence Monkey", a large language model with multi-modal generative capability. For details, please refer to the paragraph headed "Financial Information — Description of major components of our results of operations — Research and development expenses" in this document.

Selling and marketing expenses

Our selling and marketing expenses decreased from RMB105.9 million in 2021 to RMB97.1 million in 2022 primarily due to the absence of the launch of a new flagship product in Smart Devices and Other Accessories in 2022, resulting in a reduction in promotion and advertising expenses. The selling and marketing expenses increased from RMB97.1 million in 2022 to RMB150.7 million in 2023, primarily due to (i) the increase in channel fees in connection with our AIGC platforms resulting from a higher rate of conversion into paying users and a higher average acquisition cost per paying user; and (ii) the increase of user traffic to our AIGC platforms during 2023. For details, please refer to the paragraph headed "Financial Information — Description of major components of our results of operations — selling and marketing expenses" in this document.

Summary of consolidated statements of financial position

The following table sets out a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	228,265	14,912	10,927
Total current assets	378,191	404,582	396,213
Total non-current liabilities	9,574	2,743	20,051
Total current liabilities	3,519,930	3,721,347	4,517,430
Net current liabilities	3,141,739	3,316,765	4,121,217
Net liabilities	2,923,048	3,304,596	4,130,341
Total equity	(2,923,048)	(3,304,596)	(4,130,341)

The following table sets out details of our current assets and liabilities as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Inventories	123,944	94,918	66,734
Trade receivables	45,464	40,024	57,981
Prepayments, deposits and other receivables	48,237	34,368	44,484
Financial assets measured at fair value through profit or loss	7,707	124,119	34,844
Financial assets measured at fair value through other comprehensive income	—	—	47,066
Time and restricted deposits	21,081	70,903	780
Cash and cash equivalents	131,758	40,250	144,324
	378,191	404,582	396,213
Current liabilities			
Trade payables	29,535	17,694	24,552
Other payables and accruals	54,387	54,224	63,312
Contract liabilities	151,842	60,873	53,131
Bank loans	20,000	20,000	—
Lease liabilities	6,336	6,831	3,148
Contingently redeemable preferred shares and ordinary shares	3,240,626	3,536,115	4,353,833
Current taxation	1,781	1,343	975
Warranty provisions	15,423	16,467	18,479
Deferred income	—	7,800	—
	3,519,930	3,721,347	4,517,430
Net current liabilities	**(3,141,739)**	**(3,316,765)**	**(4,121,217)**

We recorded net current liabilities of RMB3,141.7 million, RMB3,316.8 million and RMB4,121.2 million as of December 31, 2021, 2022 and 2023, primarily consisting of contingently redeemable preferred shares and ordinary shares.

Our redeemable preferred shares and ordinary shares issued will be re-designated from liabilities to equity as a result of their automatic conversion into ordinary shares and our position of net liabilities would turn into net assets upon the **[REDACTED]**.

Our contract liabilities decreased from RMB151.8 million as of December 31, 2021 to RMB60.9 million as of December 31, 2022, primarily due to receipt of the first payment from Automotive Sub A in late 2021 pursuant to the terms of our IP rights arrangements with Automotive Sub A, and a portion of such payment related to certain performance obligations of our Group under the IP rights arrangements that were not yet satisfied as of December 31, 2021. This portion was recognized as revenue in 2022 upon receiving confirmation from Automotive Sub A regarding the satisfaction of the backend test on the know-how passed by our Group to Automotive Sub A. According to our revenue recognition policy which complies with IFRS 15 "Revenue from Contracts with Customers", revenue for our IP rights arrangements with Automotive Sub A was recognized when Automotive Sub A accepted the related deliverables, i.e. when our Group satisfied the related performance obligations by transferring the control of the deliverables to Automotive Sub A. Our contract liabilities increased to RMB72.9 million as of December 31, 2023, of which the non-current portion amounted to RMB19.7 million, primarily due to an increase in the number of paying users on our AIGC platforms, partially offset by the complete realization of revenue from Mobvoi JV upon completion of our performance obligations in 2023.

