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## BUSINESS

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### WHO WE ARE

We are a mobility technology and service company in China. According to Frost & Sullivan, our mobility services ranked second in the Greater Bay Area in terms of the GTV in 2023. We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We offer (i) mobility services, primarily ride-hailing and Robotaxi services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet management & services where we offer a full suite of support for drivers and car partners.

Our shareholders with diverse background have enriched our market insights and our understanding of key stakeholders along the entire mobility service value chain, enabling us to integrate rich resources across the automobile and mobility service industries. We were founded by GAC Group and Tencent, and subsequently introduced Pony AI, a leading autonomous driving solution provider, as a strategic shareholder. As a top automobile conglomerate in China, GAC Group continuously supports us as our smart mobility business develops and grows. Tencent, a leading internet service provider, empowers our platform operation, as well as market expansion. Pony AI seamlessly collaborates with us on our innovative initiatives, equipping us with cutting edge technologies in exploring autonomous driving mobility service at the dawn of its large-scale commercialization. Connecting automobile manufacturers, internet companies and autonomous driving solution providers, we are an early-mover in promoting the commercialization of autonomous driving technologies.

Known for high compliance rate and service quality, we offer efficient and high-quality services in a broad geographic region. As of December 31, 2023, we strategically focused on nine foothold cities, the majority of which are in the Greater Bay Area. We have strategically prioritized resources on our foothold cities to quickly penetrate the market and achieve rapid market penetration. Once we reach a critical scale, we can achieve greater efficiency and returns from these cities. We then leverage our successes in foothold cities to drive our expansion into the neighboring areas. In expanding our network, taking into account the demographic and socioeconomic conditions of municipal markets, we prioritize cities that have synergistic potential with our existing network. Guided by such geographical expansion strategy, we have successfully replicated the market entry strategies, operational expertise and management systems that have been tested and proven effective in established markets to new markets in adjacent regions. Our geographical expansion strategy enables us to lower the cost of market penetration and customer acquisition, and therefore to achieve sustainable and efficient growth. As of December 31, 2023, our user penetration rate in the Greater Bay Area exceeded 45%, ranking second in the Greater Bay Area, according to Frost & Sullivan. In addition, according to information published by the MOT, as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times. We continually improved our order compliance rate during the Track Record Period, and are dedicated to providing riders with safe and convenient smart mobility services.

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We are committed to R&D and have built robust technology advantages in smart mobility. Our self-developed AI algorithm model generates smart routing and matching plans for drivers and riders, forming the foundation of an efficient, reliable and safe mobility service platform. Our proprietary open Robotaxi operation technology platform is designed for the Robotaxi context, comprising three core modules including vehicle management system (VMS), operation management platform (OMP) and Robotaxi data platform (RDP). This technology platform allows the remote management and control of Robotaxi through cloud technology, and improves both vehicle operational efficiency and service quality. We also provide autonomous driving data solutions such as AI data and model solutions, HD map and smart transportation solutions, to autonomous driving solution providers, OEMs and government departments. In our technology services, our proprietary AI perceptive algorithm base model has achieved over 95% recall and precision in AI pre-annotations of driving data sets, and is applied in our AI data and model solutions. In 2021, 2022 and 2023, our R&D expenses accounted for 11.5%, 7.7% and 5.5% of our total revenue, respectively.

We experienced rapid growth during the Track Record Period, while continually improving our operational efficiency and optimizing our business model. As of December 31, 2023, the number of registered riders on our mobility service platform reached 23.8 million. Our revenue from mobility services increased from RMB1,012.5 million in 2021 to RMB1,249.8 million in 2022, and further to RMB1,814.1 million in 2023, representing a CAGR of 33.9%. Our total revenue increased from RMB1,013.5 million in 2021 to RMB1,368.4 million in 2022, and further to RMB2,161.1 million in 2023, representing a CAGR of 46.0%. In October 2022, we were the first mobility platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan, marking a significant step towards the large-scale commercialization of Robotaxi. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation, and we charge a service fee in accordance with the applicable rules and regulations of the local competent authorities.

As a proactive promoter of industry development, our achievements have been widely recognized. In 2022, we were awarded “Science and Innovative Pioneer Enterprises in the Greater Bay Area” by Southern Finance Omnimedia Corp., “WISE2022 – The King of the New Economy King – Enterprise of the Year in the Field of Automobile Mobility” by 36Kr, “Best Technology Innovation Award of the Year in the New Ecology Field” by Caijing New Media, and “General Autonomous Driving Technology Innovative Platform of 2022 in the Autonomous Driving Technology Field” by Heart of the Car. In 2023, we were awarded “Outstanding Autonomous Driving Solution Provider” by the World Intelligent Connected Vehicles Conference, “Unicorn Enterprise of Global Unicorn Index 2023” by Hurun Report, “2022 New Unicorns in China” by Forbes China, and were recognized as Guangdong engineering technology research center, and Guangdong “specialized, refinement, differential and innovation (專精特新)” small and medium-sized enterprise. In addition, as a member of the Committee of Demonstrative Operation of Autonomous Driving Technology in Guangzhou, we play a pivotal role in the formulation of policies and standards with respect to the commercialization of Robotaxi in Guangzhou.

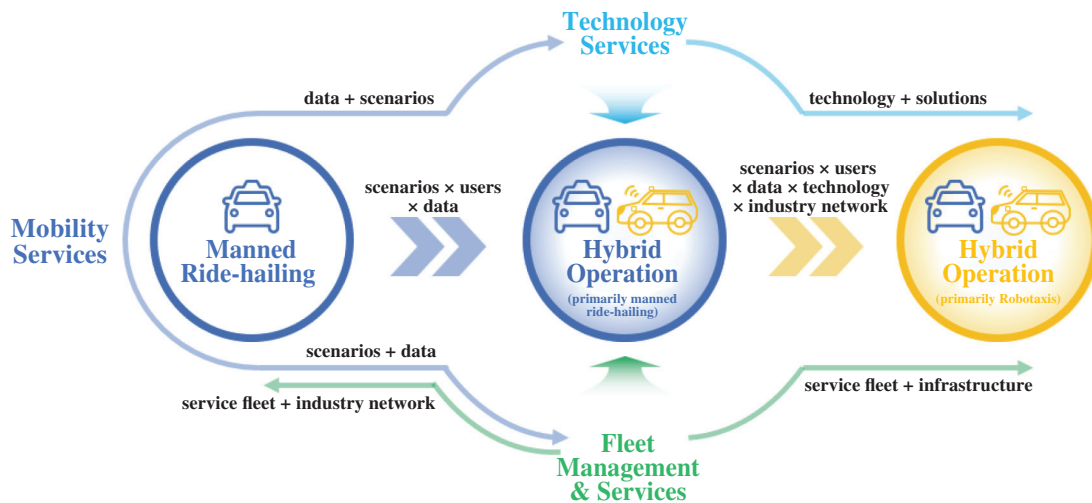
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### OUR BUSINESS MODEL

We have built a multi-dimensional mobility service system, serving and connecting various participants of the mobility industry, underpinned by our exceptional capabilities in delivering mobility services, technology services and fleet management & services. The interactions of these three services facilitate the sharing of industry insight, information and experience, generating synergistic effects and facilitating our continuous growth and future success. We generate revenue primarily from charging service fees from riders using ride-hailing services on our platform. We also generate revenue from (i) other mobility services other than ride-hailing, (ii) technology services and (iii) fleet management & services.

Our hybrid operation model provides riders with a consolidated single portal to choose between the manned ride-hailing option and Robotaxi service option. We support the operation management, maintenance and repairs of Robotaxi with robust capabilities accumulated from serving manned ride-hailing.

The graphic below illustrates the interactions among our services and the three key stages of our plan to achieve hybrid operation of manned ride-hailing and Robotaxi services.



### Mobility Services

We have a full suite of smart mobility services, including ride-hailing, Robotaxi and other mobility services. We derived most revenue from providing ride-hailing services during the Track Record Period and, after years of dedication to quality mobility services, we have amassed a broad and expanding user base and extensive use case information, benefiting the development of other business segments. As an early mover in promoting the commercialization of Robotaxi, we launched the first open Robotaxi operation technology platform in the world in April 2022, according to Frost & Sullivan. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation. Our open platform is compatible with various autonomous driving solutions as well as Robotaxi vehicle models.

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The growth drivers for our mobility services include, among others:

- significant opportunities and continual growth potential in the China and GBA smart mobility markets and the China Robotaxi market, with their market sizes by GTV expected to reach RMB1,535.2 billion, RMB210.0 billion and RMB488.8 billion in 2030, growing at a CAGR of 17.1%, 21.4% and 247.7% from 2024 to 2030, respectively, according to Frost & Sullivan;
- our brand recognition and ability to retain and attract users on our mobility service platform. The average monthly active riders of our mobility services amounted to 1,031.7 thousand, 1,203.8 thousand and 1,047.3 thousand in 2021, 2022 and 2023, respectively. In 2021, 2022 and 2023, not only did we recorded an annual rider retention rate of our ride-hailing services of 31.7%, 31.0% and 27.8%, respectively, we also witnessed a notably high average ride frequency of our ride-hailing services of 8.8, 10.2 and 9.0, respectively. As of December 31, 2023, for our ride-hailing services, the average direct profit per order of users retained for one year improved by 79.7%, and for two years by 75.5%, compared to December 31, 2022;
- our stable and strong service fleet. The number of the average monthly active drivers of our ride-hailing services increased from 11.9 thousand in 2021 to 18.6 thousand in 2022, and further to 36.8 thousand in 2023;
- our strong presence in the GBA benefiting from our localized development and operation strategy, equipping us with market entry strategies, operational expertise and management systems which benefit our expansion into new geographical markets. According to Frost & Sullivan, our mobility services ranked second in the Greater Bay Area in terms of the GTV in 2023. In 2023, we achieved an NPS of 53 in foothold cities and 56 in Guangzhou, indicating higher customer satisfaction than the industry average, which is concentrated between 20 and 30, according to researches and expert interviews conducted by Frost & Sullivan;
- our ability to maintain high regulatory compliance rate. Our MOT Order Compliance Rate ranked first 17 times as of December 31, 2023, according to the published information by the MOT. We also improved our order compliance rate from 84.8% in 2021 to 90.5% in 2022, and further to 95.6% in 2023;
- our ability to enhance rider experience by keeping abreast of cutting-edge technologies and develop our platforms. We launched the first open Robotaxi operation technology platform in the world in April 2022, according to Frost & Sullivan. We also launched the commercialized hybrid operation of manned ride-hailing and Robotaxi services in Guangzhou in October 2022, the first mobility service platform in the world to achieve this, according to Frost & Sullivan;
- our growing ability to effectively manage costs and expenses benefiting from our improving efficiency of order matching, decreasing cost per km and the economies of scale as a result of our continuous revenue growth. Our acquisition cost per new active rider decreased by 16.1% from 2021 to 2023; and
- our dedication in the implementation of our geographical expansion strategy, which enables the sustainable and effective expansion of our mobility services. Our mobility service GTV increased significantly from RMB1,347.4 million in 2021 to RMB1,795.6 million in 2022, and further to RMB2,741.0 million; our revenue from mobility services increased significantly from RMB1,012.5 million to RMB1,249.8 million, and further to RMB1,814.1 million in 2023.

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### *Ride-hailing*

We began offering ride-hailing services from the Greater Bay Area and adopted our geographical expansion strategy to achieve sustainable and effective expansion, facilitating our expansion from Guangzhou, to neighboring cities and further to other regions in the Greater Bay Area. We deem user experience critical to our success and expand our business in a sustainable way. Rather than relying on subsidies and coupons, we acquire users primarily through enhancing their awareness of our brand via word-of-mouth recommendations from existing users and various interactive promotional activities. Leveraging our data analytical capability, AI algorithms advancement, as well as refined operation at both the supply and demand ends, we have constantly improved the user experience and realized rapid expansion while improving operational efficiency. In 2021, 2022 and 2023, the average monthly active riders of our ride-hailing services amounted to 980.0 thousand, 1,160.7 thousand and 996.9 thousand, respectively; during the same periods, riders of our ride-hailing services had traveled an aggregate of 351.7 million km, 475.0 million km and 743.0 million km, respectively.

### *Robotaxi*

With the development of AI and autonomous driving technologies, the mobility industry is expected to undergo a significant transition from manned driving to autonomous driving, presenting enormous market opportunities, according to Frost & Sullivan. The commercialization of Robotaxi is expected to become a reality by 2026, influenced by several key factors, including (i) the cost per kilometer comparison between Robotaxi and manned ride-hailing services, (ii) continuous advancements in technology, especially in autonomous driving, and (iii) significant government support, according to the same source. See “Industry Overview – Robotaxi – The Future of Smart Mobility”. According to Frost & Sullivan, the total global market size of Robotaxi by GTV will reach RMB834.9 billion in 2030.

We embrace the emerging industry upgrades and business model transformation and have been promoting the commercialization of Robotaxi, enjoying a first-mover advantage, according to Frost & Sullivan. We are the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan, under which third-party Robotaxis were connected to our platform for demonstrative commercial operation. This allows us to leverage user traffic from existing ride hailing service, efficiently introduce Robotaxi service to our riders and grow their recognition of this innovative mobility option. We offer a proprietary open Robotaxi operation technology platform that is compatible with different types of autonomous driving technologies and Robotaxi vehicle models, allowing us to effectively maximize the service capacity available on our platform and seize a larger market share. Our proprietary open Robotaxi operation technology platform allows the remote management and control of Robotaxi through cloud technology, and improves both vehicle operational efficiency and service quality. As of December 31, 2023, our Robotaxi service had operated for an aggregate of 20,080 hours and covered 545 stops, completing approximately 450,699 km of accident-free operations.

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### Technology Services

We provide AI data and model solutions for automobile manufacturers and autonomous driving solution providers to facilitate their R&D activities in various areas of smart mobility technologies, including environmental perception, route planning, behavioral decision-making and control. We also offer HD maps and other technology services primarily including smart transportation solutions. The extensive user base and behavioral data accumulated in our mobility services provide a wealth of use case information for our technology services. Recognizing the emerging technological transformation in the mobility service industry, we are committed to the innovation, development and implementation of advanced technologies and practices. We offer the following technology services that support the development of autonomous driving technologies and smart transportation and facilitate the commercialization of autonomous driving technologies.

- **AI data and model solutions.** Our AI data and model solutions focus on providing one-stop solutions encompassing data collection, data annotation, data management and model training for the autonomous driving industry. We have developed a set of tools and platform that can be used for multimodal data training, including OnTime Data Collects (data collection), OnTime Data Management (data management), OnTime Data Encoder (data annotation) and OnTime AI Trainer (an integrated platform combining data container management with model development, model training and model evaluation functions).
- **HD Maps.** Our HD map, OnTime MapNet, integrates data collection, real-time vehicle- and cloud-end updates and multilayer integration, and is committed to providing real-time, low-cost, high-quality, HD map update solutions for automobile manufacturers and map developers.
- **Other Technology Services.** We provide smart transportation solutions to traffic management departments to improve urban traffic management and safety conditions. We utilize V2X technology to enable real-time traffic data interaction, achieving more effective responses to complex road conditions and safe operations in the context of autonomous driving. We work closely with municipal transportation authorities in the development of urban intelligent transportation technological infrastructure, where we leverage our V2X operation management knowhow to help reduce traffic congestion and improve the overall urban transportation efficiency.

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The growth drivers for our technology services include, among others:

- significant opportunities and continual growth potential in China autonomous driving technology service market, with its market size expected to reach RMB76.6 billion in 2030, growing at a CAGR of 21.4% from 2024 to 2030, and in China AI data and model solutions market, with its market size expected to reach RMB18.01 billion in 2027, according to Frost & Sullivan;
- the extensive user base and behavioral data accumulated in our mobility services, providing us with a wealth of use case information for our technology services. The number of the average monthly active drivers of our ride-hailing services amounted to 11.9 thousand, 18.6 thousand and 36.8 thousand in 2021, 2022 and 2023, respectively; riders of our ride-hailing services had traveled an aggregate of 351.7 million km, 475.0 million km and 743.0 million km in 2021, 2022 and 2023, respectively;
- continual enhancement of in-house research capabilities for product development and iteration to provide more intelligent services to a broader user base. For example, in terms of AI data and model solutions, we have developed a set of tools and platform that can be used for multimodal data training, including OnTime Data Collects (data collection), OnTime Data Management (data management), OnTime Data Encoder (data annotation) and OnTime AI Trainer (an integrated platform combining data container management, with model development, model training and model evaluation functions). In terms of HD mapping solutions, we are in the progress of developing vehicle-end local real-time HD mapping system, HD map cloud data management platform, cloud platform for HD map update/quality inspection/release, and HD map crowdsourcing management system;
- continual expansion of operational reach and enhancement of competitive advantage through acquisition of key qualifications to better satisfy enterprise customer needs. For example, since April 2023, we have engaged in on-ground mobile surveying activities, and have obtained the Class B Surveying and Mapping Qualification Certificate (乙級測繪資質證書) (mapping qualifications for geographic information system engineering and internet map services) on April 20, 2023;
- our industry accumulation and extensive cooperation. As a member of the Committee of Demonstrative Operation of Autonomous Driving Technology in Guangzhou, we play a pivotal role in the formulation of policies and standards with respect to the commercialization of Robotaxi in Guangzhou. We have also entered into strategic collaborations with business partners such as a leading autonomous driving solution provider Pony.ai, the Robotaxi fleet of GAC R&D Center and NavInfo Co., Ltd. (四維圖新) (“NavInfo”) in R&D initiatives; and
- our commitment to the expansion of our technology services. As of the Latest Practicable Date, we had secured contracts for our technology services with a total contract value of RMB51.1 million.

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### **Fleet Management & Services**

We are dedicated to strengthening our connections with various key stakeholders in the mobility service market, including vehicle service providers, drivers and riders, and continue to enrich our service offerings to encompass not only mobility service but also automobile service to build an industry network that encompasses mobility service and automobile service. By building our own automobile service capabilities, we are able to help our drivers improve their operational efficiency with our high-quality, cost-effective and standard automobile service. In April 2022, we launched OnTime auto service center, which is an offline store that offers comprehensive fleet management & services covering drivers and vehicles, offering vehicle sales, maintenance and repairs and driver service. Along with OnTime auto service center, we formed a set of standardized automobile service procedures to ensure that our drivers and vehicles have easy access to efficient and reliable support. OnTime auto service center marked the expansion of our online influence into offline presence, forming online to offline complementary offerings.

Leveraging our unique industry resources and close relationships with automobile manufacturers, including GAC Group, we undertake centralized vehicle procurement for our car partners and drivers. We consolidate the demands of our car partners and drivers, and negotiate directly with automobile manufacturers for a collective deal. Such collective deals are typically priced at a discount from prevailing market prices, and offer more streamlined delivery. We provide standardized maintenance and repair services and ancillary services, such as car wash and EV charging, to our car partners and certain individual car owners.

Our fleet management & services also empower Robotaxi services, achieving longer operating hours and higher operational efficiency, and ultimately turning around from loss to profit making. With further penetration of the Robotaxi service, highly-streamlined daily maintenance, system troubleshooting, and inspection and repair of vehicles will become a crucial part of Robotaxi operation.

During the course of these services, we connect various industry participants including drivers, car partners, vehicle service providers, automotive OEMs as well as Robotaxi service and technology providers to form an engaging, close-knit industry network around our mobility service platform, where synergies and additional values are created leveraging the share of information, know-how, experience and resources among the industry participants, as we continue to invest in this operation.

The growth drivers for our fleet management & services include, among others:

- significant opportunities and continual growth potential in China smart mobility fleet management & services market, with the number of ride-hailing service vehicles expected to increase from 4.5 million in 2024 to 6.0 million in 2030, according to Frost & Sullivan, as well as the further penetration of Robotaxi service as our fleet management & services are also available to Robotaxi;



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- our dedication to enriching our service offerings to build an industry network that encompasses mobility service and automobile service. For example, in April 2022, we launched OnTime auto service center in Guangzhou, which is an offline store that offers comprehensive fleet management & services covering drivers and vehicles, offering sales of vehicles and spare parts, maintenance and repair and driver service;
- our capability to enhance our car partners’ efficiency and cost management. For example, we developed our proprietary vehicle and driver management system and provided access to our car partners for free. We provided training to our car partners from time to time, assisting them to improve operating efficiency and to maintain a relatively high compliance rate. As a result, the average management fee per order we paid to car partner decreased from RMB0.84 in 2021 to RMB0.61 in 2022, and further to RMB0.40 in 2023;
- our unique industry resources and close relationships with automobile manufacturers, including GAC Group, allowing us to efficiently provide a full suite of vehicle and driver support solutions and achieve effective customer acquisition. For example, our close connection with the GAC Group allows us to realize collective vehicle procurements, which is critical to the launch and operation of our fleet management & service business; and
- our comprehensive services and assistance, which enable us to relieve our drivers from various logistics and maintenance matters and help them increase their net operational time and improve operational efficiency. As of December 31, 2023, we were capable of providing fleet management & services to 135.2 thousand drivers. Our services help enhance driver stickiness and control the offering of incentives to drivers, with incentives per order to registered drivers providing ride-hailing services decreasing from RMB2.87 in 2021 to RMB1.71 in 2022, and further to RMB1.46 in 2023. Since the launch of our fleet management & services and as of December 31, 2023, 57% of the drivers on our platform had used our fleet management & services.

### OUR STRENGTHS

We believe that the following competitive advantages contribute to our success:

#### **Mobility Technology and Service Company with Strong Presence in GBA**

We are the second-largest mobility service platform in the Greater Bay Area by each of market share and GTV in 2023, according to Frost & Sullivan, benefiting from our persistent refined operation and management and proprietary technologies. We have a strong network in Guangdong province, one of China’s most densely populated provinces with high per capita spending power, covering major cities such as Guangzhou, Shenzhen, Foshan, Zhongshan, Dongguan and Zhuhai. As of December 31, 2023, we strategically focused on nine foothold cities, the majority of which are in the Greater Bay Area.

We attach utmost importance to regulatory compliance and have maintained an industry leading compliance profile. According to the published information by the MOT, as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times.

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We provide innovative and diversified mobility services, primarily including ride-hailing and Robotaxi services. Our mobility service GTV increased from RMB1,347.4 million in 2021 to RMB2,741.0 million in 2023, representing a CAGR of 42.6%. As of December 31, 2023, the number of registered riders on our mobility service platform reached 23.8 million. In 2023, the average monthly active riders of our mobility services reached 1,047.3 thousand, and the average monthly active drivers of our mobility services reached 36.9 thousand, with the daily order volume of our mobility services peaked at a level of over 375 thousand. As of December 31, 2023, our user penetration rate in the Greater Bay Area exceeded 45%, ranking second in the Greater Bay Area, according to Frost & Sullivan.

We have been promoting Robotaxi commercialization, embracing the trends of electrification, intelligence, connectivity and sharing in the automobile industry. Our Robotaxi operation technology platform is compatible with various autonomous driving solutions as well as Robotaxi vehicle models. Our platform connects with leading autonomous driving solution providers as well as automobile manufacturers and their related parties in China. As of December 31, 2023, our platform was connected to partners such as Pony.ai and the GAC R&D Center, and we are entering into collaborations with a number of other leading players in this field. In April 2023, we obtained the Intelligent Connected Vehicle Demonstrative Operation Qualification in Nansha District, Guangzhou, and was therefore the first mobility service platform to conduct demonstrative operation with a proprietary Robotaxi fleet in China.

We maintain in-depth cooperation with leading autonomous driving solution providers to offer Robotaxi service empowered by autonomous driving technologies. According to Frost & Sullivan, we are the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation. This provides Robotaxi fleet with ample opportunities to serve riders in real-life traffic scenarios, while gently steering our riders towards these innovative mobility service options and nurturing their progressive adoption. In addition to providing our riders with diversified mobility service options, the hybrid operation model also leads us to construct our proprietary open Robotaxi operation technology platform comprising three core modules, including VMS, OMP and RDP, that supports Robotaxi vehicles. Such model also enhances the market awareness of Robotaxi and accelerates its commercialization.

We embrace the trend of electrification in the automobile industry, providing users with energy-efficient, environmentally friendly and high-quality mobility services. As of December 31, 2023, over 95% of our service fleet is new energy vehicles and hybrid vehicles, with over 85% being pure electric vehicles. Since our establishment and up to December 31, 2023, we had facilitated a reduction in carbon emissions of 127,501 tons of CO<sub>2</sub>e.

We continually develop and enhance our technology services including AI data and model solutions, HD maps and smart transportation solutions, aiming to capture the opportunities brought by the innovation and rapid development of the mobility service industry. We also endeavor to optimize our overall fleet management & services for both manned ride-hailing and Robotaxi services, thus spearheading industry progress.

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### **Robust Industry Resources and Supportive Policies**

Jointly founded by GAC Group and Tencent, we are tasked with fulfilling one of the key missions in GAC Group’s strategic transition from an automobile manufacturer to a mobility service provider. Through strategic investment relationships, we have laid a solid foundation of mutual trust and cooperation with our industry partners, and achieved integration of industry resources of automobile manufacturing, autonomous driving technology and mobility services. With the mobility service at the core, we tap into the upstream and downstream industries through offering technology services and fleet management & services. We position ourselves at a pivotal point of the smart mobility industry value chain, creating connections and synergies amongst various market participants.

GAC Group is a leading automobile conglomerate in China with more than 20 years of advanced manufacturing experience, well-established and efficient R&D, production and sales systems, and a comprehensive upstream and downstream industry network. In December 2022, GAC Group released the GAC Trillion “1578” Development Outline (“萬億廣汽1578發展綱要”), setting forth its near-term business development plans, including promoting the commercialization of smart mobility operations, strengthening its intelligent mobility operational capabilities, and leading the innovation in the business model of intelligent transportation. These goals are closely related to, and aligned with, our development plan, and are expected to facilitate our continued growth.

Tencent, as our second largest shareholder, empowers our platform operation and management, as well as market expansion. We benefit from its cutting-edge internet infrastructure and high-quality user traffic. We also collaborate closely with leading autonomous driving solution providers such as Pony.ai and QCraft, to empower each other’s growth, facilitate the advancement of autonomous driving technologies and promote the commercialization of Robotaxi.

The Greater Bay Area, where we are headquartered, is a national pilot field for the development, testing and implementation of autonomous driving technologies. Guangdong was the first (excluding the municipalities directly administered by the central government) to issue a provincial-level policy for autonomous driving road test management in China in 2018. According to Frost & Sullivan, (i) as of December 31, 2021, the number of companies operating in autonomous driving-related areas in Guangdong province accounted for 32% of those in China, the most among all provinces, (ii) in July 2022, Shenzhen promulgated the first municipal-level regulation in China to regulate intelligent connected vehicles.

According to Frost & Sullivan, Guangzhou is the first city in China to promote the synchronized development of intelligent connected vehicles and smart cities. According to Guangzhou Municipal Bureau of Industry and Information Technology, Guangzhou has won a number of “national firsts” in the field of autonomous driving: the first city to recognize road test licenses for intelligent connected vehicles issued by other cities; the first to issue autonomous driving passenger test licenses; the first to carry out large-scale Robotaxi technology verification; and the first to launch a standardized process for the mass production

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of L4 autonomous vehicles. As a mobility technology company headquartered in Guangzhou focusing on the Great Bay Area market, we, benefiting from the favorable policies and regulatory progress, are able to explore the frontier of technology innovation as well as new mobility service options and operation models.

### **Continual Improvement of Operational Efficiency**

Committed to compliant operation and high-quality services, we have seen an upswing in rider satisfaction and operational efficiency. In 2020, we established the OnTime Experience Center to oversee routine supervision and training of our drivers and car partners. We were the only ride-hailing brand in Guangzhou to receive a 4A rating for mobility service quality among ride-hailing platform enterprises in 2020, as evaluated by Guangzhou Municipal Transportation Bureau based on multiple metrics specified by the MOT, including corporate management, information data management, safety operation, operation service, and social responsibility, which indicates our leading service quality among mobility service providers in Guangzhou. We introduced NPS as a key indicator of our customers’ willingness to recommend our brand and mobility services, and as a channel to understand our customers’ needs. In 2023, we achieved an NPS of 53 in foothold cities and 56 in Guangzhou, indicating higher customer satisfaction than the industry average, which is concentrated between 20 and 30, according to researches and expert interviews conducted by Frost & Sullivan. Our reputation for quality service and effective rider acquisition strategies helped us improve efficiency in acquiring new riders. As a result, our operational efficiency has consistently improved.

Since our inception, we have been dedicated to developing mobility services to better serve the public. As a provider of high-quality services, we have a broad rider base characterized by high loyalty, high transaction frequency and strong purchasing power, as indicated by the statistical trends related to our customer activity in the following paragraphs:

- In 2021, 2022 and 2023, not only did we recorded an annual rider retention rate of our ride-hailing services of 31.7%, 31.0% and 27.8%, respectively, we also witnessed a notably high average ride frequency of our ride-hailing services of 8.8, 10.2 and 9.0, respectively.
- As of December 31, 2023, for our ride-hailing services, the average direct profit per order of users retained for one year improved by 79.7%, and for two years by 75.5%, compared to December 31, 2022.

We believe that the improved satisfaction data based on the authentic feedback from users reflect the effectiveness of our ongoing efforts to provide high-quality services, which is a stringent but valid standard that we strive to hold ourselves to.

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### High-Quality Mobility Services

We provide high-quality mobility services for both riders and drivers by constantly improving their experience to inspire confidence.

**Service for riders:** We continuously optimize our service to align with riders’ needs, with a focus on achieving efficient dispatch and real-time safety monitoring. In collaboration with the GAC Group, we introduced a purpose-built vehicle model customized for ride-hailing services that not only maximizes ride-hailing operational efficiency but also satisfies the three primary demands of riders for better traveling experience, namely, intelligence, comfort and entertainment. We implement comprehensive on- and offline safety monitoring to ensure riders’ travel safety and regularly conduct professional training and assessments for drivers through our OnTime Experience Center to enhance service quality. Leveraging our technologies in the operation of mobility service platform, we launched the commercialized hybrid operation of manned ride-hailing and Robotaxi services, which significantly improves our operational efficiency. Through intelligent dispatch, pick-up and drop-off point recommendations powered by our proprietary technologies, we strive to provide riders with satisfying mobility service.

**Services for drivers:** We aim to create supportive working environment for our drivers. Our scientific and balanced algorithms and dispatch mechanisms help drivers achieve stable income. Our intelligent reservation system for EV charging stations improves the efficiency of charging and decreases drivers’ idle time during working hours. The full-lifecycle vehicle management services provided by us reduce drivers’ vehicle maintenance costs. We aspire to offer one-stop standardized automobile service, and create an industry network encompassing driver services, after-sales services and other ancillary services in extended scenarios, relieving drivers from the burdensome vehicle maintenance work. By building our own automobile service capabilities, we are able to help our drivers improve their operational efficiency with our high-quality, cost-effective and standard automobile service. We have labor unions to assist drivers with physical and mental wellness and to protect their rights. We have also established a holistic driver evaluation system, assessing their performance based on order completion rate, ratings and specific feedback. We have comprehensive evaluation and incentive measures in place to encourage drivers to improve their performance and obtain better economic returns. Eyeing the emerging trend of autonomous driving, we also provide drivers with opportunities to undergo training for human safety driver for vehicles equipped with autonomous driving technologies. According to Frost & Sullivan, these positions are expected to be in increasing demand as the R&D and testing for autonomous driving vehicle continue to ramp up. We take pride in our efforts and achievements in helping drivers benefit from our growth and giving them the access to more rights and opportunities in pursuing a better career.

### Strong Capabilities to Promote Robotaxi Commercialization

We believe the mobility service platforms stand at a pivotal point in the Robotaxi industry value chain. We provide comprehensive solutions for Robotaxi commercialization. We launched the Robotaxi VMS, comprising vehicle asset management, vehicle service management and vehicle operation management. We also have strong autonomous driving vehicle operational capabilities which enable us to support the developing operational needs as Robotaxis become increasingly intelligent.

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We actively engage in the formulation of industry policies and standards for Robotaxi operation in China. As a member of the Guangzhou Intelligent Connected Vehicle Electronics Industry Development and Promotion Association, we participate in the preparation of the proposal related to the development of the intelligent network in Guangzhou and the planning, construction and operation of the Guangzhou Intelligent Connected Vehicle Pilot Zone, where the road tests of intelligent connected vehicles took place. Together with Baidu and Didi’s affiliates in autonomous driving technology, among others, we were appointed as a member of the Committee on Application and Demonstrative Operation of Autonomous Driving of Guangzhou’s Intelligent Connected Vehicle Electronics Industry Development and Promotion Association, assuming a pivotal role in the formulation of policies and standards related to the commercialization of Robotaxi and promoting the development of the demonstrative operation of autonomous driving in Guangzhou. To facilitate the progress of the demonstrative operation of intelligent connected vehicles, we have successfully advocated for a series of industrial self-regulation measures, such as specifying the protocols for the training, management, professional assessment and career management of safety officers, who would play a critical role in ensuring the smooth operation of Robotaxi vehicles. Establishing and maintaining a sound training and certification system for the safety office is essential for the future large-scale commercialization of Robotaxi services. We participated in a pilot project in Guangzhou for the autonomous driving demonstrative application in urban mobility services. This project was selected by MOT as one of its first batch of demonstrative application pilot projects for smart transportation. In this project, we led the formulation of autonomous vehicle mobility service operation standards, including the overall service plan and the standard procedures for dispatch, safety management and vehicle maintenance.

Our Robotaxi operation system is compatible with the solutions of leading autonomous driving solution providers, and we have jointly launched specialized Robotaxi vehicle models with them, further extending our footprint along the Robotaxi industry value chain. We have made rapid progress since the start of our Robotaxi operations, achieving the following milestones:

<b>Time</b>	<b>Event</b>
April 2022	We launched the first open Robotaxi operation technology platform globally, according to Frost & Sullivan.
April 2022	Pony.ai’s Robotaxi fleet in Nansha District, Guangzhou was also officially connected to our <i>OnTime Mobility</i> travel platform.
October 2022	We launched the commercialized hybrid operation of manned ride-hailing and Robotaxi services in Guangzhou, the first mobility service platform in the world to achieve this, according to Frost & Sullivan. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation.

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<b>Time</b>	<b>Event</b>
December 2022	A Robotaxi vehicle model, which was jointly developed by Pony.ai and us based on the GAC Group’s AION LX vehicle model, was included in the catalog of demonstrative operation vehicle models in Guangzhou.
April 2023	We obtained the Intelligent Connected Vehicle Demonstrative Operation Qualification in Nansha District, Guangzhou, and was therefore the first mobility service platform to conduct demonstrative operation with a proprietary Robotaxi fleet in China. This qualification allows us to start demonstrative operation with our own Robotaxis.
June 2023	We entered into cooperation with Pony.ai and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration to conduct pilot commercial operation of autonomous driving in Qianhai Cooperation Zone, Shenzhen.
November 2023	Our Self-Declaration for Safety of the Intelligent Connected Vehicle Road Testing has been certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles, which means that we have been permitted to, and have actually expanded our road testing activities of intelligent connected vehicles in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao’an Airport Area, Shenzhen Bay and Shenzhen Bay Port). Within the same month, a fleet of our own Robotaxis were permitted to commence operations within these areas of Shenzhen.
December 2023	A new generation Robotaxi vehicle model, customized by Pony.ai for us based on the GAC Group’s Toyota Sienna Autono-MaaS vehicle model, obtained the Demonstrative Commercial Operation Qualification in Nansha District, Guangzhou. Within the same month, we connected a fleet of our own Robotaxis based on this model to our platform for demonstrative commercial operation.
January 2024	Our Self-Declaration for Safety of the Intelligent Connected Vehicle Demonstrative Employment has been certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles, which permits us to conduct manned Robotaxi demonstrative employment activities in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao’an Airport Area, Shenzhen Bay and Shenzhen Bay Port). Within the same month, we obtained the Intelligent Connected Vehicle Commercialized Pilot Operation License in Bao’an District, Shenzhen, which allows us to offer commercialized Robotaxi services within this district.

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### Advanced Technological Capabilities

With the constant evolution of AI and autonomous driving technology, Robotaxi, a long-anticipated mobility solution, has commenced paid operation in certain pilot areas. Our unique hybrid operation of manned ride-hailing and Robotaxi services is powered by our proprietary technologies. We are the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation. The ability to enhance ride-hailing service capacity through a mix of manned and unmanned service vehicles has the potential to become a core competitive advantage for mobility platforms. Our Robotaxi operation technology platform is compatible with various autonomous driving solutions as well as Robotaxi vehicle models. Our platform with various leading autonomous driving solution providers and automobile manufacturers in China. We believe open collaboration and strong industry connections are the prerequisites for achieving scalability and ensuring operational safety of mobility platforms.

Powered by proprietary AI dispatching models, our platform is able to efficiently and accurately analyze complex real-life mobility scenario information. Our hybrid operation model adopts an order dispatch mechanism that takes into account a series of factors, including ride destination, vehicle location, traffic conditions, vehicle type, weather conditions and operational design domain (ODD) of different Robotaxi vehicles. This comprehensive approach enables us to intelligently match riders with the most efficient travel option. Additionally, by assessing the walking distance for riders and real-time environmental conditions, our platform uses predictive algorithms to provide intelligent pick-up and drop-off point recommendations, offering more optimal pricing and precise dispatch services to riders.

Our proprietary open Robotaxi operation technology platform comprises VMS, OMP and RDP. Being the bedrock of our Robotaxi operation technology platform, RDP performs storage, sanitizing and mining of Robotaxi data, and building up a high-quality scenario vault with the help of algorithm models. OMP supports remote monitoring and management of Robotaxi vehicles to achieve optimal management of the fulfilment capacity of our mobility platform. It enables intelligent collaboration between vehicles and road networks, offering real-time road condition predictions and optimized route recommendations. OMP can optimize vehicle operation efficiency and service quality and provide valuable feedback for the advancement of autonomous driving technology. VMS provides comprehensive vehicle asset management, vehicle service management and vehicle operation management services to maximize the operational capacity of Robotaxi vehicles. We also have a vehicle condition remote evaluation function established under the vehicle operation management module of VMS, which monitors and evaluates various indicators including rider experience, driving compliance, driving safety, emergency detection and response and the ODD of different autonomous driving solutions.



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In addition, we harness the value of data through building use case databases and optimizing data models, which help us tap into the value chain of autonomous driving solution providers. We provide autonomous driving data solutions, including AI data and model solutions, HD maps and smart transportation solutions, to automobile manufacturers, autonomous driving solution providers and sensor manufacturers. We also provide real-time road condition analysis, traffic planning and 5G vehicle-road coordination services to traffic management authorities, delivering significant commercial and social value.

We accumulated a diverse array of data assets through our ride-hailing and Robotaxi services. We also generated various operational data in collaboration with leading autonomous driving solution providers, including perception data, decision flow data, operation management data and statistical index data. This has facilitated our accumulation of profound technical advantages in autonomous driving data collection, analysis and application. These valuable data are crucial to the advancement of our platform technology and the improvement of operational efficiency. Our operations, as they constantly improve, generate an increasing amount of information and user feedbacks, fueling the R&D of autonomous driving technologies.

### **Diverse Service Offering Empowered by Broad Industry Resources**

Benefiting from our collaboration with GAC Group, a leading automobile industry conglomerates housing a broad range of industry resources, we have built a multi-dimensional mobility service system and launched a one-stop standardized automobile service platform. By building our own automobile service capabilities, we are able to help our drivers improve their operational efficiency with our high-quality, cost-effective and standard automobile service. We are dedicated to strengthening our connections with various key stakeholders in the mobility service market, including vehicle service providers, drivers and riders, and continue to enrich our service offerings to encompass not only mobility service but also automobile service to build an industry network that encompasses mobility service and automobile service.

In April 2022, we launched our first OnTime auto service center in Guangzhou, which is an offline store that offers comprehensive services to drivers and vehicles, including vehicle purchase, vehicle repair and maintenance and driver training. We adopt a dual-axis development strategy. Under this strategy, we expanded our operations to encompass not only mobility services, but also the “technology axis” focusing on autonomous driving related technologies and the “ecological axis” where we build a standardized automobile service platform to serve various industry partners. We view automobile service as a vital component of the ecosystem axis. Leveraging our industry connections along the automobile manufacturing industry chain, we tapped into automobile aftermarket services, providing vehicle sales, leasing, maintenance, charging, network access and recycling services for the ride-hailing service vehicles.

With keen industry foresight, OnTime auto service centers are also designed to fulfill critical tasks of Robotaxi service vehicle repair and maintenance, in anticipation of the commercialization of Robotaxi. OnTime auto service centers aim to offer charging, cleaning,

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maintenance, repair, system detection, upgrades, data uploads and other automated maintenance services for all types of Robotaxi operation scenarios. In October 2022, we officially launched the Robotaxi VMS, which includes vehicle asset management, vehicle service management and vehicle operation management, ramping up our intelligent inspection and automobile service management capabilities and further completing and enhancing the functionalities of our Robotaxi operation technology platform. Combined with OnTime auto service centers’ comprehensive offline vehicle service system, the Robotaxi VMS ensures the functional stability and economic efficiency of all Robotaxi vehicles connected to our platform, making Robotaxi a viable, operable and sustainable business service.

In 2021, we launched OnTime Stations in Guangzhou, and participated in the formulation of Guangzhou Robotaxi station standards. OnTime Stations are typically located near urban traffic hotspots, leverage positioning technology to direct nearby riders and drivers to stations for a more streamlined positioning and pickup process, helping to resolve traffic issues during peak hours in busy urban areas, such as unresponsive ride orders, long waiting times and traffic jams. OnTime Stations are also equipped with a one-scan ride-hailing function, providing convenient services for special groups, including the elderly and people with health conditions and impairments. Going forward, OnTime Stations are expected to also serve as the offline stations of our technology platform for Robotaxi vehicle operation, connecting vehicles, roads, people and the cloud end-server, forming a part of our strategic layout for our hybrid operation of manned ride-hailing and robotaxi services.