For details of our discussion of our financial position, please refer to the paragraph headed "Financial Information — Discussion of certain key consolidated statements of financial position items" in this document.

Summary of consolidated statements of cash flows

	For the year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flows before movement in working capital	(70,654)	109,971	30,688
Changes in working capital	33,457	(35,867)	(133)
Tax paid	(41)	(1,669)	(2,163)
Net cash (used in)/generated from operating activities	(37,238)	72,435	28,392
Net cash (used in)/generated from investing activities	(21,889)	(40,447)	108,835
Net cash used in financing activities	(22,116)	(125,737)	(28,984)
Net (decrease)/increase in cash and cash equivalents	(81,243)	(93,749)	108,243
Cash and cash equivalents as of January 1	215,342	131,758	40,250
Effect of foreign exchange rate changes	(2,341)	2,241	(4,169)
Cash and cash equivalents as of December 31	131,758	40,250	144,324

For details, please refer to the paragraph headed "Financial Information — Liquidity and capital resources — Cash flow" in this document.

Key financial ratios

	For the year ended December 31,		
	2021	2022	2023
Revenue growth	50.4%	25.7%	1.4%
Gross profit growth	87.3%	125.3%	(3.0)%
Gross profit margin (1)	37.5%	67.2%	64.3%
Adjusted net (loss)/profit margin (non-IFRS measure) (2)	(18.4)%	21.8%	3.5%
Return on total asset (3)	(45.6)%	(159.7)%	(197.1)%
Current ratio (4)	0.11	0.11	0.09

Notes:

(1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.

(2) Adjusted net (loss)/profit margin (non-IFRS measure) equals adjusted net (loss)/profit (non-IFRS measure) divided by revenue for the year and multiplied by 100%.

(3) Return on total assets is calculated by the loss for the year divided by the total assets as at the respective year end and multiplied by 100%.

(4) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year end.

For details, please refer to the paragraph headed "Financial Information — Year-to-year comparison of results of operations" in this document for discussion of the factors affecting our results of operations during the respective years.

Primarily attributable to our historical investment in research and development of our technologies and our talents as well as our selling and marketing expenses incurred, we recorded an adjusted net loss (non-IFRS measure) and a net operating cash outflow in 2021. Due to the increase in our revenue from AI enterprise solutions and AIGC solutions, as well as improvements in the overall gross profit margin, we recorded adjusted net profits (non-IFRS measure) and net operating cash inflows in 2022 and 2023. In addition, we recorded accumulated losses of RMB1,896.2 million, RMB2,566.0 million and RMB3,368.7 million as of December 31, 2021, 2022 and 2023, respectively. Our accumulated losses as of these dates were attributable primarily to our losses incurred in the past resulting from our investment in research and development and the changes in the carrying amount of contingently redeemable preferred shares and ordinary shares.

We had net liabilities of RMB2,923.0 million, RMB3,304.6 million and RMB4,130.3 million as of December 31, 2021, 2022 and 2023, respectively. Our net liabilities positions as of December 31, 2021, 2022 and 2023 were primarily attributable to the contingently redeemable preferred shares and ordinary shares of RMB3,240.6 million, RMB3,536.1 million and RMB4,353.8 million, respectively. Our redeemable preferred shares and ordinary shares issued will be re-designated from liabilities to equity as a result of the automatic conversion into ordinary shares and our position of net liabilities would turn into net assets upon the **[REDACTED]**. For details, please refer to the Consolidated Statements of Changes in Equity included the Accountants' Report in Appendix I to this document.