### **Leadership with Shared Mission, Discernment and Strong Execution Capabilities**

With the mission of “connecting better lives with smart mobility,” our management team attracts and unites people with common values to work towards our vision of “becoming the most prominent mobility platform in the next decade.”

Our management team has successfully integrated the advantages of the automobile industry with the innovation of internet economy models, built user-centric corporate values and fostered a positive symbiosis with the cities where we operate.

Our CEO, Mr. Jiang Hua, has more than 20 years of management experience in automobile manufacturing and the automobile service trade industry. He has worked at GAC Group since September 1997 and has led the success of various innovative business modules in the service trade segment of the GAC Group. Under his leadership, GAC Business Co., Ltd. (廣汽商貿有限公司) evolved into a large enterprise with an annual sales value of tens of billions of Renminbi. As the leader of the GAC Group’s mobility service project team, Mr. Jiang Hua led our establishment and the commencement of business operations. His deep understanding of the development stage of the mobility industry allowed him to devise our geographical expansion strategy, guided by which we have successfully replicated the market entry strategies, operational expertise and management systems that have been tested and proven effective in established markets to new markets in adjacent regions. Mr. Jiang made significant contributions to the scientific, sustainable and efficient development of our network.

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Our Chief Operating Officer, Mr. Han Feng, is an expert in the operation and management of platform economies, with experience in various domestic and overseas mobility platform enterprises, including Didi and Uber. He has built the ride-hailing business system for our platform and successively led the commercialization of our innovative businesses of hitch service. Our Chief Technology Officer, Dr. Song Deqiang, is an expert in internet electronic maps and data platforms, with extensive R&D management experience in leading technology companies such as Microsoft, AutoNavi and Meituan. He led our R&D team to successfully build the technology infrastructure and operation platform of Robotaxi. Mr. Sun Lei, our Vice President of Strategy and Finance, who has worked at SAIC Motor, Roland Berger and Hina Group with a consistent focus on the automobile and mobility industries, is responsible for the formulation and execution of our key strategic programs and major business plans.

### OUR STRATEGIES

We are committed to facilitating the transformation of the mobility service industry, and we aspire to become a global mobility technology and service company through the following strategies:

#### **Leverage Success in Key Regions and First-Mover Advantage in Robotaxi Operation to Build Mobility Service Platform with Full-Suite of Offerings**

We plan to continuously expand our presence in the mobility service market for ride-hailing and Robotaxi to an international scale. We are dedicated to exploring the technology service industry of AI data and model solutions. We expect to extend our reach in the fleet management & services encompassing driver services, vehicle aftermarket services and other ancillary services in extended scenarios. We anticipate growing strong synergies among our mobility services, technology services and fleet management & services, thereby enhancing our core competitiveness and competitive barriers.

**Stage One:** We aim to launch the hybrid operation of manned ride-hailing and Robotaxi services in certain key regions in China. We believe the data assets accumulated through such hybrid operation will propel the development of autonomous driving data solutions including AI data and model solutions, HD maps and smart transportation solutions. Leveraging the continuous iteration of autonomous driving data solutions, we expect to continue to promote the development and commercialization of autonomous driving technology, and accelerate the transition of the Robotaxi industry from R&D to mass production.

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**Stage Two:** We intend to further promote (i) the hybrid operation of manned ride-hailing and Robotaxi services nationwide, (ii) the mass production of factory-installed Robotaxi vehicles and (iii) the expansion of our nationwide ride-hailing operational network. Specifically, by accumulating data assets through the operation of Robotaxi in key regions, we expect to continue to advance autonomous driving data solutions, which is critical to the mass production of factory-installed Robotaxi vehicles. This strategy would drive us and our industrial partners to achieve mass production of Robotaxi vehicles. Backed by our successful operating experience in certain key regions, we plan to hasten the expansion of the ride-hailing business nationwide, and rapidly lay out the supporting infrastructures and systems for fleet management & services.

**Stage Three:** With the rapid increase of our user base, we expect to enter a new development stage where we leverage our scale and technology advantages to enter the global market. Specifically, we estimate that Robotaxi vehicles as a percentage of mobility service fleet will grow rapidly, which will provide us with a significant competitive edge in the cost structure. This should help us to considerably increase our market share in the national mobility service market and form strong competitive barriers in combination with the development of our fleet management & services. We expect to have a more comprehensive ecosystem, stronger user stickiness, diversified monetization methods and business models. Leveraging existing success, we expect to then expand into overseas markets.

### **Continue to Implement our Geographical Expansion Strategy to Enhance Ride-Hailing Operational Efficiency**

We plan to continue implementing our geographical expansion strategy. Under this model, our strategy begins with selecting city clusters with developed economies and frequent socio-economic interactions. We further identify central cities within these clusters, considering factors such as economic scale, cultural impact and transportation convenience. Our approach is to take these central cities as the starting point for the expansion of our ride-hailing services, focusing resources on growing a robust and loyal rider base on the demand side and the driver pool on the supply side. This model, which grows our network from central cities to neighboring cities, helps us amplify the influence of central cities on both the supply and demand sides. Meanwhile, our geographical expansion strategy guides us to adopt a sustainable, long-term development strategy. As our brand awareness and user mindshare grow over time, we anticipate to achieve increases in user stickiness and user recommendation rate, consolidating our competitive strengths.

### **Refine Hybrid Operation Model and Offer Smooth Robotaxi Experience**

We expect to continue refining the hybrid operation of manned ride-hailing and Robotaxi services, to acquire riders for Robotaxi service.

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Our hybrid operation model provides riders with a consolidated single portal to choose either the manned ride-hailing option or Robotaxi service option. Our robust and versatile capabilities in fleet management & services support the maintenance and repairs of Robotaxi at a standard consistent with that for manned service vehicles, ensuring Robotaxi’s smooth and reliable operation. Benefiting from our continuous refinement of Robotaxi operation, the stability and reliability of Robotaxi are gradually brought to the level of manned service vehicles, while Robotaxi’s operational efficiency is expected to gradually exceed that of manned service vehicles. Robotaxi can operate and provide services for extended periods of time. Moreover, leveraging advanced AI algorithms and sensor technologies, Robotaxi has the potential to significantly reduce traffic accidents as currently 90% of the accidents were caused by human errors attributable to fatigue, distraction, driving under influence or emotional fluctuations, according to Frost & Sullivan. This could eventually lead to Robotaxi operational costs being much lower than those of manned service vehicles. Our platform also prioritizes the Robotaxi fleet when dispatching orders, allowing the Robotaxi fleet ample opportunities to serve riders in real-life traffic scenarios. We expect to continue to improve our hybrid operation capabilities in the following aspects:

**Rider education.** Based on different real-world traveling scenarios, needs and user preferences, our hybrid operation model presents our riders with the Robotaxi service option in parallel with the manned ride-hailing option using the same regular service access, and provides them with comprehensive planning with respect to different transportation capacities. We encourage riders to experience the new option, and actively solicit feedback. We endeavor to provide a convenient, safe and efficient Robotaxi experience, and expect riders to have growing confidence in mobility services provided by unmanned service vehicles.

**Operational management.** We were the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation. Under this hybrid operation model, various aspects of Robotaxi operations, including order dispatching and matching, positioning, navigation, data analysis, safety and emergency disposal, are tested in real-life scenarios. We also expect to accumulate experience in vehicle asset management, vehicle aftermarket service and automobile service capabilities. This continuously improves our knowhow and technologies in Robotaxi service operation. Going forward, we expect to continue leveraging our market insights to increase the coverage density of OnTime Stations, improve user experience and build a loyal user base. We plan to strengthen our capabilities in highly automated maintenance services to commercialized Robotaxi fleet, further solidifying our market leadership in autonomous driving vehicle operation.

**Autonomous driving technology R&D.** We accumulate diversified use cases of Robotaxi through the hybrid operation model. These use cases include long-tail scenarios that deviate from standard scenarios. Our data management service manages and analyzes Robotaxi data through the cloud, performing tasks including data storage, sanitizing and mining, and

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generating a valuable scenario library based on algorithm models. Data feedback from these use cases boosts our R&D efforts, enhances our ability to tackle corner cases and other complex situations and helps us continually refine our operation to cover a wider range of real-world scenarios.

### **Optimize Operational Management with Data Analysis**

We endeavor to harness the value of data generated in various areas of the automobile industry and facilitate the efficient sharing and utilization of data along the automobile R&D industry value chain across different domains, processes and scenarios.

We plan to continue building data tool platforms designed for multimodal training and HD maps. In terms of the development of mobility service platform, we plan to improve in-house R&D and operation capabilities by enhancing proprietary technologies encompassing data collection, management, annotation as well as model development, training and evaluation. Empowered by strengthened data analytical capabilities as well as algorithm models with higher performance, we expect to continually refine the operation of our mobility service platform. For vehicle testing, we expect to continue providing automobile manufacturers and autonomous driving solution providers with high-quality data for autonomous driving technology development and testing. For smart transportation application development and improvement, we aim to integrate the functions of data collection, vehicle- and cloud-side data update and multilayer combination, which we believe will enable us to offer more technology service with more advanced functionalities, such as HD map update solutions with enhanced timeliness, low-cost and high quality for automobile manufacturers, map service providers and municipal management agencies.

### **Enhance Brand Awareness**

We believe that our brand value is rooted in high-quality service. The brand image should serve as a communication channel between us and our users, which is our valuable asset and the solid foundation in market competition. We expect to continue to improve the quality of our services and expand our market presence, with a view to making our brand a household name in the mobility service industry.

### **Recruit and Cultivate Leading Talent**

Talent is our core strategic asset. We focus on professional ability, innovation ability and execution ability in the selection and cultivation of our talent. Based on the continuous innovation of organization and systems, we plan to continue to improve our talent selection, training, utilization and retention mechanism, unleashing the value of our human capital for our medium- and long-term strategic goals.

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### OUR SERVICE OFFERINGS

We were the second-largest mobility service platform in the Greater Bay Area in terms of GTV in 2023, according to Frost & Sullivan. We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We offer (i) mobility services, primarily ride-hailing and Robotaxi services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet management & services where we offer a full suite of support for drivers and car partners.

We began providing mobility services in Guangzhou in 2019 and have a strong network in Guangdong province, one of China’s most densely populated provinces with high per capita spending power, covering other major cities such as Shenzhen, Foshan, Zhongshan, Dongguan and Zhuhai. Our network grew rapidly during the Track Record Period. As of December 31, 2021, 2022 and 2023, the number of cities where we operated were six, 18 and 24, respectively. As of the same dates, the number of foothold cities where we strategically prioritized resources was five, seven and nine, respectively, the majority of which are in the Greater Bay Area.

Safety is the cornerstone of mobility services. We have always committed ourselves to high safety and compliance standards. We have an industry-leading order compliance rate. According to the published information by the MOT, as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times. We improved our order compliance rate from 84.8% in 2021 to 90.5% in 2022, and further to 95.6% in 2023.

Leveraging our experience and resources accumulated through the operation of our mobility service platform, we also tapped into technology services and fleet management & services, with a view to generate synergies among closely connected industry partners and staying at the forefront of technological innovations in the mobility service industry.

The following table sets forth a breakdown of our revenue by business segments in amounts and as percentages of total revenue for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
<b>Mobility services</b>	<b>1,012,464</b>	<b>99.9</b>	<b>1,249,768</b>	<b>91.3</b>	<b>1,814,133</b>	<b>84.0</b>
– Ride-hailing services	1,005,188	99.2	1,244,956	91.0	1,812,133	83.9
– Others <sup>(1)</sup>	7,276	0.7	4,812	0.3	2,000	0.1
<b>Technology services</b>	<b>1,065</b>	<b>0.1</b>	–	–	26,545	1.2
<b>Fleet management &amp; services</b>	–	–	118,591	8.7	320,385	14.8
<b>Total</b>	<b>1,013,529</b>	<b>100.0</b>	<b>1,368,359</b>	<b>100.0</b>	<b>2,161,063</b>	<b>100.0</b>

*Note:*

- (1) Others primarily consist of (i) Robotaxi services; (ii) hitch services; and (iii) marketing and promotion services.

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### Mobility Services

We operate an online platform to provide mobility services, including ride-hailing and other mobility services. We name our online platform OnTime, or Ruqi (如祺) in Chinese, to emphasize our values of punctuality and efficiency.

We have grown significantly during the Track Record Period.

- **Fast-growing scale.** We began our mobility service in Guangzhou and quickly expanded to other cities and regions. As of December 31, 2021, 2022 and 2023, the number of cities where we operated were six, 18 and 24, respectively. As of the same dates, the number of foothold cities where we strategically prioritized resources was five, seven and nine, respectively, the majority of which are in the Greater Bay Area. Our mobility service GTV increased from RMB1,347.4 million in 2021 to RMB1,795.6 million in 2022, and further to RMB2,741.0 million in 2023, representing a CAGR of 42.6%. In 2023, our daily mobility service GTV reached RMB7.5 million.
- **Broadening rider base.** As of December 31, 2023, our mobility service platform had 23.8 million registered riders. The average monthly active riders of our mobility services amounted to 1,031.7 thousand, 1,203.8 thousand and 1,047.3 thousand in 2021, 2022 and 2023, respectively. In 2021, 2022 and 2023, not only did we achieve an annual rider retention rate of our ride-hailing services of 31.7%, 31.0% and 27.8%, respectively, but also witnessed a notably high average ride frequency of our ride-hailing services of 8.8, 10.2 and 9.0, respectively.
- **Strong service fleet.** Our service fleet also increased steadily due to our efforts in recruiting and retaining qualified drivers. The average monthly active drivers of our ride-hailing services increased from 11.9 thousand in 2021 to 18.6 thousand in 2022, and further to 36.8 thousand in 2023. This helps us maintain and steadily improve the response rate of our ride-hailing services, which we consider to be a crucial indicator of the efficiency and competitiveness of our service.

The following table sets forth the key operating data of our mobility services (including ride-hailing, Robotaxi and hitch services) for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
<b>GTV (RMB in millions)</b>	1,347.4	1,795.6	2,741.0
<b>Order volume (millions)</b>	46.9	66.6	97.7
<b>Daily order volume (thousands)</b>	128.6	182.4	267.8
<b>Average monthly active riders (thousands)</b>	1,031.7	1,203.8	1,047.3
<b>Average GTV per order (RMB)</b>	28.7	27.0	28.0



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### Service Delivery

We deliver our mobility services primarily through our mobile apps and our *Weixin* Mini Program. Our mobile apps provide comprehensive functions to facilitate efficient, highly customizable and safe trips for both riders and drivers.

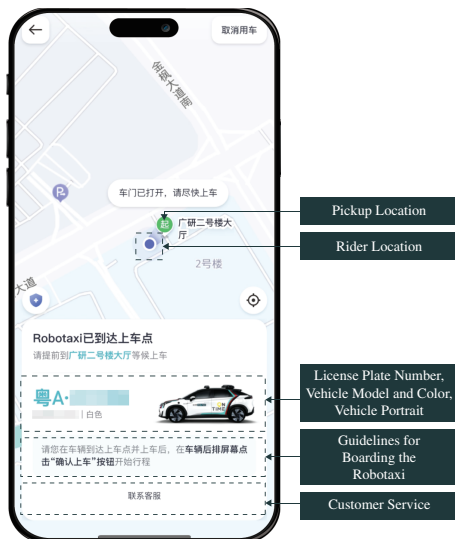
Riders may make a current or advanced booking on our app, upon confirmation of a fee quote. Our platform relies on our proprietary algorithms to match riders with available drivers or Robotaxis. Riders are then presented with the basic information of the upcoming trip, including the driver’s name and service rating for manned ride-hailing services and vehicle information such as the vehicle model and license plate number.

### User interface

#### Order placing



#### Picked up by Robotaxi



#### Picked up by manned ride-hailing vehicle



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Riders can set up emergency contacts in the safety center section of our app, and choose to share their real-time trip information. We have an emergency assistance system in our app, combining a one-tap emergency assistance function, an around-the-clock customer service team, real-time route monitoring and automatic alerts. See “— Safety – Emergency Assistance.” Messages will also pop up on the mobile app during and after the trip, asking riders to provide timely feedback and to report any issues. Fees are charged upon completion of the ride, and riders receive an invitation to give the trip a rating.

We aim to provide a premium travel experience. We established our OnTime Experience Center (如祺體驗中心) in 2020 to conduct routine supervision and training of our drivers, car partners, senior management and execution team, to ensure that our quality and safety standards are implemented in a consistent manner and that our service excellence leads to satisfactory customer experience. Our service quality protocols specify the standards of various aspects of our mobility service, ranging from vehicle maintenance and hygiene standards to drivers’ professional etiquette. We primarily rely on our car partners to conduct training and ongoing management of our drivers. See “— Relationship with Industry Partners – Car Partners.”

As a supplement to our ride-hailing service capacity, our app provides riders with the option to concurrently place orders with our cooperative third-party mobility service platforms. Orders placed with third-party mobility service platforms are completed by them at their full responsibility. During the Track Record Period, fee charged by us to these third-party platforms under such collaborations ranged from 4% to 10% of the fee paid by riders, which is in line with prevailing market rate.

We expect to continue to use such collaborations as supplement to our ride-hailing service capacity, with third-party platforms contributing to a relatively higher percentage of orders only in cities where we do not maintain sizable service fleet of our own or in the event of temporary demand surge. We launched this service in January 2022, and in 2022 and 2023, revenue from orders fulfilled by third-party platforms amounted to RMB13.3 million and RMB24.0 million, respectively, representing 1.1% and 1.3% of the total revenue from ride-hailing services, respectively. In the same periods, the number of orders fulfilled by third-party platforms amounted to 5.0 million and 12.0 million, respectively. Conversely, our services can also be accessed from collaborative third-party mobility service platforms, where their riders can choose to place orders to us for fulfillment. See “– Access to Our Platform.” In 2021, 2022 and 2023, revenue generated from orders placed on third-party mobility service platforms amounted to RMB204.2 million, RMB335.6 million and RMB1,036.6 million, respectively, representing 20.3%, 27.0% and 57.2% of the total revenue from ride-hailing services, respectively. In the same periods, the number of orders from third-party mobility service platforms amounted to 7.3 million, 18.7 million and 57.0 million, respectively. The increases, particularly the significant one from 2022 to 2023, were primarily due to (i) our continuous efforts to increase the number of third-party mobility service platforms we cooperate with diversified our order sources during the Track Record Period; (ii) increasing demand for our highly compliant service fleet from third-party mobility service platforms; and (iii) our enhanced competitiveness on third-party mobility service platforms because of

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continuous investing in our brand, services and fleet. According to Frost & Sullivan, such increases are in line with the trend during recent years that ride-hailing service providers have been cooperating more closely with each other by fulfilling orders placed through other platforms. In addition, third-party platforms tend to prioritize their collaboration with service providers with better compliant record and competent driver fleet. As of December 31, 2023, we have cooperated with seventeen third-party mobility platforms. According to the same source, in recent years, ride-hailing service providers in China have seen an overall increase in the revenue contribution from orders placed on third-party mobility service platforms. The key terms of our agreements with third-party mobility service platforms for the two cooperation models described above are generally the same and summarized as follows:

- *Duration:* The duration of the agreement is typically one year, and the agreement will be renewed with mutual consent.
- *Parties:* (i) Ordering platform who, with its riders’ consent, sends the placed orders to the service platform; (ii) service provider who receives the order from the ordering platform and delivers service with its service fleet. We may act either as the ordering platform or the service provider.
- *Cooperation Model:* The ordering platform provides mobility platform technology service to the service provider, enabling the latter’s service fleet to be accessed by riders on the ordering platform.
- *Service Charges:* The ordering platform typically charges a fee for matching the order.
- *Liability:* In the event that the ordering platform is held liable or is subject to administrative penalties by the competent authorities as a result of an accident occurred during the service process, the ordering platform is typically entitled to recover any economic loss from the service provider. The service provider is responsible for resolving any driver-rider disputes arising from the orders fulfilled by its service fleet.
- *Termination:* The agreements will be terminated if not renewed at expiration.

Slightly different from the ride-hailing service, riders and drivers match the hitch trips themselves. Both riders and drivers can post their itineraries on our platform, and send invitations to match with each other. Riders and drivers may post planned journeys up to seven days in advance. To facilitate smooth communications and cooperation between the riders and the drivers during the journey, our platform encourages them to make clear in advance their conditions and specific requests, such as whether they will be traveling with heavy luggage or pets.

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### *Ride-Hailing*

We began our ride-hailing service in Guangzhou in 2019. Guangzhou remains our biggest municipal market, with an order volume of our ride-hailing services of 40.8 million in 2023. In 2021, 2022 and 2023, revenue generated from ride-hailing services in Guangzhou amounted to RMB714.7 million, RMB767.9 million and RMB953.1 million, respectively, representing 71.1%, 61.7% and 52.6% of the total revenue from ride-hailing services, respectively. We entered other major municipal markets in the Greater Bay Area, including Foshan in 2020, and Zhuhai, Shenzhen and Dongguan in 2021, where we quickly built our brand awareness and achieved considerable market penetration. In 2023, we were the second-largest mobility service platform in the Greater Bay Area in terms of GTV, according to Frost & Sullivan.

We have been expanding our business primarily through the implementation of our geographical expansion strategy, centered on major cities in the Greater Bay Area. Since late 2022, we have begun to expand our operations into other Greater Bay Area cities, including Huizhou and Jiangmen, as well as cities and provinces neighboring the Greater Bay Area, such as Changsha, the provincial capital of Hunan province, and Xiamen, Fujian province, the coastal province bordering Guangdong province to the north. These new regions have high spending power and a relatively unsaturated mobility service market, indicating strong market potential. For example, in 2023, the per capita disposable income of urban residents in Changsha was RMB35,895, and the per capita consumption expenditure in transportation and communication in Changsha was RMB5,163, higher than the average level in China in 2023, according to Frost & Sullivan. Furthermore, there is significant demand for trips between these regions and our primary markets. We see considerable synergies in expanding into these markets. Our network grew rapidly during the Track Record Period. As of December 31, 2021, 2022 and 2023, the number of cities where we operated were six, 18 and 24, respectively. As of the same dates, the number of foothold cities where we strategically prioritized resources were five, seven and nine, respectively, the majority of which are in the Greater Bay Area. We have strategically prioritized resources on our foothold cities to quickly penetrate the market and achieve rapid market penetration. Once we reach a critical scale, we can achieve greater efficiency and returns from these cities. We then leverage our successes in foothold cities to drive our expansion into the neighboring areas. We see other cities as strategic reserves. In the early stages, when we are still growing our own service fleet, we collaborate with third-party mobility service platforms to provide services, where orders placed on our platform can be sent to these third-party platforms and completed by their service fleet. This approach allows us to gradually penetrate these markets and attract users while keeping our initial investments in check.

Backed by our strong service fleet and powered by our proprietary algorithms and data analytical capabilities, we are able to match riders’ demands with available drivers efficiently, and maintain and steadily improve a high response rate. Our proprietary one-stop data management and application development platform, *Qi Cube*, serves as the brain of our mobility service platform. It manages our internal data and acts as the primary tool for developing external applications, such as safety monitoring and dispatch modules. Powered by AI analytical technologies, it features strong capability in the real-time prediction of supply

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and demand, and helps us optimize the matching of mobility supply to demand. We consider response rate to be a crucial indicator of the efficiency and competitiveness of our service. Our response rate was 81.5%, 84.8% and 88.9% in 2021, 2022 and 2023, respectively, which is higher than the industry average, according to Frost & Sullivan.

During the Track Record Period, the order volume of our ride-hailing services increased from 46.0 million in 2021 to 97.3 million in 2023, representing a CAGR of 45.4%; our ride-hailing GTV increased from RMB1,310.5 million in 2021 to RMB2,714.0 million in 2023, representing a CAGR of 43.9%.

The following table sets forth the key operating data of our ride-hailing services for the periods indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>GTV</b>			
<i>(RMB in millions)</i>	1,310.5	1,756.9	2,714.0
<b>Order volume</b>			
<i>(millions)</i>	46.0	66.0	97.3
<b>Daily order volume</b> <i>(thousands)</i>	126.1	180.7	266.7
<b>Average monthly active riders</b>			
<i>(thousands)</i>	980.0	1,160.7	996.9
<b>Average monthly active drivers</b>			
<i>(thousands)</i>	11.9	18.6	36.8
<b>Response rate</b>	81.5%	84.8%	88.9%
<b>Average ride frequency</b> <i>(orders per rider)</i>	8.8	10.2	9.0
<b>Annual rider retention rate</b> <i>(%)</i>	31.7	31.0	27.8
<b>Average GTV per order</b> <i>(RMB)</i>	28.5	26.6	27.9

We saw an overall increasing trend in our key operating data of our ride-hailing services during the Track Record Period, primarily driven by the expansion of our ride-hailing services. The average monthly active riders, average ride frequency and annual rider retention rate of our ride-hailing services decreased from 1,160.7 thousand, 10.2 and 31.0%, respectively, in 2022 to 996.9 thousand, 9.0 and 27.8%, respectively, in 2023, primarily resulting from our fulfillment of the increasing number of orders from third-party mobility service platforms, which grew significantly from 18.7 million in 2022 to 57.0 million in 2023, which is in line with the industry trend according to Frost & Sullivan.

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The following tables set forth breakdown of our revenue from ride-hailing services by customer type in amounts and as percentages of our revenue from ride-hailing services for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
	<i>(unaudited)</i>					
Revenue from ride-hailing services						
fulfilled by driver fleet	1,005,188	100	1,231,664	98.9	1,788,171	98.7
Individual riders	991,648	98.7	1,199,597	96.3	1,737,326	95.9
Enterprise customers	13,540	1.3	32,067	2.6	50,845	2.8
Revenue from ride-hailing services						
fulfilled by third-party platforms*	–	–	13,292	1.1	23,962	1.3
<b>Total</b>	<b><u>1,005,188</u></b>	<b><u>100.0</u></b>	<b><u>1,244,956</u></b>	<b><u>100.0</u></b>	<b><u>1,812,133</u></b>	<b><u>100.0</u></b>

*Note:*

\* Revenue from ride-hailing services fulfilled by third-party platforms represents the platform fee we charge them for matching the order.

### *OnTime Lite*

We launched our OnTime Lite option in addition to the regular option. We position OnTime Lite as a more affordable option, aiming to better reach price-sensitive groups. Despite the pricing difference, we have consistent compliance programs for OnTime Lite and maintain the same level of safety measures as that of our regular service. This differentiates OnTime Lite from other affordable mobility service options in the market and gives it a strong competitive edge. The combination of the regular option and OnTime Lite helps us penetrate a wider rider base and improve market share.

The pricing advantage of OnTime Lite is especially notable in long-distance trips, where drivers benefit from improved efficiency due to a decrease in deadhead time as a percentage of total operation time. As a result, drivers receive higher fees in total, while riders enjoy such services at a lower charge, thus creating a win-win for the riders and drivers. OnTime Lite not only helps us expand our ride-hailing service capacity, but also improves our overall response rate, which we consider to be a crucial indicator of the efficiency and competitiveness of our service. In 2023, OnTime Lite accounted for 8.4% of the total order volume of our ride-hailing services.

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### *Enterprise Solutions*

We have built a solid brand image as a trustworthy platform with high compliance standards, backed by state-owned enterprises and leading technology companies. This, combined with our strong network in Guangdong province, has helped us acquire a wide range of enterprise customers including local enterprises and governmental agencies.

Our enterprise solutions aim to address business use cases, such as business trips, overtime commutes, hospitality, conference and other events. We provide enterprise customers with premium benefits, including priority dispatch, a designated customer officer, extra insurance and billing and settlement support. Services and pricing are otherwise generally the same as those for individual customers. Potential enterprise customers typically require us to participate in a tender process where we compete with other enterprise mobility service providers. The selection is typically made based on a comprehensive evaluation of the following factors: (i) geographic coverage of services; (ii) capacity of service fleet; (iii) safety, efficiency and other aspects of service quality; (iv) pricing; and (v) platform functionalities, including API and H5 bridging support and connection with customers’ internal approval process.

Enterprise customers may register with us through our *OnTime Enterprise* app to open an enterprise account. Offering a full-suite of functions such as the management of authorized personnel, setting travel policies, checking account balances and booking trips, this app serves as a one-stop enterprise travel management tool.

In 2021, 2022 and 2023, the average monthly active enterprise customers amounted to 0.2 thousand, 0.4 thousand and 0.4 thousand, respectively, representing 0.02%, 0.03% and 0.04% of the average monthly active riders for our ride-hailing services, respectively. Below set forth key terms of our service agreements with enterprise customers:

- *Duration:* The duration of the agreement is typically one year.
- *Scope of service:* We typically offer the full range of our mobility services to our enterprise customers through our *OnTime Enterprise* app, unless the enterprise customer’s internal policies set certain limitations on the authorized service scope.
- *Service charges:* We typically charge our enterprise customers mobility service fees at the same pricing mode as we charge our individual riders. See “Business – Our Service Offerings – Mobility Services – Ride-Hailing – Pricing and Settlement.”
- *Payment:* We typically require our enterprise customers to top up their account balance with us upfront, or grant enterprise customers a credit line which is settled on a monthly basis. The fee for every authorized trip is deducted from the balance or credit line upon completion.

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- *Termination:* The agreements will be terminated upon the expiration, or upon written notice by either party in the event of the circumstances as set forth in the relevant agreements, such as liquidation or bankruptcy.

### *Pricing and Settlement*

Prior to the start of each trip, both the rider and the driver are presented with a fee quote calculated based on the mileage and duration of the order, which is typically based on market pricing in the local mobility industry and dynamically adjusted by taking into consideration multiple factors, primarily including (i) local supply and demand, (ii) local consumption and income levels and (iii) the timing of the order (i.e., during peak or regular hours). The fee quote consists of four parts, namely (i) a fixed base fee which covers a certain distance cap and time cap; (ii) a mileage fee which starts accruing once the trip distance exceeded the distance cap included in the base fee and is calculated by a fee rate per additional kilometer; (iii) a time fee which starts accruing once the trip time exceeded the time cap included in the base fee and is calculated by a fee rate per minute; and (iv) on top of (i) to (iii), when the trip exceeds a certain distance, a long-distance surcharge is applied where an additional fee per kilometer is added to the total fee.

The ride fees for the regular option and OnTime Lite are calculated based on the same method, and we grant higher rider incentives to OnTime Lite riders. The pricing methodology for enterprise customers is the same as that for individual customers, namely pricing based on the mileage and duration of the order. In the vast majority of cases, the price per kilometer and per hour is the same for our enterprise customers and individual riders. While in certain cases, particularly when our enterprise solutions were in the early stages, we offered certain enterprise customers a relatively favorable price per kilometer and per hour, which is detailed in the relevant contracts. As of December 31, 2023, customers granted such favorable price represented no more than 5% of our total enterprise solutions customers.

During the Track Record Period, before the deduction of applicable rider incentives, the average price per kilometer and per minute for ride-hailing services was typically RMB1.70 and RMB0.33, respectively, which may vary depending on the specific geographical market and the timing of the order. In 2021, 2022 and 2023, the average ride fee charged per order for ride-hailing services, which is calculated by dividing the ride-hailing GTV for a given period by the total order volume of ride-hailing services in that period, was RMB28.48, RMB26.64 and RMB27.88, respectively.

The fee we charge the rider is typically higher than the driver’s income from the trip. Driver earnings typically account for 70%-80% of the fee we charge the riders, before the deduction of applicable rider incentives (which is recorded as a deduction of revenue). See “Financial Information – Material Accounting Policy Information, Judgments and Estimates – Revenue – Mobility Services Business – Incentives.”



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As a consideration for the driver management services provided by our car partners, we pay them management fees calculated by multiplying the driver earnings of all the drivers under the car partner’s management by various parameters and then deducting the negative incentives for safety events, if any. The parameters are typically determined by the following quantitative factors, respectively: (i) the amount of driver earnings from performance-qualified drivers; (ii) service quality assessment level, with each level designated with a numerical factor; (iii) compliance rate, (iv) driver online rate for a given period (i.e., X days), calculated by dividing the aggregation of the daily active driver on each of the X days by the product of X and the total number of drivers; and (v) growth rate in the number of drivers. We apply the same management fee rate calculation basis to our car partners which are associates of GAC as we do to our car partners which are independent third parties. In 2021, 2022 and 2023, the average rate of management fees paid to our car partners was 3.5%, 3.5% and 2.4%, respectively. See “— Relationship with Industry Partners – Car Partners.” In 2021, 2022 and 2023, the average management fee per order we pay to car partner was RMB0.84, RMB0.61 and RMB0.40.

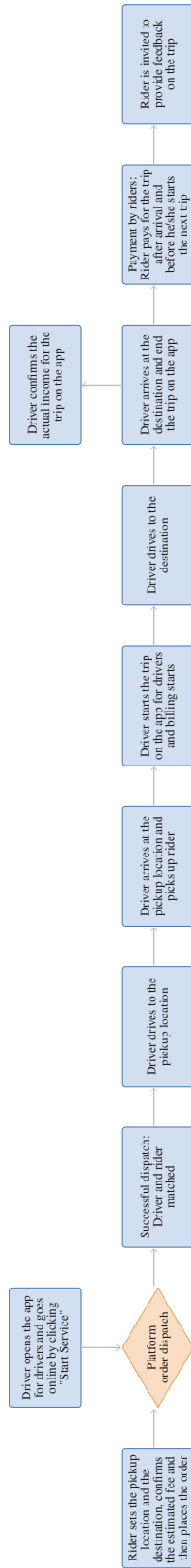
Our competition strategy is to offer more affordable mobility services with premium services. We believe that our premium service gives us a significant competitive edge in building a growing rider base. Two major factors underpin our competitive pricing strategy. Firstly, our service fleet has lower operating and maintenance costs. Unlike many of the ride-hailing service providers who still rely primarily on traditional fossil fuel vehicles, our service fleet consists primarily of electric vehicles. According to Frost & Sullivan, an electric vehicle has 40% lower life-cycle costs than a comparable fossil fuel vehicle. Secondly, with a strong foothold in the Greater Bay Area where there is significant agglomeration effect amongst closely connected major cities, we are able to manage the cost of acquiring new riders.

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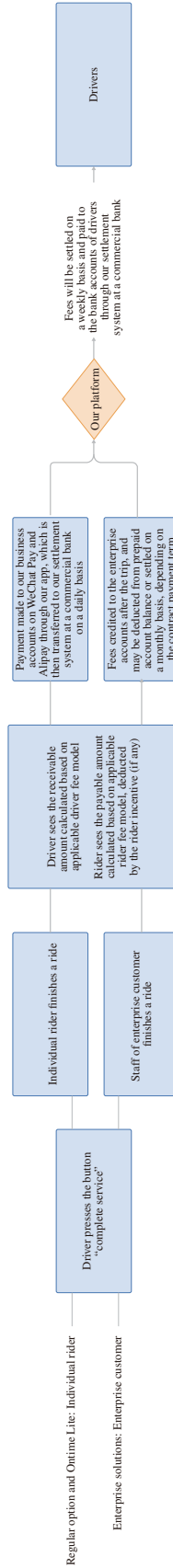
*Service Flow and Fund Flow*

Service flow and fund flow of our ride-hailing services are set forth as below:

**Service Flow**



**Fund Flow**



\* This fund flow diagram represents the typical situation of individual riders using our app without taking into consideration (i) orders placed through our platform to be fulfilled by third-party platforms or (ii) orders placed through third-party platforms to be fulfilled by us, where we typically settle with third-party platforms on a weekly basis.

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Below are the key terms of our ride-hailing service agreement with drivers:

- *Registration and approval to be a driver:* The driver must hold a valid driver’s licence and all other required licences, permits, registrations and approvals required to provide mobility services.
- *Scope of services:* Our platform assign drivers to fulfill ride-hailing orders from riders, and the drivers shall perform service in manners as specified by our platform.
- *Compliance:* The driver shall comply with the Interim Measures for the Management of Online Ride-Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》) and relevant laws and regulations. Drivers are also required to follow our platform’s rules to deliver high quality service and refrain from misconducts and abusive uses of our platform. We also have driver evaluation system to assess their performance based on order completion rate, ratings and specific rider feedback.
- *Service fees:* Drivers’ service fees are determined based on a formula that we may adjust from time to time. See “Business – Our Service Offerings – Mobility Services – Ride-Hailing – Pricing and Settlement.” Fees are typically settled on a weekly basis and paid to the bank accounts of drivers through our settlement system at a commercial bank.
- *Liability:* The driver is liable for compensation of any tortious damage caused to third parties due to the driver’s fault.
- *Termination:* In the event of a driver’s breach of contract, we may take measures such as suspending or terminating the account and deducting liquidated damages from any unsettled service fee balance subject to the nature and degree of breach.

Below are the key terms of our ride-hailing service agreement with riders:

- *Registration eligibility:* The rider must be an adult over the age of 18 with full legal capacity.
- *Scope of service:* At the rider’s choice, he/she can enjoy the following services: (i) mobility service when an order placed by the rider is accepted by our platform; (ii) access historical mobility service records; and (iii) other new service that we may launch from time to time.
- *Compliance:* We request riders refrain from misconduct, including: (i) using false or illegal information to apply for user accounts; (ii) engaging in illegal criminal activities through our accounts; (iii) creating fake accounts in bulk; (iv) infringing on the legitimate rights and interests of third parties through our platform; and (v) any other conduct that violates laws and regulations.

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- *Fees and payment:* We charge service fees based on our pricing policies which we may update from time to time. See “Business — Our Service Offerings — Mobility Services — Ride-Hailing — Pricing and Settlement.” The rider should pay the fees promptly upon our request after using the service.
- *Liability:* If a rider breaches the agreement, we may suspend, terminate, or take other restrictive action depending on the severity of the breach.
- *Termination:* The rider may terminate his/her account with us after settling any unpaid charges.

As a ride-hailing service provider in China, we shall comply strictly with the applicable PRC laws and regulations, such as the Interim Measures for the Management of Online Ride-Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》). For example, we shall assume the carrier’s responsibilities, including, among others, (i) ensuring operational safety and safeguard riders’ lawful rights and interests; (ii) ensuring that the drivers and vehicles providing services are licensed; and (iii) purchasing carrier liability insurance for the riders. See “Regulatory Overview — Regulation Relating to Ride-Hailing Services.”

### ***Robotaxi***

Recognizing the opportunities brought by the rapid advancement of autonomous driving technologies, we leverage our position as a mobility service provider with deep ties to industry participants to promote the commercialization of Robotaxi. We started promoting the development and commercialization of Robotaxi in 2021. Our Robotaxi operation technology platform is compatible with various autonomous driving solutions as well as Robotaxi vehicle models.

Our rich platform capabilities encompass various aspects in the operation of ride-hailing services, which can be seamlessly leveraged in the operational management of unmanned service vehicles. Furthermore, we are committed to enhancing the accuracy of our positioning services, maintaining the real-time monitoring of core autonomous driving information, optimizing the accuracy of HD maps and building a data vault housing autonomous driving system data and mobility service operation data. These efforts and resources help create safety redundancy for autonomous driving, improve the environmental adaptability of Robotaxi, and accelerate its commercialization.

The Greater Bay Area, as the national pilot field for autonomous driving technology development and testing, offers favorable industrial policies and has become the frontier of technology innovation and commercialization. According to the Guangzhou Municipal Bureau of Industry and Information Technology, Guangzhou has won a number of “national firsts” in the field of autonomous driving: the first to approve a 5G remote driving test; the first to recognize the road test licenses for intelligent connected vehicles issued by other cities; the first to issue autonomous driving passenger test licenses; the first to carry out large-scale Robotaxi technology verification; the first to conduct road tests on arterial roads in central urban areas; the first to allow autonomous driving enterprises to obtain ride-hailing platform licenses; the first to launch a standardized process for the mass production of L4 autonomous vehicles; and the first to issue comprehensive guidance for city-level IoV pilot zones.

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Our mobility service operation management system can adapt to the solutions of various autonomous driving solution providers, and we have jointly launched specialized Robotaxi vehicle models with autonomous driving solution providers, further extending our footprint along the Robotaxi industry value chain. As of December 31, 2023, our platform was connected to autonomous driving solution providers such as Pony.ai and the GAC R&D Center, and we are entering into collaborations with a number of other companies.

We have made rapid progress since the start of our Robotaxi operations, achieving the following milestones.

<b>Time</b>	<b>Event</b>
April 2022	We launched the first open Robotaxi operation technology platform globally, according to Frost & Sullivan.
April 2022	Pony.ai’s Robotaxi fleet in Nansha District, Guangzhou was also officially connected to our <i>OnTime Mobility</i> travel platform.
October 2022	We launched the commercialized hybrid operation of manned ride-hailing and Robotaxi services in Guangzhou, the first mobility service platform in the world to achieve this, according to Frost & Sullivan. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation.
December 2022	A Robotaxi vehicle model, which was jointly developed by Pony.ai and us based on the GAC Group’s AION LX vehicle model, was included in the catalog of demonstrative operation vehicle models in Guangzhou.
April 2023	We obtained the Intelligent Connected Vehicle Demonstrative Operation Qualification in Nansha District, Guangzhou, and was therefore the first mobility service platform to conduct demonstrative operation with a proprietary Robotaxi fleet in China. This qualification allows us to start demonstrative operation with our own Robotaxis.
June 2023	We entered into cooperation with Pony.ai and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration to conduct pilot commercial operation of autonomous driving in Qianhai Cooperation Zone, Shenzhen.