The following table sets forth our gross profit and gross profit margin, by segments for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Gross Profit	*Gross Profit Margin*	*Gross Profit*	*Gross Profit Margin*	*Gross Profit*	*Gross Profit Margin*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
AI Software Solutions	37,351	62.8	284,148	93.8	290,901	84.7
— AIGC solutions	4,695	68.8	35,094	88.0	108,384	92.2
— AI enterprise solutions	32,656	62.0	249,054	94.7	182,517	80.9
Smart Devices and Other Accessories	111,845	33.1	52,003	26.4	35,178	21.5
Total	**149,196**	**37.5**	**336,151**	**67.2**	**326,079**	**64.3**

In 2021 and 2022, our gross profit amounted to RMB149.2 million and RMB336.2 million, corresponding to our gross profit margin of 37.5% and 67.2%, respectively, primarily attributable to (i) our IP rights arrangements with Automotive Sub A which generated relatively high gross profit margin; (ii) the continuous increase in our revenue from AIGC solutions, which in general generated relatively high gross profit margin, since the segment was in place in 2020; and (iii) the increase in the number of paying users subscribing for our AIGC solutions driven by our enhanced solution matrix in 2021 and 2022, offset by the decrease in gross profit of our Smart Devices and Other Accessories since 2021 due to the delay in the launch of TicWatch Pro 5 which led to price decline of older models and an increase in impairment losses and obsolete inventories. Our gross profit decreased by 3.0% from RMB336.2 million in 2022 to RMB326.1 million in 2023, and our gross profit margin decreased from 67.2% to 64.3% for the same years, primarily due to the decrease in revenue from our IP rights arrangements with Automotive Sub A which generated relatively high gross profit margin and the decrease in gross profit of our Smart Devices and Other Accessories, partially offset by the increase in revenue from our AIGC solutions. Our gross profit margin of Smart Devices and Other Accessories decreased from 33.1% in 2021 to 26.4% in 2022 and further to 21.5% in 2023, primarily due to the COVID-19 pandemic which lengthened the time required to develop the new flagship TicWatch Pro 5 after the launch of TicWatch Pro 3 in 2020, and thus continuously increased the sales discount, impairment losses and obsolete inventories since 2022. For details of our Group's business sustainability, please refer to the paragraph headed "Business — Business Sustainability" in this document.

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has curtailed the movement of people, goods and services, causing an impact on general economic conditions, including but not limited to the temporary closures of many businesses and reduced consumer spending.

During the COVID-19 pandemic, our business operations had been affected to a certain extent. Our shipment was affected as a result of (i) the decrease in consumers' spending as a whole; and (ii) interrupted delivery schedules for some of our Smart Devices and Other Accessories. Normally, it takes on average two and eight days, respectively, from the receipt of customer orders to the delivery of our Smart Devices and Other Accessories domestically and internationally. With the spread of COVID-19 during the Track Record Period, on average 10 and 49 days, respectively, were needed before we were able to deliver our products domestically and internationally. At the same time, due to transportation disruptions and pandemic prevention policies, the solution developing and launching schedules with our business partners were delayed. For example, the revenue attributable to our Smart Devices and Other Accessories dropped from RMB338.4 million for the year ended December 31, 2021 to RMB197.3 million for the year ended December 31, 2022 due to a delay in launching our new flagship products. Regarding our business of AI enterprise solutions business, the implementation of part of our scheduled activities and the provision of technical support were suspended. Both our delivery schedule for Smart Devices and Other Accessories and deployment of AI enterprise solutions returned to normal in January 2023 following the global economic recovery. Apart from the above-mentioned impacts, our scheduled business plans, on-site meetings and commercial cooperations were also temporarily affected.

As of the Latest Practicable Date, however, COVID-19 did not impose any material adverse impact on our research and development, daily operation, supply chain and regulatory affairs. We have promptly taken various measures to mitigate the impact of the COVID-19 pandemic on our business operations, such as (i) organizing our employees to work remotely and closely monitoring their health and wellness status; (ii) providing necessities to our employees to accommodate their living needs; (iii) designating separate venues for quarantine purposes; and (iv) conducting routine sanitization and requiring regular negative COVID-19 PCR test result to prevent the resurgence. Given that the PRC government has substantially lifted its COVID-19 prevention and control policies since December 2022, our Directors are of the view that it is unlikely that the COVID-19 pandemic will have a material adverse impact on our business going forward.

Based on the above, our Directors are of view that that the COVID-19 pandemic did not have any material adverse impact on our overall business, financial conditions and results of operations during the Track Record Period and up to the Latest Practicable Date. For details of the risks relating to pandemics and epidemics, please refer to the paragraph headed "Risk Factors — Risks relating to our business and industry — Pandemics and epidemics, natural disasters, terrorist activities, political unrest, and other force majeure events may disrupt our business operations, which could materially and adversely affect our business, results of operations, financial conditions and business prospects" in this document.

BUSINESS SUSTAINABILITY

We have experienced robust business growth during the Track Record Period. As we have been focusing on expanding our business scale via investing in our AI technologies and commercializing such technologies into a portfolio of products and services, rather than seeking immediate financial returns or profitability, we laid a solid foundation for long-term sustainability. Benefiting from the solid foundation we have built and the momentum we have achieved, our

Directors believe we are able to maintain sustainability and growth of our business. Going forward, we plan to achieve profitability primarily with the following robust measures and basis: (i) expanding our business scale by continuous development in all segments; (ii) enhancing our technology capacity and improving our offerings' overall competitive strength; (iii) geographical expansion; and (iv) maintaining our cost structure leveraging our continuous research and development efforts and enhancing our operational efficiency. Please refer to the paragraph headed "Business — Business Sustainability" in this document.

RECENT REGULATORY DEVELOPMENTS RELATING TO AIGC SERVICES

On July 10, 2023, the CAC together with the National Development and Reform Commission, the Ministry of Education, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, the Ministry of Public Security and the National Radio and Television Administration published the Interim Measures for the Administration of AIGC Services (《生成式人工智能服務管理暫行辦法》) ("**Interim Measures for the Administration of AIGC Services**"), which came into effect on August 15, 2023.

The above measures apply to the utilization of generative AI technology to provide services that generate any text, images, audios, videos or other content to the public within the territory of the PRC. We are subject to the provision of the Interim Measures for the Administration of AIGC Services.

Pursuant to the Interim Measures for the Administration of AIGC Services, we shall (i) comply with legal requirements, respect social morality and public order; (ii) carry out training-data processing activities such as pre-training and optimized training according to the applicable laws; (iii) take effective measures to improve the quality, authenticity, accuracy, objectivity and diversity of training data; (iv) assume responsibility as a producer of online information content and a processor of personal information pursuant to applicable laws; and (v) perform security assessment and algorithm filing.

We have proactively taken measures to ensure our compliance with Interim Measures for the Administration of AIGC Services. For details, please refer to the paragraph headed "Regulatory Overview — Government Policies Related to AI Industry" in this document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Save as otherwise disclosed below, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2023, being the latest date of our consolidated financial statements as set out in Appendix I to this document, and there is no event since December 31, 2023 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this document.

In May 2023, we successfully launched our latest flagship TicWatch series, TicWatch Pro 5. For the one month ended January 31, 2024, a total of approximately 2,400 units of TicWatch Pro 5 were sold, with an average selling price of RMB653.

For the one month ended January 31, 2024, we had paying users of approximately 46,000. Further, we have two pipeline AIGC solutions, "Yan Zhi Hua (言之畫)", which is an AI painting assistant capable of performing text-to-image, image-to-image and image-to-text functions; and "Yuan365 (元創島)", which is an AI video transformer capable of producing original short videos with just one click. "Yuan365 (元創島)" streamlines the content creation process, allowing content creators to quickly transform their ideas into revenue-generating videos with minimal effort and enhanced creativity. As of the Latest Practicable Date, both our "Yan Zhi Hua (言之畫)" and "Yuan365 (元創島)" were still at the testing stage and was subject to regulatory approvals and had not generated any revenue.

We expect to record a net loss in 2024, primarily due to a change in the carrying amount of contingently redeemable preferred shares and ordinary shares for the same year. We anticipate our revenue from AIGC solutions will continue to grow at a relatively high rate in 2024. Meanwhile, we expect our research and development expenses and selling and marketing expenses will remain at a similar percentage of revenue, aiming at enhancing and consolidating our technological advantage in our large language models and rapidly expanding the visibility of our AIGC solutions and capturing market share in the short term.