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<b>Time</b>	<b>Event</b>
November 2023	Our Self-Declaration for Safety of the Intelligent Connected Vehicle Road Testing has been certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles, which means that we have been permitted to, and have actually expanded our road testing activities of intelligent connected vehicles in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao’an Airport Area, Shenzhen Bay and Shenzhen Bay Port). Within the same month, a fleet of our own Robotaxis were permitted to commence operations within these areas of Shenzhen.
December 2023	A new generation Robotaxi vehicle model, customized by Pony.ai for us based on the GAC Group’s Toyota Sienna Autono-MaaS vehicle model, obtained the Demonstrative Commercial Operation Qualification in Nansha District, Guangzhou. Within the same month, we connected a fleet of our own Robotaxis based on this model to our platform for demonstrative commercial operation.
January 2024	Our Self-Declaration for Safety of the Intelligent Connected Vehicle Demonstrative Employment has been certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles, which permits us to conduct manned Robotaxi demonstrative employment activities in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao’an Airport Area, Shenzhen Bay and Shenzhen Bay Port). Within the same month, we obtained the Intelligent Connected Vehicle Commercialized Pilot Operation License in Bao’an District, Shenzhen, which allows us to offer commercialized Robotaxi services within this district.

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We are enriching our ride-hailing services by utilizing Robotaxi for ride hailing services under our hybrid operation model. Our hybrid operation model provides our riders with a consolidated single portal to choose either the manned ride-hailing option or Robotaxi service option. Below are the key terms of our Robotaxi service agreement with riders:

- *Eligibility:* The rider must be an adult over the age of 18 with full legal capacity and free of serious diseases and conditions that make him/her unfit for the ride.
- *Scope of service:* We offer pilot autonomous driving experience service. The choices of pick-up location and destination are limited due to safety reasons. The routes are determined by algorithms, and we may not be able to accommodate route selection or changes based on the riders’ preferences.
- *Compliance:* We request riders refrain from misconduct, including: (i) touching the steering wheel or vehicle autonomous driving system; (ii) using our service while in an impaired state, including being under the influence of alcohol or experiencing impaired consciousness; and (iii) conducting, or requiring the safety officer to perform an act that violates applicable traffic laws or other regulations.
- *Fees:* The fee we charge is currently calculated based on the mileage of the order, and such pricing methodology may be updated from time to time given the rapid development of Robotaxi technologies and industry. The rider should pay the fees promptly upon our request after using the service.
- *Liabilities:* We are only liable to direct damages to riders caused by our fault. In relation to safety accidents caused by defects that may be inherent in driverless mobility vehicles and that cannot be detected with the current state of science and technology, we are only liable within the scope of our commercial insurance liability.
- *Termination:* Both our platform and the rider have the right to unilaterally terminate the agreement.

Benefiting from our continuous refinement of Robotaxi operation to bring its stability and reliability on par with manned service vehicles, our model introduces riders with real-life experience with Robotaxi services, instead of offering Robotaxi services as a standalone test service option. Subject to overall service capacity and compatibility with the Robotaxi ODD, we prioritize matching riders with Robotaxi fleet when dispatching orders if they choose both manned ride-hailing option and Robotaxi option, so as to encourage rider confidence and seek rider feedback. We also prominently display the Robotaxi icons on the user interfaces of our app. We believe our hybrid operation model offers opportunities to accumulate real-life use cases and facilitate R&D efforts to further optimize Robotaxi operation and control relevant operation cost at a level lower than that of manned service vehicles, which lays the foundation for potential mass production and large-scale commercialization of Robotaxi.

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We launched the demonstrative commercialized hybrid operation of manned ride-hailing and Robotaxi services in Guangzhou in October 2022, thereby beginning to accept paid orders for Robotaxi rides, by which time 15 vehicles owned by a third-party autonomous driving solution provider had been put into paid operation, achieving a paid operation coverage of 803 km<sup>2</sup>. In April 2023, our proprietary Robotaxi fleet of 22 vehicles had been put in paid operation. As of December 31, 2023, our Robotaxi service operated for an aggregate of 20,080 hours and covered 545 stops, completing 450,699 km of accident-free operations. As of the same date, a total of 281 vehicles were connected to our Robotaxi operation technology platform, among which 35 vehicles were owned by us and the remaining were owned by our partners such as Pony.ai and GAC R&D Center. As of the Latest Practicable Date, all of our own Robotaxi vehicles were equipped with L4 autonomous driving technology, being the highest level of autonomous driving technology equipped on Robotaxi vehicles in the world as of the same date, according to Frost & Sullivan. With our continuous refinement of Robotaxi operation, the stability and reliability of Robotaxi are expected to gradually reach the level of manned service vehicles, while by 2026, the cost per kilometer by Robotaxi is expected to be lower than that of manned ride-hailing services. See “– Relationship with Industry Partners – Other Industry Partners – Pony.ai, QCraft and NavInfo” for the key terms of our framework cooperative agreements with industry partners connected to our Robotaxi operation technology platform.

The fee quote for paid orders fulfilled by our own Robotaxis is formulated according to local policies and currently consists of three parts, namely (i) a fixed base fee which covers a certain distance cap; (ii) a mileage fee which starts accruing once the trip distance exceeded the distance cap included in the base fee and is calculated by a fee rate per additional kilometer; and (iii) on top of (i) and (ii), when the trip exceeds a certain distance, a long-distance surcharge is applied where an additional fee per kilometer is added to the total fee. During the Track Record Period, before the deduction of applicable rider incentives, the average price per kilometer for our own Robotaxis was typically RMB1.77, which may vary depending on the timing of the order (i.e., during peak or regular hours). In 2023, the average ride fee charged per order for our own Robotaxis, which is calculated by dividing the Robotaxi GTV for a given period by the total paid order volume fulfilled by our own Robotaxis in that period, was RMB10.90.

The fee quote calculation basis for paid orders fulfilled by our third-party Robotaxis is at the discretion of relevant third-party service providers according to local policies. In 2022 and 2023, the average ride fee charged per order for third-party Robotaxis, which is calculated by dividing the Robotaxi GTV for a given period by the total paid order volume fulfilled by their Robotaxis in that period, was RMB11.43 and RMB12.47, respectively. Commercialized Robotaxi operation remains in a nascent stage as market participants continue to explore and refine the commercial model. Fees charged at the current stage may not be indicative of the future Robotaxi operations.



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The hybrid operation of manned ride-hailing and Robotaxi services makes strategic value contributions to our platform, especially in the following aspects.

- **Rider education.** Hybrid operation presents our riders with the novel Robotaxi service option in parallel with the regular options. We encourage riders to experience the new option, and actively invite feedback, and expect riders to have growing confidence in mobility services provided by unmanned service vehicles.
- **Operational management.** Under the hybrid operation model, various aspects of Robotaxi operations are tested in real-life scenarios. This helps us refine Robotaxi service operation.
- **R&D.** We accumulate diversified real-world use cases of Robotaxi through the hybrid operation model. Our data management service analyzes Robotaxi’s data through the cloud, performing tasks including data storage, sanitizing, and mining, and generating a valuable scenario library based on algorithm models. Data feedback from these real-world use cases offers opportunities for enhancing ability to tackle complex and corner cases and refining operation to cover a wider range of real-world scenarios.

Through the hybrid operation of manned ride-hailing and Robotaxi services, we endeavor to improve our operational efficiency and service quality, optimize user experience, reduce traffic congestion, improve traffic safety and promote the commercialization of autonomous driving technology and ultimately facilitate the transition and upgrade of mobility service into a higher level of convenience and efficiency.

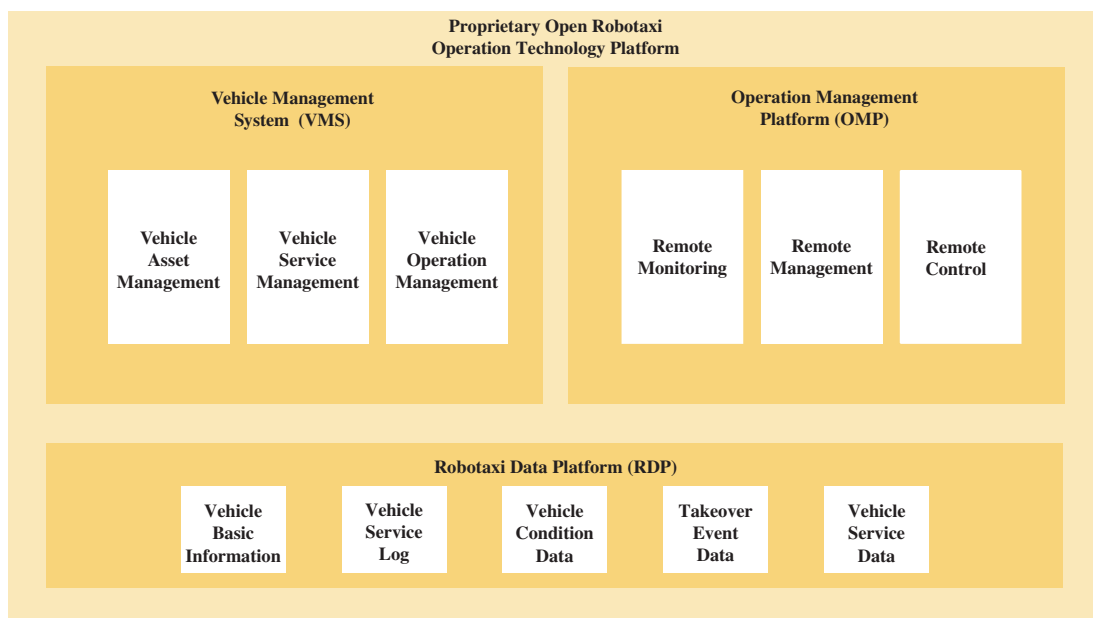
### *Our Technology Strengths*

Our proprietary technologies underpin our hybrid operation. Integrating multiple algorithm models, such as reinforcement learning, SVM and Wide & Deep, we can process dense features and sparse features at the same time. We consider multiple factors in our hybrid operation, including rider destination, driver/Robotaxi location, traffic conditions, vehicle type, weather conditions and ODDs of different autonomous driving vehicles, so as to match the riders to the most efficient option. Meanwhile, through algorithm prediction, our platform provides intelligent pick-up and drop-off point recommendations based on factors such as the weather, traffic conditions and user preferences.

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Our proprietary open Robotaxi operation technology platform comprises VMS, OMP and RDP. RDP performs storage, sanitizing and mining of Robotaxi data, and building up a high-quality scenario vault with the help of algorithm models. OMP supports remote monitoring and management of Robotaxi vehicles to achieve optimal management of capacity. It enables intelligent collaboration between vehicles and road networks, offering real-time road condition predictions and optimized route recommendations. OMP can optimize vehicle operation efficiency and service quality and provide valuable feedback for the advancement of autonomous driving technology. VMS provides comprehensive vehicle asset management, vehicle service management and vehicle operation management services. We also have a vehicle condition remote evaluation function under the vehicle operation management module of VMS, which monitors and evaluates various indicators including rider experience, driving compliance, driving safety, emergency detection and response and the ODD of different autonomous driving solutions.

The following chart illustrates the core modules and competencies of our proprietary open Robotaxi operation technology platform.



Leveraging our data assets and experience in mobility service operation, we work closely with technology partners in the development and application of autonomous driving solutions, with the aim of lowering the cost of autonomous driving vehicles and making them commercially viable for mobility service. See “— Technology Services.”

### *Other Services*

Our other services primarily comprise: (i) hitch services; and (ii) marketing and promotion services.

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### Hitch

Deeply rooted in the Greater Bay Area, we became increasingly aware of the unique features of the local market and its demands. The Greater Bay Area is a close-knit network of major cities with a shared culture and frequent socio-economic interactions, and hence has great demand for inter-city short trips. Leveraging the existing user traffic on our platform attracted by our ride-hailing services, we expanded into hitch services in 2020 to provide a more flexible and cost-efficient option. We primarily work with certain third-party mobility service platforms in hitch services, where orders placed on our platform are dispatched to them for fulfillment. Our platform is not responsible for this service delivery, and hence only charges the driver an information service fee of around 5% of the total fee paid by the rider.

Hitch is generally more affordable than the ride-hailing options, since the cost of the trip is shared by the car owner-driver and the rider, instead of borne entirely by the rider. We typically allow up to four riders to share the journey with a car owner-driver, unless either the driver or the rider elects to limit the number of riders at an additional cost. The more riders that share the same journey, the cheaper the cost is for each.

### Marketing and Promotion Services

Our marketing and promotion services mainly focus on online advertisements, especially on our mobile apps and Weixin Mini Program, and we typically deliver the services on a project basis. We did not undertake such projects in 2022.

### Technology Services

Our technology services are categorized into: (i) AI data and model solutions; (ii) HD maps; and (iii) other technology services primarily including smart transportation solutions. Our revenue from technology services amounted to RMB1.1 million, nil and RMB26.5 million, respectively, in 2021, 2022 and 2023. We are in the process of expanding our technology services. As of the Latest Practicable Date, we had secured orders for our technology services with a total contract value of RMB51.1 million. The pricing of our technology services depends primarily on our costs, including, among others, research and development costs, server costs and other hardware costs, and labor costs.

#### *AI Data and Model Solutions*

Our mobility service platform generates a vast amount of traffic data. We have sophisticated internal control and data security systems in place, which enable us to harness the value of such data assets while adhering to a strict compliance program to avoid unauthorized use and leakage. Our data assets, combined with our market insights as an experienced market leader in China’s mobility service market, support our expansion into autonomous driving data solutions and smart transportation solutions, and empower the application of autonomous driving technologies and intelligent connected vehicles.

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We work with Pony.ai, a leading autonomous driving solution provider, as well as the Robotaxi fleet of GAC R&D Center in R&D initiatives in the autonomous driving field. A variety of data is generated under such cooperation, including perception data, decision flow data, operation management data and statistical data. We have contractual rights to utilize these data in manners compliant with data privacy laws. In the process of in-depth data analytics and application, we have accumulated profound technological strengths. The availability and affordability of high-quality autonomous driving data are crucial to the commercialization of autonomous driving technologies. Data analysis feeds back to the development of autonomous driving technologies, enabling closed-loop training of autonomous driving algorithms.

To harness the value of our data assets, we have created use case databases and optimized-data models, which help us tap into the value chain of autonomous driving technology. Our AI data and model solutions focus on providing one-stop solutions encompassing data collection, data annotation, data management and model training for the autonomous driving industry. We have developed a set of tools and platform that can be used for multimodal data training, including OnTime Data Collects (data collection), OnTime Data Management (data management), OnTime Data Encoder (data annotation) and OnTime AI Trainer (an integrated platform combining data container management, with model development, model training and model evaluation functions). Our one-stop solution boosts the efficiency of data-feature extraction, management and model optimization, as well as simplifying the fusion of autonomous driving 2D images and 3D point cloud data. Powered by our proprietary perception AI model, OnTime Data Encoder greatly improves the ability of automatic annotation, and the recall and precision for pre-annotations in 2D/3D object detection, 3D instance segmentation and LiDAR camera fusion both reached an industry-leading level of over 95%, according to Frost & Sullivan. We deliver our AI models to automobile manufacturers through OTA, helping them level up the perception capabilities of their autonomous driving algorithms.

### *High-definition Map*

Our HD map, OnTime MapNet, integrates data collection, real-time vehicle- and cloud-end updates and multi-layer integration, and is committed to providing real-time, low-cost and high-quality HD map update solutions for automobile manufacturers and map developers. Our service fleet resources and the vehicle sensor equipment collect real-time environmental and geographic information around the vehicle, and utilize vehicle-end computing power for automated data supplementation for high-precision maps. We collaborate with municipal transportation departments to ensure the authoritativeness, reliability and timeliness of our map data. In addition, our proprietary perception model uses machine learning and deep learning algorithms to integrate multi-source data and continuously perfect and upgrade existing map data with newly collected data to achieve timely updates of traffic conditions, road conditions and other transportation information, empowering our highly reliable and up-to-date map information. In November 2022, we entered into a strategic cooperation with NavInfo to build a strategic partnership in three major areas, namely HD map, autonomous driving and smart traffic.

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Reliable and real-time HD maps are an important prerequisite for autonomous driving technologies and urban navigation functions. Our OnTime MapNet solution empowers intelligent vehicles to achieve stronger performance in positioning precision, route planning, road coverage, scenario awareness and decision-making, ultimately achieving greater operational safety. Our HD maps are primarily provided to autonomous driving solution providers and providers of navigation services.

### *Other Technology Services*

We also provide other technology services, primarily including smart transportation solutions, which are typically delivered on a project basis.

Leveraging *Qi Cube*'s capabilities of making overall strategic decisions, we can provide real-time road monitoring services, traffic planning services and other operational support for traffic management departments at all levels, delivering significant commercial and social value, so as to enhance efficiency while promoting safety. We work closely with municipal transportation authorities to participate in the construction of urban intelligent transportation infrastructure. Since August 2022, we had been engaged by China's Ministry of Industry and Information Technology to work under the V2X project, where we were responsible for developing V2X smart hardware to be preinstalled on vehicles, turning the vehicles into data terminals that collect various transportation data, and interact with intelligent transportation infrastructure, while connected to the government's transportation planning platform to facilitate traffic planning. The contract value of this project is over RMB20 million. As of the Latest Practicable Date, we had delivered part of the equipment, and we expect to complete the remaining part in 2024. We are also enhancing the data collection and analysis functions of our mobile apps for drivers to maximize compatibility with vehicle-borne smart hardware.

### **Fleet Management & Services**

We are dedicated to strengthening our connections with various key stakeholders in the mobility service market, including vehicle service providers, drivers and riders, and continue to enrich our service offerings to encompass not only mobility service but also automobile service to build an industry network that encompasses mobility service and automobile service. By building our own automobile service capabilities, we are able to help our drivers improve their operational efficiency with our high-quality, cost-effective and standard automobile service. In April 2022, we launched OnTime auto service center in Guangzhou, which is an offline store that offers comprehensive fleet management & services covering drivers and vehicles, offering sales of vehicles and spare parts, maintenance and repair and driver service. OnTime auto service center marked the expansion of our online influence into offline presence, forming online to offline complementary offerings. As of December 31, 2023, we were capable of providing fleet management & services to 135.2 thousand drivers. We started to generate revenue from fleet management & services in 2022. Our revenue from fleet management &

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services amounted to RMB118.6 million and RMB320.4 million, respectively, in 2022 and 2023. The following table sets forth a breakdown of our revenue from fleet management & services by customer type in amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Car partners which are associates of GAC	–	–	17,529	14.8	80,830	25.2
Car partners which are independent third parties	–	–	52,547	44.3	90,949	28.4
Other enterprise customers	–	–	43,769	36.9	135,056	42.2
Individual drivers	–	–	4,746	4.0	13,550	4.2
<b>Total</b>	<u>–</u>	<u>–</u>	<u>118,591</u>	<u>100.0</u>	<u>320,385</u>	<u>100.0</u>

The revenue from fleet management & services increased from RMB118.6 million in 2022 to RMB320.4 million in 2023, which was in line with the growth of our business scale. The revenue from car partners which are associates of GAC increased significantly by 361.1% from RMB17.5 million in 2022 to RMB80.8 million in 2023, primarily due to one of our car partners’ demand for operating vehicle upgrades and replacements in the second half of 2023, resulting in our significant revenue from sales of vehicles through OnTime auto service center. The revenue from other enterprise customers increased significantly by 208.6% from RMB43.8 million in 2022 to RMB135.1 million in 2023, primarily because we had more enterprise customers which are not our car partners in 2023.

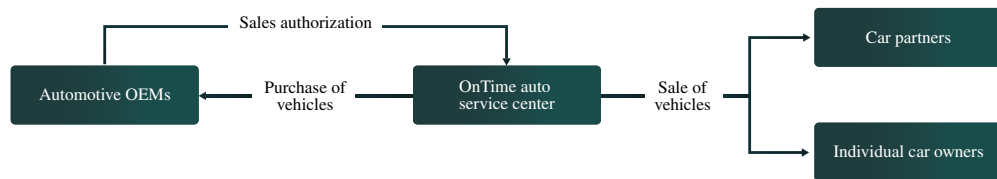
We also work with our car partners to level up their capabilities in providing driver support services. With our comprehensive services and assistance, we are able to relieve our drivers from various logistics and maintenance matters and help them increase their net operational time and improve operational efficiency. This, in turn, enhances our ability to recruit and retain drivers.

- Vehicle Sales.** There is significant demand in China’s automobile market, and hence consumers sometimes have to go through a lengthy order fulfillment period after placing an order, and are typically not given much discount. The terms may also vary significantly among automobile distributors, further complicating the automobile purchase process. This sometimes hinders the expansion of our service fleet, since our car partners and drivers experience difficulties in obtaining service vehicles. Recognizing such pain point, we leverage our relationship with automobile manufacturers, including GAC Group, to provide centralized vehicle procurement to our car partners and drivers. We consolidate the demands of our car partners and drivers, and negotiate directly with automobile manufacturers for a collective deal.

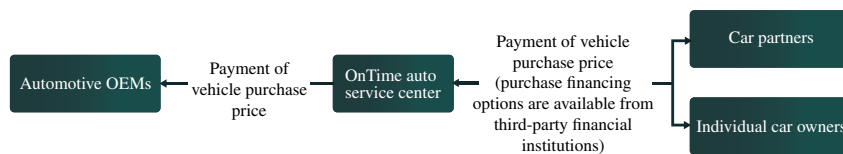
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Such collective deals are typically priced based on our arm’s length negotiation with automobile manufacturers and at a discount from prevailing market prices, and offer more streamlined delivery. We also provide other assistance, such as purchase financing, lease assistance, insurance renewal and annual inspection assistance. In 2021, 2022 and 2023, revenue from the sales of service vehicles to our car partners and individual drivers amounted to nil, RMB56.0 million and RMB174.5 million, respectively. Service flow and fund flow of our vehicle sales service are set forth as below:

### Service Flow

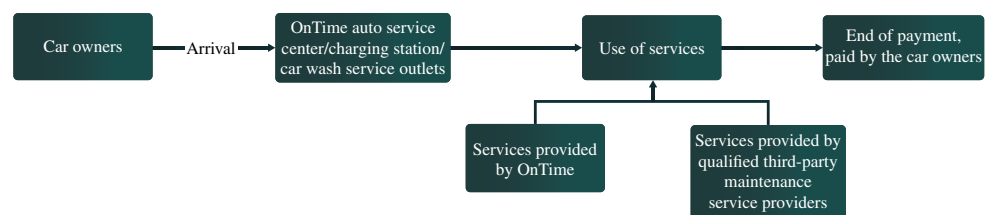


### Fund Flow



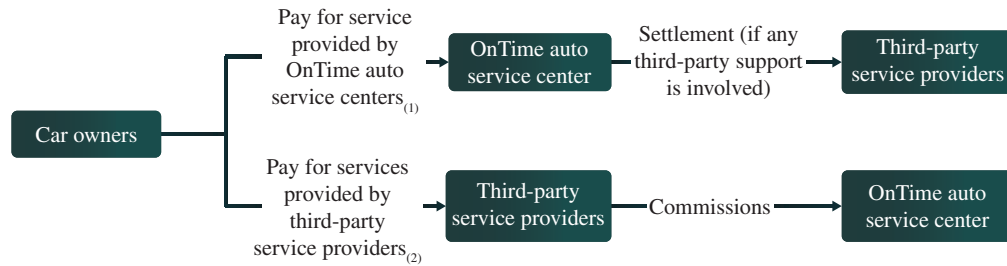
- Maintenance and Repair.** We provide standardized maintenance and repair services and ancillary services, such as car wash and EV charging, to our car partners and certain individual car owners. We have our own OnTime auto service center and also outsource certain services to qualified third-party maintenance service providers, especially where specific qualifications are required. Additionally, we also provide drivers with assistance services to help them obtain relevant licenses and to complete annual inspections, and offer career training and consultations. The pricing of our maintenance and repair service depends primarily on our labor and equipment costs in offering such services. Service flow and fund flow of our maintenance and repair service are set forth as below:

### Service Flow



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### Fund Flow



#### Notes:

- (1) These services primarily include maintenance and repair, which are priced according to the specific service items performed, considering the costs of materials used and the service rendered.
- (2) These services primarily include charging and car wash, which are priced by third-party service providers.

Our fleet management & services are also available to Robotaxi. We have been exploring an automated service process for Robotaxi, encompassing charging, cleaning, maintenance, repair, system upgrade and data uploading. We launched the Robotaxi VMS, comprising vehicle asset management, vehicle service management and vehicle operation management, in October 2022, ramping up our intelligent inspection and automobile service management capabilities and further completing and enhancing the functionalities of our Robotaxi operation technology platform.

During the course of these services, we connect various industry participants including drivers, car partners, vehicle service providers, automotive OEMs as well as Robotaxi service and technology providers to form an engaging, close-knit industry network around our the mobility service platform, where synergies and additional values are created leveraging the share of information, know-how, experience and resources among the industry participants, as we continue to invest in this operation.

### ACCESS TO OUR PLATFORM

Our platform is accessible through our mobile apps, including, on the riders' end, *OnTime Mobility* for all services and *OnTime Enterprise* for enterprise solutions, and on the drivers' end, *OnTime Driver*. In addition to the access to our mobility services, *OnTime Mobility* also integrates an online store where users may purchase coupons and offers for mobility services.

We also operate our OnTime Mini Program on *Weixin*, allowing *Weixin* users to access most of our platform's essential functions without having to download our app. This reduces the logistics burden for first-time riders and helps us acquire new riders. In addition, our service is also accessible on various third-party mobility platforms in China. Riders using third-party mobility service platforms can choose to send orders to us. Matched orders are then fulfilled by our service fleet. We consider this to be a mutually beneficial arrangement where the third-party platforms can utilize our highly compliant service fleet resources to



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dynamically supplement their service capacity, and we benefit from the additional user traffic as well as the opportunity to expand our brand influence through third-party platforms. During the Track Record Period, fee charged by these third-party platforms to us under such collaborations ranged from 2% to 12% of the fee paid by riders, which is in line with the prevailing market rate. Our services have been accessible to most of the mainstream third-party mobility service platforms. We expect our cooperation with these third-party platforms to broaden as our business grows.

We had 1,047.3 thousand average monthly active riders and 36.9 thousand average monthly active drivers, for our mobility services, in 2023.

## RESEARCH AND DEVELOPMENT

We aspire to stay abreast of the frontier technologies in mobility services and autonomous driving. To this end, we have invested, and expect to continue to invest in R&D activities. In 2021, 2022 and 2023, our R&D expenses were RMB116.6 million, RMB105.4 million and RMB118.9 million, respectively, representing 11.5%, 7.7% and 5.5% of our revenue in the corresponding periods. As of December 31, 2023, we had a dedicated R&D team consisting of 225 engineers and support staff led by Dr. Song, who has over 16 years’ experience in computer science and technology. Aside from the R&D activities associated with our core development projects such as Robotaxi operation and technology services, we also outsource certain non-essential routine R&D tasks to third parties. See “Financial Information – Description of Major Components of Our Results of Operations – R&D Expenses.”

We partner with leading industry participants in the R&D of autonomous driving and Robotaxi technologies. See “— Mobility Services – Robotaxi” and “— Fleet Management & Services.”

With our relentless R&D efforts including commitment to R&D investments, strong R&D talent pool and partnership with leading industry participants, we have achieved crucial technology advancements pillaring our services and solutions.

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### TECHNOLOGY AND IT INFRASTRUCTURE

As of the Latest Practicable Date, we had obtained 38 registered patents in fields including mobility service platform operation, autonomous driving data solutions and Robotaxi solutions, using an agile development model driven by our acute perception of market trends. See “— Intellectual Property” and “Appendix IV – Statutory and General Information – Further Information about Our Business –Intellectual Property Rights.”

- **Big Data Analytics.** Our strong ability in big data analytics underpins our technology strengths, including dispatch optimization and precise positioning. We have a large repository of vehicle and traffic data from our mobility service operations, and harness the value of such data to power the continued improvement of our operational management of both manned our ride-hailing service vehicles and Robotaxi. We have made significant investment in the development of proprietary data analytical technologies and AI-empowered algorithm models to address the growing demand for real-time data analytics in mobility service operations. In 2020, we launched our proprietary one-stop data management and application development platform, *Qi Cube*, which serves as the brain of our mobility service platform.
- **Dispatch Optimization.** We optimize our dispatch range with intelligent dispatch algorithms, aiming to improve the operational efficiency of our service fleet, while enhancing user experience. Powered by AI analytical technologies, *Qi Cube* is capable of making overall strategic decisions, taking into consideration varied factors including user demand, service vehicle resources and urban transportation efficiency, which helps us optimize the matching of mobility supply and demand. *Qi Cube* features strong capability in the real-time prediction of supply and demand. Its algorithms typically divide the urban area into several hexagonal units, and directs drivers to move among the units in anticipation of changing demand. For example, *Qi Cube* can dispatch orders with higher yields to drivers during peak demand in a given area, and dispatch orders with short pick-up time to riders when there are surplus service capacity in a given area. *Qi Cube* can make prediction of the level of mobility demand in terms of order volume in a given area in 15 minutes, and achieve a accuracy rate of 86% against the actual situation, slightly ahead of the average level of industry peers, according to Frost & Sullivan. This has significantly improved the utilization rate of our service capacity and leveled up our operational efficiency. We were able to maintain and steadily improve the response rate of our mobility service, which we consider as a crucial indicator of the efficiency and competitiveness of our service. The response rate of our ride-hailing service was 81.5%, 84.8% and 88.9% in 2021, 2022 and 2023, respectively.

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- **Positioning Service.** We cooperate with Tencent Map to enhance the accuracy of advanced positioning technologies applied in mobility services. Our platform sustains sub-second response times and meter-level high-accuracy positioning. Our positioning technologies are also optimized for indoor environments, such as the parking lots of shopping malls and railway stations. In addition, empowered by our big data analytical capabilities, our platform can make recommendations for pickup and drop-off spots, to help the riders and drivers avoid crowds and traffic jams. It also provides a real-time location-sharing function for riders and drivers, facilitating the pickup process. As of December 31, 2023, we had launched 80 OnTime Stations in Guangzhou, strategically deployed according to our data analytics in large commercial complexes, central business districts and other core urban areas with high traffic. Pick up locations are sometimes hard to understand (e.g., the southwest corner of the crossroad of A street and B street), especially for riders and drivers who are less experienced or familiar with the area, and thereby resulting in time waste during the pick up process. OnTime Stations are highly visible physical constructions, so that riders and drivers can easily locate the spot for pickup. Furthermore, OnTime Stations serve as recommended pick-up points in their surrounding areas. When riders place order in the surrounding areas, our app’s positioning service will automatically direct them to the stations for a more streamlined positioning and pickup process. With the help of these OnTime Stations, we have been able to significantly improve our pickup efficiency in busy urban areas and alleviate traffic congestion in the surrounding areas.

## SAFETY

We attach great importance to the safety of our riders and drivers. Since our inception, we have made significant investment in establishing safety management protocols and implementing technological security solutions. We have an extensive array of safety protocols to cover risks before, during and after each ride, and a dedicated dispute resolution process. According to Frost & Sullivan, our safety measures are generally in line with mobility service market practice in China.

### **Identity, Qualification and Background Check**

It is a prerequisite for both the riders and drivers on our platform to go through an identity verification process by providing their cell phone numbers, where a verification code is sent for authentication purposes. As required by law, cell phone numbers in China are registered through real-name authentication. In the event of emergencies, our platform can report the registered cell phone numbers to relevant authorities to quickly identify the riders.

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In addition, we have formulated and implemented comprehensive procedures designed to verify the compliance status of drivers and vehicles, enabling us to promptly detect and effectively prevent drivers from circumventing the screening processes, including, among others:

- **Group-level management.** To regulate the compliance management of our mobility services, we have formulated the service fleet compliance management measures. Moreover, we have established dedicated departments responsible for the implementation of service fleet compliance management. Our service fleet management department is responsible for establishing and optimizing the service fleet compliance management system, conducting screening processes and operational risk reviews. Our business operation office is in charge of the compliance and effectiveness of our operating licenses, and our service fleet planning and development office is responsible for conducting compliance-related reviews and assessments for admission and withdrawal of driver and vehicle.
- **Driver and vehicle admission review.** We engage qualified third-party service providers to conduct background checks online for screening purposes. These service providers manually screen all the drivers based on information from professional security database.
- **Ongoing compliance inspections.** Drivers are required to undergo facial recognition and photograph verification on a daily basis before commencing service to verify their identities. We also require drivers to take photos of their vehicles and upload photos to the platform to ensure proper driver-vehicle matching. By doing so, we are able to detect and prevent drivers from circumventing our screening processes.
- **Communication with regulatory authorities.** We maintain regular communications with local transportation authorities regarding driver identity and vehicle compliance verification and management, as the identity and background of all the licensed drivers and vehicles are also verified and reviewed by them.

### Emergency Assistance

Riders can set up emergency contacts in the safety center and choose to share their real-time trip information. We also have a one-tap emergency assistance function in our app, which allows riders to make emergency calls to the police instantly. Additionally, our customer service team and security management department are available around the clock to assist users with any safety concerns. Our system conducts real-time analysis of the ride route, with the support of GPS, and sends automatic alerts to both riders and the drivers when the actual route significantly deviates from the planned route.

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### **Audio and Video Recording**

Our system also provides an in-vehicle audio and video recording function to keep a record of the service process, using the drivers’ devices. Our drivers are required to use the audio recording function for each ride, which is performed by the microphone of their mobile phone, using the built-in audio recording module in our mobile app for drivers. The video recording function is optional for drivers, in line with the mobility service industry practice according to Frost & Sullivan, and typically performed by the dash cams. We recommend our riders to turn on audio and video recordings for safety reasons, but they have the sole discretion to decide. Once the trip is completed, the recordings are uploaded to our server. Neither the rider nor the driver is able to access such recordings. These recordings may be accessed by authorized customer service staff in the event of emergencies or disputes, or submitted to public security authorities, as appropriate. The recordings are deleted from our server after seven days if no dispute arises.

Riders may opt out of such service without affecting their ability to benefit from the other basic functions of our platform.

### **“Qi Cube” – Safety Monitoring**

*Qi Cube* helps us improve trip safety and enhance user experience. It gathers data from multiple sources and conducts accurate analysis based on AI and voice recognition technologies, thus being capable of detecting vehicle operational status, including speed changes, door status and motion status, to analyze and identify irregularities. It sends alerts to the driver when it detects sudden brakes and starts, and conditions that indicate driver fatigue, to monitor and rectify issues in their driving pattern.

### **Driver Rating and Training**

Our platform has a driver rating system, where riders are invited to provide anonymous ratings for drivers on a scale of one to five stars. Riders may also leave specific comments or raise issues. We also have designated quality inspection staff in each city that conduct routine inspection of driver service quality. These staff use our platform to go on random trips like any other riders and provide feedback for drivers afterwards. Our car partners closely track drivers’ ratings and feedback, and take various measures to help them improve, with the aim of ensuring consistent service quality. For example, our car partners conduct regular training for drivers. See “— Relationship with Industry Partners – Car Partners.” Our drivers are required to complete induction training and monthly safety training. Our platform uses different channels to give drivers reminders on safe driving and how to provide a safe service.

To reduce the risk of driver fatigue, our platform also imposes a mandatory break mechanism, where drivers are required to (i) go offline to get a 20-minute rest every four hours online; (ii) go offline to get a six-hour rest every ten hours of billing; and (iii) go offline to get a six-hour rest within 18 hours since the first order in one day. To enforce drivers’ compliance with such limit, drivers will be forced to be taken offline when any of such limits are triggered.

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In addition, we are dedicated to monitoring and improving our regulatory compliance status of the drivers and vehicles on our platform. See “— Legal Proceedings and Compliance – Compliance.” During the Track Record Period and up to the Latest Practicable Date, we did not experience any material safety incident.

### **Non-compliant Behavior Management**

We are dedicated to managing non-compliant user behaviors on our platform to ensure safety and quality user experience for the entire user community. We have established and implemented strict policies and measures to manage non-compliant user behaviors.

We review riders’ order activity on our platform. Riders who repeatedly cancel orders, have significant late payments or otherwise engage in suspicious activities may be flagged by *Qi Cube*’s system safety and integrity review mechanism and then verified by our staff. We may require those riders to make upfront payment before placing orders or block their questionable orders as necessary.

We also provide regular training and education sessions for our drivers. According to our platform’s rules, drivers are generally not allowed to select or reject the orders assigned to them, violation of which would result in the drop of driver’s rating. In addition, our riders are encouraged to report suspicious activities of drivers on our platform, and we will investigate the reported drivers and impose compensation or temporary banning or dismissal on those indeed in violation.

### **Dispute Resolution Process**

We have established and implemented a safety incident management scheme to manage all types of safety incidents in a graded and categorized manner. We have strict regulations on the handling process and time limit in case of safety incidents, in order to ensure our quick and timely response.

We have adopted a safety management system specifically designed for the recording, responses and tracking of safety incidents. Upon receipt of a complaint incident involving safety, our customer service team will directly transfer the order to this system, and our security department will be in charge of such matter till solved.

In 2021, 2022 and 2023, aside from those related to traffic accidents, we identified nine, five and seven complaints, respectively, in our key safety areas (e.g., harassment, physical conflict, restriction of freedom) relating to perceived safety threats in our ride-hailing and hitch services, all of which have been resolved. We took disciplinary actions on the drivers and riders who were found liable in these incidents according to the severity of their wrongdoing. Such actions include, as applicable, disciplinary consultations, suspension and termination. During the Track Record Period, we did not receive any safety complaint related to our Robotaxi service. During the Track Record Period, we were not subject to any claim arising from safety incidents occurred during rides facilitated by our platform. Our Directors were not aware of any malicious violent crimes perpetrated on our platform during the Track Record Period and up to the Latest Practicable Date.

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### DATA PRIVACY AND SECURITY

User data collected by our platform primarily includes users’ identification, drivers’ facial graphics, vehicle information, location, address, travel history, phone number, driver’s license and video or audio recording during trips. We attach utmost importance to the protection of user data and compliance with relevant laws and regulations.

#### **Integrity of IT Infrastructure**

Our IT systems adopt a layered architecture, using domain-driven design with a distributed cluster system to provide high concurrent computing capacity, high availability and high functionality. Such system reduces the coupling of businesses, and improves system throughput while enhancing its maintainability, expandability and availability.

To protect security throughout the various stages of our operations and data analytics, all user data tagged and processed are stored on our firewall-protected physical servers, and our testing data, including fictitious phone numbers and plate numbers automatically generated by our testing programs which do not contain any personal information, are stored on our cloud-based storage system operated by prominent third-party cloud service providers. We back up user data in separate and various secured data back-up systems to minimize the risk of user data loss or leakage. We also conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. We believe we maintain a stable, reliable, secure and scalable technological infrastructure that is compatible with our growing business.

We have emergency response protocols in place that specify the backup and restoration measures in the event of service suspension. We adopt multi-AZ deployments for high availability, and also conduct remote backup. These enable us to promptly restore service in the event of emergencies. During the Track Record Period and up to the Latest Practicable Date, there have not been any major interruptions, breaches, hacks or outages of our IT infrastructure and systems.

#### **Data Security Policies**

We have strict compliance programs and internal data security management policies in place to ensure compliance with the latest laws and regulations, governing the access, use and storage of user data, including, among others:

- ***Group-level management.*** We have established an organizational structure for data security and personal information protection, specifying the main duties of departments at all levels. We have also set up a data security management committee led by our chief technology officer, overseeing policy formulation and implementation. A network data security office is set up under the committee, supporting us to effectively formulate data security and personal information protection plans and supervise their implementation, and properly deal with and prevent data security risks.

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- ***Full life cycle data security management.*** To ensure the integrity of user data throughout our operational management and R&D activities, we have formulated and implemented a whole set of data security management rules, which specify the full life cycle management for user data, including the requirements, standards, and procedures for assessing the legality, compliance, and necessity of data collection, transmission, storage, sharing, destruction, backup and recovery. We adhere to the principles of minimization and necessity in data collection, and have classified and graded data in accordance with the data categorization and classification security management rules, requiring safeguard measures for data at different grades based on its sensitivity and risk level. This also serves as the basis for determining internal data access and operation permissions. Additionally, we have established a rigorous access control system for data operations, requiring multi-level approval, authorization and supervision for significant data operations, along with log audits. Access to user data is subject to prior approval, based on a review of the purpose, scope and collection method of the relevant data. Any sensitive personal information that we collect and store must be desensitized or de-identified. Only specifically authorized employees may access sensitive data during limited authorized periods. Through implementing the internal data access and operation control measures based on the data categorization and classification management system, we have put in place a systematic framework for data security and personal information protection.
- ***Comprehensive information systems.*** We have established information systems that provide security measures such as encryption algorithms and redundant backup technologies when storing and transmitting important data, personal information and other sensitive network data. We have also taken corresponding technical security measures for handling personal information in automotive data. For instance, we will have de-identified the contained facial data while transmitting in-vehicle video information to the cloud server. Based on the category and grade of personal information, we adopt differentiated technical and administrative security measures. Additionally, we implement effective, periodic backup strategies to ensure the integrity and recoverability of data.
- ***Emergency response plans.*** We have established the rules for management of emergency response plans for information security incidents, and implemented the emergency response process for data security incidents accordingly. We clearly outline the requirements for emergency activation, response, and subsequent handling of such incidents. By organizing and conducting emergency response drills on a regular basis, we have also developed an emergency response plan management and emergency response work mechanism for data security incidents.
- ***Data security training mechanisms.*** We have established a comprehensive and well-structured staff-oriented data compliance training system, ensuring organized data compliance training. We have prepared and maintained specialized internal records for the personal information protection trainings already conducted.