Additionally, we anticipate we will continue to increase spending on research and development and selling and marketing in accordance with our strategy of solution upgrades and commercialization. However, we cannot assure you that our resources allocated to research and development will generate positive effect on our profitability, or at all, as research and development activities are inherently uncertain. For details of the risks of research and development, please refer to the paragraph headed "Risk Factors — We have been and will continue investing in research and development, which may adversely affect our profitability and operating cash flow in the short term and may not generate the results we expect to achieve" in this document.

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, none of the legal, arbitral or administrative proceedings to which we were a party, individually or in aggregate, would have a material and adverse effect on our business, financial conditions or results of operations, and we were not aware of any potential or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material and adverse effect on our business, financial conditions and results of operations. During the Track Record Period, we were involved in non-compliance incidents in relation to the contribution to employees' social insurance and housing provident funds and labor dispatch in the PRC. For further details, please refer to the paragraph headed "Business — Legal proceedings and compliance — Non-compliance incidents" in this document.

[REDACTED] STATISTICS

	Based on the minimum indicative [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on the maximum indicative [REDACTED] of HK$[REDACTED] per [REDACTED]
Number of **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Number of **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
[REDACTED]	**[REDACTED]**	**[REDACTED]**
[REDACTED] *(Note 1)*	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible assets of the Group attributable to the equity shareholders of the Company per Share *(Note 2)*	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of **[REDACTED]** is based on **[REDACTED]** Shares expected to be in issue immediately upon completion of the **[REDACTED]** (assuming (i) the **[REDACTED]** is not exercised and (ii) each Preferred Share is converted into one share, without taking into account any shares that may be issued under the **[REDACTED]** share Option Scheme). The calculation is based on the indicative **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]**.

(2) The unaudited **[REDACTED]** adjusted consolidated net tangible asset of the Group attributable to the equity shareholders of the Company per Share is calculated based on **[REDACTED]** Shares expected to be in issue immediately upon completion of the **[REDACTED]** (assuming (i) the **[REDACTED]** is not exercised and (ii) each Preferred Share is converted into one share, without taking into account any shares that may be issued under the **[REDACTED]** share Option Scheme). The calculation is based on the indicative **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]**. Please refer to "Unaudited **[REDACTED]** Financial Information" set out in Appendix II to this document for details.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. Based on the mid-point of the indicative **[REDACTED]** range and assuming (i) the **[REDACTED]** is not exercised; and (ii) each Preferred Share is converted into one Share, without taking into account any Shares that may be issued under the **[REDACTED]** Share Option Scheme, the total estimated **[REDACTED]** expenses in relation to the **[REDACTED]** is RMB**[REDACTED]**, representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**. The estimated **[REDACTED]** expenses consist of (i) **[REDACTED]**-related expenses (including **[REDACTED]**) of HK$**[REDACTED]**, (ii) fees and expenses of legal advisors and reporting accountants of HK$**[REDACTED]** and (iii) other fees and expenses of HK$**[REDACTED]**. During the Track Record Period, **[REDACTED]** expenses of RMB**[REDACTED]** were incurred, of which RMB**[REDACTED]** were charged to our consolidated statements of profit or loss and other comprehensive income and RMB**[REDACTED]** were recognized to our consolidated statements of financial position. We estimate that we will further incur **[REDACTED]** expenses of RMB**[REDACTED]** of which RMB**[REDACTED]** will be charged to our consolidated statements of comprehensive income and RMB**[REDACTED]** is expected to be accounted for as a deduction from equity upon the completion of the **[REDACTED]**.