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- ***Transparent communications with our users.*** Our users are fully informed of by our privacy policies, including, among others: (i) the types of personal information we collect; (ii) our processes of accessing, using, storing and sharing user information; and (iii) methods to restrict or reject our access to certain information while maintaining the basic service functions of our platform. Our privacy policies are regularly updated according to the business operation needs and revised to be in line with the changes in relevant laws and regulations on data protection and privacy.
- ***Employee confidentiality commitments.*** We also enter into confidentiality agreements with our employees, which provide that our employees shall not share, distribute or sell any confidential information to any other parties, including other employees who are not authorized to access such information. Upon termination of employment with us, our employees are required to return copies of confidential information to us or destroy it as we see appropriate. Their confidentiality obligation survives the termination of employment.
- ***Third-party data sharing protocols.*** We may share user information with certain third parties that we work with in our daily operations, including our car partners. The prior consent of data owners or other legal or regulatory ground is required when sharing data with third parties. In our agreements with third parties, we typically specify the data protection responsibilities and potential liabilities for both parties.
- ***Continuously advancing our security and privacy compliance.*** As the laws and regulations on data security and personal information protection continue to evolve, we are consistently refining our efforts to satisfy the required assessment and reporting obligations. We closely follow new regulations, technologies, and requirements in the field of data security and personal information protection. This ongoing effort will further promote the development and implementation of structures and processes for the mechanism of data security risk assessment and personal information protection impact assessment, continually improving our data security and personal information protection level and capabilities.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to material disputes or any other material legal proceedings raised by any users; nor had any material penalties or fines regarding personal information leakage been imposed on us.

## MARKETING AND BRANDING

We endeavor to differentiate ourselves in a highly competitive market by establishing a unique brand image. We focus on the continuous improvement of service quality, and position ourselves as advocates of hygiene, comfort and safety standards in mobility services.

We rely on various different measures to promote our services, combining online and offline channels.

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We have been expanding our business primarily through the implementation of our geographical expansion strategy, centered on major cities in the Greater Bay Area. We were able to replicate the market penetration strategies in neighboring cities, thus reducing our costs in marketing and promotion. This closely connected city network also amplified the word-of-mouth effect of our services, especially due to these cities’ similarities in terms of culture and socioeconomic conditions. We encourage, and sometimes incentivize, existing riders to refer our services to non-riders. We introduced NPS as a key indicator of our customers’ willingness to recommend our brand and mobility services, and as a channel to understand our customers’ needs. In 2023, we achieved an NPS of 53 in foothold cities and 56 in Guangzhou, indicating higher customer satisfaction than the industry average, which is concentrated between 20 and 30, according to researches and expert interviews conducted by Frost & Sullivan. Furthermore, we invest in online advertisements on social media platforms and other apps and websites to attract new riders.

We also have robust connections with partners in transportation, tourism and consumer products to co-host cross-industry promotional campaigns to increase the offline exposure of our brand name. Additionally, we sometimes run on-the-ground promotional activities in commercial districts and transportation hubs.

We attach great importance to the quality, sustainability and efficiency of our rider-attraction and engagement endeavors, and have been able to continually lower our user-acquisition costs.

### SEASONALITY

We have experienced, and expect to continue to experience, seasonality in our business. For example, during the Chinese New Year holiday in the first quarter of each year, fewer drivers are active, and there is typically less demand. Extreme weather conditions, such as typhoons, and public health emergencies, such as the COVID-19 pandemic, also affect our business. We expect that our earnings will continue to fluctuate based on seasonal factors that affect China’s mobility industry. See “Risk Factors – Risks Relating to Our Business and Industry – Our results of operations are subject to seasonal fluctuations.”

### CUSTOMERS

We have a broad customer base for our mobility services. As of December 31, 2023, we had 23.8 million registered riders on our mobility service platform. During the Track Record Period, substantially all of our revenue was from individual customers under our ride-hailing services. We provide enterprise solutions under our ride-hailing services to corporate customers. We also provide technology services to autonomous driving solution providers and fleet management & services to our drivers and car partners.

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Revenue from our largest customer in each period of the Track Record Period amounted to RMB5.2 million, RMB24.6 million and RMB113.5 million, representing 0.5%, 1.8% and 5.3%, respectively, of our total revenue for the respective periods. Revenue from our five largest customers in each period of the Track Record Period amounted to RMB10.8 million, RMB71.2 million and RMB265.8 million, representing 1.1%, 5.2% and 12.3%, respectively, of our total revenue for the respective periods.

GAIG was among our five largest customers in each period of the Track Record Period. Revenue from GAIG in each period of the Track Record Period amounted to RMB5.2 million, RMB20.0 million and RMB113.5 million, representing 0.5%, 1.5% and 5.3%, respectively, of our total revenue for the respective periods.

## SUPPLIERS

Our major suppliers mainly include suppliers of services mainly including vehicle rental, drivers' services, drivers' management services, payment channel services, information technology support services, technology support services, marketing services and message services as well as products mainly including dash cams, vehicles, automobile products and autonomous vehicles. Purchases from our largest supplier in each period of the Track Record Period amounted to RMB104.1 million, RMB69.4 million and RMB279.0 million, representing 6.6%, 4.0% and 10.9%, respectively, of our total purchases for the respective periods. Purchases from our five largest suppliers in each period of the Track Record Period amounted to RMB225.3 million, RMB192.7 million and RMB480.2 million, representing 14.3%, 11.0% and 18.8%, respectively, of our total purchases for the respective periods.

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The following tables set forth the details of our five largest suppliers by purchase amount in each period of the Track Record Period:

**Year ended December 31, 2021**

Supplier	Background	Major services/ products purchased	Purchase amount (RMB'000)	% of total purchase	Payment method	Year of commencement of business relationship with us	Year of establishment	Registered capital
GAIG	GAIG is primarily engaged in technical research services and automobile sales.	Drivers' services, drivers' management services, dash cam	104,064	6.6%	Wire transfer	2019	2000	RMB3,031,344,616
Supplier D*	Supplier D is primarily engaged in software development service and integrated circuit design services. Supplier D was established on November 4, 2005, and is registered in Beijing.	Technology support services	39,858	2.5%	Wire transfer	2020	2005	RMB952,941,177
Supplier F*	Supplier F is primarily engaged in technical service and technical consultation. Supplier F was established on November 23, 2017, and is registered in Beijing.	Marketing services	29,449	1.9%	Wire transfer	2020	2017	RMB460,000,000
Supplier G*	Supplier G is primarily engaged in the second type of value-added telecommunications services. Supplier G was established on April 19, 2011, and is registered in Shanghai.	Message services	26,452	1.7%	Wire transfer	2020	2011	RMB60,000,000
Supplier H*	Supplier H is primarily engaged in advertising publishing service and advertising design service. Supplier H was established on August 8, 2013, and is registered in Ningbo.	Marketing services	25,521	1.6%	Wire transfer	2019	2013	RMB50,000,000
<b>Total</b>			<u>225,344</u>	<u>14.3%</u>				

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### Year ended December 31, 2022

Supplier	Background	Major services/ products purchased	Purchase amount (RMB'000)	% of total purchase	Payment method	Year of commencement of business relationship with us	Year of establishment	Registered capital
GAIG	GAIG is primarily engaged in technical research services and automobile sales.	Drivers' services, drivers' management services, dash cam, vehicles	69,445	4.0%	Wire transfer	2019	2000	RMB3,031,344,616
Supplier I*	Supplier I is primarily engaged in automobile design and automobile sales. Supplier I was established on May 18, 2001, and is registered in Wuhan.	Automobile products	38,465	2.2%	Wire transfer	2022	2001	RMB8,616,120,000
The Represented Tencent Group	The Represented Tencent Group is primarily engaged in investment and the subsidiaries of the Represented Tencent Group with which we cooperate primarily engaged in payment and IT technology service.	Payment channel services, information technology support services, marketing services	36,927	2.1%	Wire transfer	2019	1999	N/A
Supplier C*	Supplier C is primarily engaged in marketing services and human resource service. Supplier C was established on July 11, 2019, and is registered in Guangzhou.	Marketing services	26,695	1.5%	Wire transfer	2019	2019	RMB50,000,000
Supplier J*	Supplier J is primarily engaged in advertising publishing service and advertising design service. Supplier J was established on December 19, 2013, and is registered in Shanghai.	Marketing services	21,137	1.2%	Wire transfer	2022	2013	RMB10,000,000
<b>Total</b>			192,669	11.0%				

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**Year ended December 31, 2023**

Supplier	Background	Major services/ products purchased	Purchase amount (RMB'000)	% of total purchase	Payment method	Year of commencement of business relationship with us	Year of establishment	Registered capital
GAIG	GAIG is primarily engaged in technical research services and automobile sales.	Drivers' services, drivers' management services, dash cam, vehicles	278,959	10.9%	Wire transfer	2019	2000	RMB3,031,344,616
Supplier K*	Supplier K is primarily engaged in autonomous mobility services. Supplier K was established on December 13, 2016, and is registered in Hong Kong.	Autonomous vehicles	60,032	2.3%	Wire transfer	2022	2016	N/A
The Represented Tencent Group	The Represented Tencent Group is primarily engaged in investment and the subsidiaries of the Represented Tencent Group with which we cooperate primarily engaged in payment and IT technology service.	Payment channel services, information technology support services, marketing services	58,216	2.3%	Wire transfer	2019	1999	N/A
Supplier C*	Supplier C is primarily engaged in marketing services and human resource service. Supplier C was established on July 11, 2019, and is registered in Guangzhou.	Marketing services	42,553	1.7%	Wire transfer	2019	2019	RMB50,000,000
Supplier L*	Supplier L is primarily engaged in technology development service and technical advisory service. Supplier L was established on July 10, 2012, and is registered in Beijing.	Information technology support services	40,444	1.6%	Wire transfer	2019	2012	RMB10,000,000
<b>Total</b>			<u>480,204</u>	<u>18.8%</u>				

*Note:*

\* This supplier did not consent to the disclosure of its name in this Document.

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Certain of our five largest suppliers during the Track Record Period are either listed companies or the parent company of listed companies. Certain of our Directors held insignificant equity interests in the above-mentioned listed companies as of the Latest Practicable Date. Save for the above, as of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or, to the knowledge of our Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

GAIG was among both our five largest customers and our five largest suppliers in each period of the Track Record Period. As a leading automobile conglomerate in China, GAIG is a crucial business partner for the establishment and development of our operations. During the Track Record Period, we primarily provided ride-hailing services, marketing and promotion services, technology services and repair and maintenance services to GAIG, and our purchases from GAIG primarily consisted of services including vehicle rental services, drivers’ services and drivers’ management services, and products including dash cams and vehicles.

In 2021, 2022 and 2023, revenue from GAIG amounted to RMB5.2 million, RMB20.0 million and RMB113.5 million, respectively, representing 0.5%, 1.5% and 5.3%, respectively, of our total revenue for the respective periods. In 2021, 2022 and 2023, purchases from GAIG amounted to RMB104.1 million, RMB69.4 million and RMB279.0 million, respectively, representing 6.6%, 4.0% and 10.9%, respectively, of our total purchases for the respective periods.

Our relationship with GAIG is mutually beneficial, due to our highly aligned development plans. We are able to leverage GAIG’s prominent industry support and achieve integration of industry resources of automobile manufacturing, autonomous driving technology and mobility services. Meanwhile, we are tasked to fulfill GAIG’s strategic transition from an automobile manufacturer to a mobility service provider.

During the Track Record Period, we purchased vehicles from GAIG and/or its associates, which are automobile manufacturers, and also sold vehicles to other associates of GAIG, which are our car partners, for the following reasons: (i) according to Frost & Sullivan, the collaboration between the mobility platform and the automobile manufacturers is a mutually beneficial relationship. The automobile manufacturers provide customized vehicles and technical support, enabling the platform to deliver high-quality services. In return, the platform offers market expansion opportunities, and valuable market insights for the automobile manufacturers’ product development, including but not limited to Robotaxi initiatives. This partnership drives business growth and industry development. Since our mobility business and automobile business of GAIG and its associates are inextricably linked together in multiple aspects, our business and those of GAIG and its associates are highly complementary and beneficial to each other; considering GAIG’s leading position in the research and development, manufacturing and sales of automobile, it is natural and in our best interests to cooperate with GAIG; (ii) as GAIG and/or its associates have comprehensive understanding of our business needs, and we have established a good foundation of mutual trust with each other; GAIG and/or its associates can provide stable and high-quality services and products that can effectively and

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reliably meet our needs; in particular, as our car partners, associates of GAIG can ensure effective communication and management over cars and drivers thereby providing stable and quality services to our end customers; (iii) to facilitate our drivers' onboarding process, we undertake centralized vehicle procurement for our car partners and drivers. We consolidate the demands of our car partners and drivers, and negotiate directly with automobile manufacturers for a collective deal. Such collective deals are typically priced at a discount from prevailing market prices, and offer more streamlined delivery; and (iv) with an aim to build a one-stop standardized automobile service platform, OnTime auto service center, and create an industry network encompassing driver services, after-sales services and other ancillary services in extended scenarios, we offer sales of vehicles, vehicle maintenance and repair and sales of automobile components through our OnTime auto service centers to car partners that are associates of GAIG, and therefore we re-sell vehicles to associates of GAIG. We believe that, compared to the direct sales of OEMs, our one-stop standardized automobile service platform provides value that leads to car partners' purchase of vehicles from us: (i) it offers a variety of vehicles for car partners to choose from, including vehicles sourced from associates of GAIG and other OEMs; instead, OEMs normally sell their own branded vehicles; (ii) by taking a holistic assessment of factors including wheelbase, vehicle length, overall performance, distance to empty, pricing, etc., it carefully reviews and selects vehicle models that are suitable for use in ride-hailing services, and are compliant with licensing requirements for ride-hailing vehicles; on the other side, car partners need to check compliance issues if vehicles are directly purchased from OEMs; (iii) vehicles purchased from our platform are entitled to benefit from our streamlined ride-hailing vehicle licensing assistance service, which saves time and trouble for our car partners and drivers; and (iv) car partners purchasing vehicles from us are entitled to our assistance service for driver registration which facilitates drivers' onboarding process on platform. In the circumstance that car partners who are associates of GAIG purchase vehicles directly from GAIG and its associates, they will not be entitled to aforementioned value that benefits the business operation of car partners. The following pricing policies have been adopted by us in terms of the purchase and re-sale of the vehicles: (i) in respect of our purchase of vehicles, the unit price shall be determined by manufacturers of vehicles, whilst we will compare the unit price offered by GAIG and/or its associates and that by independent third parties, and will make the procurement from the better terms offered; and (ii) in respect of our re-sale of vehicles through OnTime auto service center, fee charged by us will be determined based on arm's length negotiation with reference to market price charged by OEMs and shall be no less than that charged to independent third parties. See "Connected Transactions."

In addition to GAIG, the Represented Tencent Group, Supplier C, Supplier D, Supplier H and Supplier K were also corporate customers of our ride-hailing services during the Track Record Period.

Our Directors are of the view that our sales to and purchase from the above-mentioned suppliers are conducted in the ordinary course of business under normal commercial terms on an arm's-length basis after due and careful consideration.



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### RELATIONSHIP WITH INDUSTRY PARTNERS

Thanks to our central position in the industry value chain as a mobility service platform connecting and integrating the products, solutions and resources of various participants, we have built an extensive network where we closely collaborate with industry partners on multiple fronts.

#### Car Partners

We work with our car partners in: (i) driver recruitment and management; and (ii) vehicle management. Our collaboration with car partners helps us optimize our operational efficiency.

As of December 31, 2023, we worked with 100 car partners, all of which are primarily involved in the automotive industry, and are independent third parties except for four associates of GAC. Since commencement of business and as of December 31, 2023, the number of drivers who had completed at least one order on our mobility service platform was 135.2 thousand. In the first half of 2020, a portion of the drivers were under our direct management. From July 2020 onwards, these drivers have been managed by Guangzhou Qichen, one of our five largest car partners in each period of the Track Record Period, and thus all of our drivers have been under the management of our car partners since then. In 2023, 92.5% of our active drivers were managed by 96 of our car partners which are independent third parties, and the remaining 7.5% of our active drivers were managed by the remaining four car partners which are associates of GAC. In 2023, none of our car partners managed over 10% of our active drivers. In 2021, 2022 and 2023, the management fee paid to our car partners amounted to RMB38.4 million, RMB40.5 million and RMB38.5 million, respectively.

The following table sets forth the breakdown of ride-hailing GTV and order volume by type of drivers for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
<b>GTV</b> (RMB in millions, except for percentages)						
GTV from drivers managed by car partners which are independent third parties <sup>(1)</sup>	1,310.5	100.0	1,756.9	100.0	2,714.0	100.0
GTV from drivers managed by car partners which are associates of GAC	1,090.1	83.2	1,456.2	82.9	2,361.3	87.0
	220.3	16.8	300.8	17.1	352.7	13.0
<b>Order volume</b> (millions, except for percentages)						
Order volume from drivers managed by car partners which are independent third parties <sup>(2)</sup>	46.0	100.0	66.0	100.0	97.3	100.0
Order volume from drivers managed by car partners which are associates of GAC	38.8	84.4	55.8	84.6	86.0	88.3
	7.2	15.6	10.1	15.4	11.4	11.7

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*Notes:*

- (1) also includes GTV from orders fulfilled by third-party mobility service platforms.  
 (2) also includes orders fulfilled by third-party mobility service platforms.

The following table sets forth the breakdown of revenue from ride-hailing services within mobility services business segment and drivers’ service fee included in cost of revenue by type of drivers for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<i>(RMB in thousands, except for percentages)</i>						
Revenue from ride-hailing services within mobility services business segment	1,005,188	100.0	1,244,956	100.0	1,812,133	100.0
Revenue from drivers managed by car partners which are independent third parties <sup>(1)</sup>	835,807	83.1	1,018,105	81.8	1,550,003	85.5
Revenue from drivers managed by car partners which are associates of GAC <sup>(2)</sup>	169,381	16.9	226,851	18.2	262,130	14.5
Cost of revenue – Drivers’ service fee	1,177,283	100.0	1,289,603	100.0	1,794,833	100.0
Drivers’ service fee to drivers managed by car partners which are independent third parties	1,009,474	85.7	1,073,595	83.3	1,496,618	83.4
Drivers’ service fee to drivers managed by car partners which are associates of GAC	167,809	14.3	216,008	16.7	298,215	16.6

*Note:*

- (1) also includes revenue from orders fulfilled by third-party mobility service platforms.

Revenue from ride-hailing services increased during the Track Record Period, primarily due to the significant increases in our ride-hailing GTV, which was mainly driven by our loyal and expanding rider base and the increased order volume. Drivers’ service fee increased during the Track Record Period, which was in line with the expansion of our business scale. See “Financial Information – Description of Major Components of Our Results of Operations – Revenue” and “Financial Information – Description of Major Components of Our Results of Operations – Cost of Revenue.”

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The following tables set forth the details of our five largest car partners by ride-hailing GTV and order volume in each period of the Track Record Period:

### Year ended December 31, 2021

Car partner	Background	Registered capital	Relationship with GAC	GTV (RMB in millions)	% of total GTV	Order volume (millions)	% of total order volume	Management fees (RMB in thousands)
Guangzhou Qichen <sup>(1)</sup>	A company primarily engaged in vehicle rental services and vehicle sales	RMB90,000,000	An associate of GAC	161.3	12.3%	5.2	11.3%	10,161
Car Partner C	A company primarily engaged in vehicle technology services	RMB5,000,000	An independent third party	135.6	10.3%	5.0	10.9%	3,546
Car Partner D	A company primarily engaged in vehicle rental services	RMB138,000,000	An independent third party	107.2	8.2%	3.4	7.4%	4,167
Car Partner E	A company primarily engaged in vehicle technology services and vehicle sales	RMB6,000,000	An independent third party	98.0	7.5%	3.2	7.0%	4,305
Car Partner F	A company primarily engaged in auto parts sales	RMB5,000,000	An independent third party	84.8	6.5%	2.8	6.1%	4,069

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**Year ended December 31, 2022**

Car partner	Background	Registered capital	Relationship with GAC	GTV ( <i>RMB in millions</i> )	% of total GTV	Order volume ( <i>millions</i> )	% of total order volume	Management fees ( <i>RMB in thousands</i> )
Guangzhou Qichen <sup>(1)</sup>	A company primarily engaged in vehicle rental services and vehicle sales	RMB90,000,000	An associate of GAC	217.6	12.4%	7.1	10.8%	8,934
Car Partner D	A company primarily engaged in vehicle rental services	RMB138,000,000	An independent third party	128.8	7.3%	4.2	6.3%	3,738
Car Partner C	A company primarily engaged in vehicle technology services	RMB5,000,000	An independent third party	105.2	6.0%	4.1	6.1%	2,787
Car Partner F	A company primarily engaged in auto parts sales	RMB5,000,000	An independent third party	97.1	5.5%	3.5	5.3%	3,441
Car Partner G	A company primarily engaged in vehicle rental services and vehicle sales	RMB30,000,000	An independent third party	95.7	5.4%	3.1	4.8%	2,012

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### Year ended December 31, 2023

Car partner	Background	Registered capital	Relationship with GAC	GTV (RMB in millions)	% of total GTV	Order volume (millions)	% of total order volume	Management fees (RMB in thousands)
Guangzhou Qichen <sup>(1)</sup>	A company primarily engaged in vehicle rental services and vehicle sales	RMB90,000,000	An associate of GAC	278.7	10.2%	9.0	9.3%	6,093
Car Partner D	A company primarily engaged in vehicle rental services	RMB138,000,000	An independent third party	175.5	6.4%	5.1	5.3%	1,680
Car Partner G	A company primarily engaged in vehicle rental services and vehicle sales	RMB30,000,000	An independent third party	152.5	5.6%	4.6	4.7%	2,047
Car Partner C	A company primarily engaged in vehicle technology services	RMB5,000,000	An independent third party	107.8	3.9%	3.9	4.0%	1,716
Car Partner F	A company primarily engaged in auto parts sales	RMB5,000,000	An independent third party	104.7	3.8%	3.7	3.8%	1,707

*Note:*

- (1) In 2021, 2022 and 2023, Guangzhou Qichen was paid relatively higher management fees, due to its higher management fee calculation parameters, primarily attributable to (i) its higher driver online rate and higher driver earnings because it only cooperated with one ride-hailing platform, us, and most of its drivers work full-time; (ii) its higher growth rate in the number of drivers due to its proactive response to our need for highly compliant service fleet; and (iii) its higher order compliance rate and service quality assessment level due to its robust management capacity.