FUTURE PLANS AND [REDACTED]

We estimate that we will receive **[REDACTED]** of HK$**[REDACTED]** (RMB**[REDACTED]**) from the **[REDACTED]** based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the **[REDACTED]** range after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]** and assuming that (i) the **[REDACTED]** is not exercised; and (ii) each Preferred Share is converted into one share, without taking into account any shares that may be issued under the **[REDACTED]** share Option Scheme. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- Approximately **[REDACTED]**% or HK$**[REDACTED]** (RMB**[REDACTED]**) will be used for continuously enhancing our modeling technology to carry out model training, vertical optimization on our underlying foundation model and improvement on our existing program algorithm of our solutions by introducing prominent technologies and talents;

- Approximately **[REDACTED]**% or HK$**[REDACTED]** (RMB**[REDACTED]**), for solution development and marketing;

- Approximately **[REDACTED]**% or HK$**[REDACTED]** (RMB**[REDACTED]**) will be allocated to pursue strategic alliances, investments and acquisitions to implement our long-term growth strategies for solution development; and

- Approximately **[REDACTED]**% or HK$**[REDACTED]** (RMB**[REDACTED]**) will be used for working capital and general corporate purposes.

For details, please refer to the section headed "Future Plans and **[REDACTED]**" in this document.

DIVIDENDS

We as of the Latest Practicable Date do not have any predetermined dividend payout ratio. No dividends had been declared or paid by our Company during the Track Record Period. Subject to the Cayman Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. Under the Cayman Islands law, our Company may pay a dividend out of either our profits or share premium account (including share premium in the capital reserve account, if any), provided 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. As advised by Campbells, our legal advisor as to Cayman Islands laws, subject to the above, there is no restriction under the Cayman Islands law for our Company to declare and pay a dividend, despite our net liabilities position. In addition, our Directors may from time to time pay such interim dividends on shares outstanding of our Company and authorize payment of the same out of the funds of our Company that are lawfully available. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board. For details, please refer to the paragraph headed "Summary of the Constitution of the Company and Cayman Companies Act — Summary of Cayman Islands Company Law and taxation — 4. Dividends and distributions" in Appendix III to this document.

OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders, Dr. Li, Ms. Li and Dr. Lei and their respective wholly-owned investment holding companies (namely, Mobvoi Limited, Mobvoi AGI Limited, AGI Limited, AGI Management Limited, CMWW Limited, CMWW AGI Limited, Wen&Hui Limited, W&H Management Limited and Amberlei Limited), is a group of persons and entities acting in concert with each other. Following the completion of the **[REDACTED]** (assuming (i) no exercise of the **[REDACTED]**; and (ii) each Preferred Share is converted into one Share, without taking into account any Shares that may be issued under the **[REDACTED]** Share Option Scheme), the Controlling Shareholders will be interested in **[REDACTED]**% of the enlarged issued share capital of our Company, comprising (i) the Shares representing **[REDACTED]**% of the issued share capital of our Company directly held by Mobvoi AGI Limited; (ii) the Shares representing **[REDACTED]**% of the issued share capital of our Company directly held by CMWW AGI Limited; and (iii) the Shares representing **[REDACTED]**% of the issued share capital of our Company directly held by Amberlei Limited. For more details, please refer to the section headed "Relationship with Our Controlling Shareholders" in this document.

[REDACTED] INVESTORS

Since our inception, we have attracted a number of reputable and influential institutional or corporate investors to invest in our Company, including the SIG Entities, Google, HongShan, GoerTek (Hong Kong) and a number of other **[REDACTED]** shareholders. For details, please refer to the paragraph headed "History, Reorganization and Corporate Structure — **[REDACTED]** Investments" in this document.

CONTINUING CONNECTED TRANSACTION

We have entered into and expect to continue with a transaction after the completion of the **[REDACTED]** which will constitute our partially exempt continuing connected transaction under Chapter 14A of Listing Rules upon the **[REDACTED]**. See the sections headed "Connected Transaction" and "Waivers from Strict Compliance with the Requirements under the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver in respect of Partially Exempt Continuing Connected Transaction" for further details.

SHARE INCENTIVE SCHEMES

We have adopted the **[REDACTED]** Share Option Scheme and conditionally adopted the **[REDACTED]** RSU Scheme. The principal terms of such share incentive schemes are summarized in the section headed "Statutory and General Information — D. Share Incentive Schemes" in Appendix IV to this document.