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Save as disclosed above and in the sections headed “Connected Transactions” and “Relationship with GAIG”, as of the Latest Practicable Date, there were no other past or present relationships (family, business, employment, trust, financing or otherwise) between the Group and each of the five largest car partners in each period of the Track Record Period, their respective substantial shareholders, directors or senior management, or any of their respective associates in any material aspects.

The following table sets forth the breakdown of active drivers and active vehicles of our ride-hailing services for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>(Thousands, except for percentages)</i>					
<b>Active drivers</b>	40.5	100.0%	68.5	100.0%	91.0	100.0%
– Drivers managed by car partners which are independent third parties <sup>(1)</sup>	35.8	88.4%	59.5	86.9%	84.2	92.5%
– Drivers managed by car partners which are associates of GAC <sup>(1)</sup>	4.7	11.6%	9.0	13.1%	6.8	7.5%
<b>Active vehicles</b>	23.4	100.0%	45.9	100.0%	92.0	100.0%
– Rental vehicles <sup>(1)</sup>	15.4	65.7%	23.5	51.2%	43.0	46.7%
– Driver-owned vehicles	8.0	34.3%	22.4	48.8%	49.0	53.3%

*Note:*

\* Certain drivers changed service vehicles during the Track Record Period, and therefore the number of active vehicles does not necessarily equal the number of active drivers.

\*\* The classification of each active driver and active vehicle in a given period is determined by their status as of the final day of that period.

(1) All rental vehicles were from car partners.

Drivers who operate with rental vehicles have fixed monthly rental costs and therefore they typically have a target earning that they plan to achieve in order to receive a meaningful net income after deducting the rental costs. Accordingly, these drivers typically work full-time, and deliver more consistent service.

Drivers who operate with their own vehicles may have a more flexible service schedule, primarily because many of them work part time and regard ride-hailing service only as a supplement to their primary source of income, and are often not subject to a direct and fixed cost per month. Although they do need to consider factors such as the purchase price of the vehicle and the associated depreciation cost (in particular, registered ride-hailing service vehicles are subject to mandatory retirement upon the earlier of the completion of eight years’ of service or 600,000 km total travel distance), these factors are less direct. These drivers also tend to use their vehicles for other purposes such as personal or family trips. However, certain of these drivers relied on consumer loans to purchase their vehicles, under which they must make monthly repayments. In such case, their service pattern may be similar to drivers who operate with rental vehicles.

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The foregoing analysis of drivers' service pattern are a summary of ideal cases, without taking into consideration the many other factors that, in reality, may affect a driver's service behaviour. In general, drivers who work full time on our platform ensure that we have stable service capacity. Drivers who have a more flexible service schedule are typically attracted by fee incentives which are available during peak time, helping us cope with the demand surge. Drivers' service pattern is also not static, they may decide to operate differently when their circumstances change. As our business grows, we endeavour to maintain an efficient size of our driver fleet as well as an optimal driver/vehicle mix and to maintain a right dynamic balance between demand and supply on our platform, where we have sufficient service capacity and the drivers have stable and competitive income. When recruiting drivers through our car partners, we monitor the number of new drivers and their potential service status to decide the pace and scale of the recruitment.

Our platform's management of drivers are uniform. Assuming other variables such as service option, location and distance are held constant, our fee model consistently apply to all drivers, regardless of the vehicle's ownership status. Similarly, the car partners' management policies for all drivers are typically uniform, except that they pay closer attention to the vehicle and service conditions of drivers who operate with rental vehicles, as the car partners are the owner/lessor of the vehicles. Through our uniform management, we endeavor to ensure consistent service quality. Overall, we did not observe any material differences in the service quality among different groups of drivers, as indicated by their average service ratings which are generally similar.

Our car partners are responsible for recruiting drivers according to the requirements of relevant laws and regulations, as well as our internal protocols. After recruitment, our car partners provide drivers with induction, as well as ongoing training. Our training focuses on safety protocols, hygiene standards and service etiquette. We established our OnTime Experience Center in 2020, conducting systematic and standardized training for our drivers to ensure the consistency of our service quality. We formulate the training programs and require the trainers at our car partners to go through multiple rounds of evaluation and training before granting them our trainer license. As of December 31, 2023, we had trained and certified 263 licensed trainers hired by car partners in various cities. Our car partners also have driver managers who are responsible for the collection of car rents from those drivers that rent service vehicles from our car partners, and for regular management of our drivers. When our platform identifies non-compliant behavior of a driver, it informs such driver's responsible driver manager who will then have a meeting with the driver regarding rectification measures.

We aspire to build a one-stop standardized automobile service platform and create an industry network with various industry partners, customers and drivers. We aim to standardize service processes specifically tailored to the mobility service vehicle operating patterns, encompassing pre-deployment vehicle checks, online services, accident handling, post-service maintenance and safety service. By leveraging our comprehensive capabilities, we aim to minimize idle rates of drivers, enhance the management and maintenance of vehicle assets and accelerate capital utilization efficiency for our car partners. We aspire to create business value by streamlining operations for drivers and car partners, thereby improving their efficiency,

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performance and profitability. This, in turn, is expected to increase their loyalty to our services, thus enhancing the stability of our fleets and drivers, which are crucial to our efforts in retaining riders and our long-term growth. By improving drivers’ experience with our platform and increase their income (for example, by allowing them options such as preferred service direction/region which aligns with their home-bound route or EV charging needs, and offering them comprehensive emergency response support), we aim to foster a sense of loyalty and attachment to our platform. These efforts are intended, in turn, to drive continuous improvements in service efficiency and experience of our riders, establishing a stable and competitive industry network to support the long-term growth and sustainability of our mobility services. We do not prevent our drivers from registering with other ride-hailing platforms and working concurrently with them. Instead, we are committed to offering a platform that is competitive in terms of services and benefits that drivers would naturally prefer us over competitors. As a mobility service platform originated from, and maintains significant presence in, the GBA, we adopt a localized development and operation strategy, which distinguish us from our competitors who may be a national-scale operation or regional players from other areas, both of them may not have the specific knowledge of the local market as we do. For example, we offer our car partners and drivers fleet management & services with local culture characteristics, such as locally customized training and communication mechanisms, to enhance our relationship with them. Since the launch of our fleet management & services and as of December 31, 2023, 57% of the drivers on our platform had used our fleet management & services.

Our drivers are required to complete induction training and monthly safety training. Our car partners closely track drivers’ ratings and feedback, and take various measures to help them improve, with the aim of ensuring standardized service. See “— Safety — Driver Rating and Training.” We offer our drivers comprehensive support, help them improve operational efficiency and offer stable and competitive income, and believe that, by doing so, we are growing a robust and loyal driver base.

In terms of vehicle management, we help our car partners secure a stable supply of compliant service vehicles by offering our car partners (i) sales of vehicles through our OnTime auto service centers as part of our fleet management & services, (ii) assistance services to help them obtain relevant licenses and to complete annual inspections, and (iii) career training and consultations. See “– Our Service Offerings – Fleet Management & Services.” Our service fleet consists entirely of A-class vehicles and above, with spacious back seating. Our car partners typically have exclusivity provisions in place for drivers who rent service vehicles from them. Under such provisions, the drivers are not allowed to work at other mobility service platforms. Drivers who use their own service vehicles are typically not bound by contractual exclusivity obligations. However, our platform has performance-based incentive programs to encourage loyal and active drivers. In 2021, 2022 and 2023, our incentives per order to registered drivers providing ride-hailing services amounted to RMB2.87, RMB1.71 and RMB1.46, respectively.



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The typical terms and pricing of our agreements with our car partners, whether they are associates of GAC or independent third parties, are generally the same and summarized as follows:

- *Duration:* The duration of the agreement is typically one year, and the agreement will be renewed with mutual consent.
- *Service scope:* Car partners are typically responsible for (i) driver recruitment and management; (ii) overseeing and facilitating the license compliance of drivers and service vehicles; and (iii) vehicle asset maintenance and management.
- *Service charges:* We typically pay our car partners management fees calculated by multiplying the driver earnings of all the drivers under the car partner's management by various parameters and then deducting the negative incentives for safety events, if any. The parameters are typically determined by the following quantitative factors, respectively: (i) the amount of driver earnings from performance-qualified drivers; (ii) service quality assessment level, with each level designated with a numerical factor; (iii) compliance rate, (iv) driver online rate for a given period (i.e., X days), calculated by dividing the aggregation of the daily active driver on each of the X days by the product of X and the total number of drivers; and (v) growth rate in the number of drivers. We apply the same management fee rate calculation basis to our car partners which are associates of GAC as we do to our car partners which are independent third parties.
- *Security deposit:* The car partners are typically required to pay a security deposit, the amount of which depends on the number of vehicles. The deposit is refunded upon expiration of the contract period, unless they are liable to pay us certain damages due to breach of contract.
- *Insurance:* We require car partners to maintain carrier liability insurance.
- *Payment:* We typically settle payments on a monthly basis.
- *Termination:* We are entitled to unilaterally terminate the contract if car partners is no longer legally licensed, is liable for material breaches of terms such as confidentiality, compliance and safety obligations, or otherwise fails to fulfill contractual obligations, in which cases damages shall be assessed.

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The following table sets forth the average rate and rate range of management fees paid to our car partners for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
Average rate of management fees paid to our car partners <sup>(1)</sup>	3.5%	3.5%	2.4%
Average rate of management fees paid to our car partners which are independent third parties	3.2%	3.1%	2.3%
Average rate of management fees paid to our car partners which are associates of GAC	5.3%	5.3%	2.5%
Rate range of management fees paid to our car partners <sup>(2)</sup>	0.0%- 8.5%	0.0%- 12.2%	0.0%- 15.6%
Rate range of management fees paid to our car partners which are independent third parties	0.0%- 8.5%	0.0%- 12.2%	0.0%- 15.6%
Rate range of management fees paid to our car partners which are associates of GAC	0.8%- 6.8%	0.8%- 9.4%	1.1%- 5.9%

*Notes:*

- (1) The management fee paid to our car partners is calculated by multiplying the driver earnings of all the drivers under the car partner’s management by various parameters and then deducting the negative incentives for safety events, if any. The parameters are typically determined by the following quantitative factors, respectively: (i) the amount of driver earnings from performance-qualified drivers; (ii) service quality assessment level, with each level designated with a numerical factor; (iii) compliance rate, (iv) driver online rate for a given period (i.e., X days), calculated by dividing the aggregation of the daily active driver on each of the X days by the product of X and the total number of drivers; and (v) growth rate in the number of drivers. We apply the same management fee rate calculation basis to our car partners which are associates of GAC as we do to our car partners which are independent third parties. The average rate of management fees paid to our car partners is calculated by dividing the total amount of management fees paid to our car partners in a given period by the total amount of driver earnings in that period.
- (2) The management fees are determined and settled for each individual car partner on a monthly basis. The rate range of management fees paid to our car partners refers to the range from the lowest monthly management fee rate paid to an individual car partner to the highest monthly management fee rate paid to an individual car partner in a given period.

We saw an overall decreasing trend in our average rate of management fees paid to our car partners during the Track Record Period, primarily due to the improved cost management and operational efficiency of our car partners. See “Financial Information – Description of Major Components of Our Results of Operations – Cost of Revenue.”

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During the Track Record Period, the average rate of management fees paid to car partners which are associates of GAC was generally higher than that paid to car partners which are independent third parties, because the car partners which are associates of GAC typically delivered better performance, as evidenced by (i) their typically higher driver online rate and higher driver earnings because most of their drivers work full-time; and (ii) their typically higher order compliance rate and service quality assessment level due to robust management capacity. These car partners achieved better performance primarily because: (i) they typically have a stronger relationship with their drivers, maintaining daily contact with them and providing prompt support when their performance drops, (ii) they typically check the drivers' willingness to work full-time in the ride-hailing industry more carefully before offering them rental vehicles, and (iii) they may be more willing to provide additional rewards to high-performing drivers.

For certain months during the Track Record Period, we paid certain car partners with management fees significantly above the respective period average rates, primarily due to their proactive response to our need for highly compliant service fleet and their recruitment and management of additional drivers in our newly penetrated geographical markets, thus triggering bonuses within our comprehensive car partner performance assessment system. For certain months during the Track Record Period, we paid certain car partners with management fees significantly below the respective period average rates or in some cases, withheld payment entirely, primarily due to their relatively poor assessment results or failure to meet our basic requirements within our comprehensive car partner performance assessment system.

### **Other Industry Partners**

#### ***GAC and Tencent***

GAC and Tencent are our substantial shareholders.

GAC, a leading automobile manufacturer in China, provides us with an abundance of industry resources along the automobile value chain, which is vital to our mobility service. It is also an important partner in our technology services and fleet management & services. We have entered into certain transactions with GAC to (i) provide various types of products and services to GAIG and/or its associates, including, but not limited to our enterprise solutions for ride-hailing service, ride-hailing car related material sales, technology services, auto services and products offered through OnTime auto service center, and referral service; and (ii) procure a wide spectrum of products and services, including, but not limited to franchise management services, passenger vehicles, automobile components, vehicle maintenance and repair service, insurance service and software product.

We cooperate with Tencent to benefit from its cutting-edge internet infrastructure and high-quality user traffic. Tencent empowers us in our platform operation and management, as well as market expansion. We have entered into certain transactions with Tencent to (i) provide our enterprise solutions for ride-hailing services to Tencent Technology and its affiliates; (ii) purchase cloud and digital map services and other cloud-related technical services; (iii)

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purchase payment services to enable our users to conduct online transactions on our platform through Tencent payment channel; and (iv) purchase marketing and promotion services, including allowing our mobility services to have access to, and accept orders on, Tencent’s ride-hailing service platforms. See “Connected Transactions” for the details of our transactions and principal terms of our agreements.

### *Pony.ai, QCraft and NavInfo*

Pony.ai’s and QCraft’s leading autonomous driving technologies are integrated into the innovative initiatives of our mobility services, equipping us with frontier technology solutions as we tap into autonomous driving mobility services. We also collaborate closely in R&D programs with NavInfo, a technology company specializes in navigation maps and software, dynamic traffic information, location data analysis and V2X solutions. We entered into framework cooperative agreements with them, the key terms as well as the progress of which are summarized as follows:

- *Duration:* The duration of the agreements is typically three years or longer.
- *Scope of Cooperation:* We maintain comprehensive collaborations with our industry partners in the realms of Robotaxi and technology services. Specifically:
  - (i) *Robotaxi:*

We may, from time to time, purchase certain amount of Robotaxis and Robotaxi software and hardware systems from our partners to build our own Robotaxi fleet. The purchase price will be determined based on the market price of the models developed by our partners.

*Progress:* In April 2022, we procured from Pony.ai several Robotaxis and Robotaxi software and hardware systems for our Robotaxi demonstrative commercial operation. In this transaction, the price we paid for each product was agreed upon by both parties based on prevailing market price.

Our partners may agree to connect their existing and future Robotaxis to our Robotaxi operation platform in the geographic markets where we operate. Once their Robotaxis start to operate, they will receive service fee in accordance with Robotaxi fee rate for any fulfilled rides.

*Progress:* A fleet owned by Pony.ai has been connected to our Robotaxi operation platform. For rides fulfilled by their Robotaxis, they may receive service fee in accordance with Robotaxi fee rate. We typically settle payments with them on a monthly basis.

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- (ii) *Technology Services.* We may offer technology services that support the development of autonomous driving technologies and smart transportation and facilitate the commercialization of autonomous driving technologies, to our industry partners.

Progress: We provided Pony.ai with certain technology services, primarily including data annotation services. The pricing was in line with our overall pricing methodology for technology services, and the payment was made in accordance with the contract.

- *Joint R&D:* We may enter into joint R&D programs in HD maps, V2X and autonomous driving technologies, which may involve certain mutual sourcing of products and services. The details of such R&D program will be stipulated by separate specific agreements. The ownership of any IP generated from such joint R&D programs will be negotiated upon case-by-case.

Progress: We have entered into a strategic partnership with NavInfo in the R&D collaborations in three major areas, namely HD map, autonomous driving and smart traffic. As of the Latest Practicable Date, our joint R&D activities with NavInfo remained at the early stages.

- *Technical Support:* Our partners may also provide us with technical support, such as autonomous driving technology support as well as vehicle system maintenance.
- *Termination and Renewal:* The agreements will be terminated upon expiration and by the parties’ joint consent. With the parties’ joint consent we can renew the agreements.

## COMPETITION

China’s mobility service market is intensely competitive and characterized by rapid changes in technology, shifting user preferences and frequent introduction of new services and products.

We compete directly with other mobility service platforms that provide ride-hailing services. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as from new entrants into the market. During the Track Record Period, we primarily competed with other mobility service providers in the Greater Bay Area. As we continue to expand into other cities and regions, we face competition from industry participants in different geographical markets.

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We also compete with providers of other means of transportation, including railways, buses and short-haul flights, primarily based on ride experience, efficiency and price.

We believe that our ability to compete effectively depends upon many factors, including:

- our ability to maintain a leading regulatory compliance profile in a cost-efficient manner;
- the continued success of our focused growth strategy, centered on the Greater Bay Area, and expanding into neighboring regions under our geographical expansion strategy;
- our ability to develop innovative service options that bring about synergies amongst our offerings;
- our ability to attract and retain riders and drivers;
- our ability to provide superior user experience at an affordable price;
- our ability to maintain and improve our safety measures;
- our reputation and brand awareness; and
- the openness and compatibility of our platform and our relationship with business partners, including taxi companies and associations, car partners, automobile manufacturers and autonomous driving solution providers.

## SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

We are committed to the promotion of corporate social responsibility and environmental protection. We aim to create and enhance a positive impact on our employees, users and business partners, and to improve our environmental responsibility and public responsibility. We are subject to environmental protection and occupational health and safety laws and regulations in the PRC, violation of which may result in various administrative penalties from competent authorities, such as warnings, fines, orders to rectify, orders to disclose relevant information or make an announcement or orders to suspend business. See “Regulatory Overview.”

Our ESG management is structured in three tiers, comprising designated committees at the board and management level, as well as responsible units in relevant execution departments.

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Our Board takes the overall responsibility for identifying, evaluating and managing the impact of material ESG-related risks. Specifically, our Board is responsible for (i) overseeing and adopting the ESG policy, (ii) assessing ESG-related risks according to applicable laws, regulations and policies, (iii) setting ESG-related goals and targets, and formulating and assessing ESG strategic plans and mitigating measures, (iv) reviewing our performance against ESG-related goals and targets and revising the ESG strategies as appropriate if significant variance from the target is identified, and (v) monitoring and managing ESG matters and the effectiveness of our ESG system. To effectively manage ESG-related matters, our Board has established an ESG committee, which is primarily responsible for (i) managing ESG matters under the direction of the Board, (ii) reviewing and assessing our ESG matters such as development plans and corporate governance structure, and making recommendations to the Board from time to time, and (iii) holding regular meetings at least once a year and subsequently reporting to the Board in writing.

### Environmental Protection

We do not operate any production facilities. Our business mainly focuses on the operation of an online mobility service platform. Unlike many of the ride-hailing service providers who still rely primarily on traditional fossil fuel vehicles, our service fleet consists primarily of electric vehicles. This helps us significantly lower the greenhouse gas (“GHG”) emissions in the course of our mobility services. The table below sets forth our energy and resource consumption and GHG emissions for the periods indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Energy and resource consumption</b>			
Electricity consumption ( <i>kWh</i> )	353,882	849,753	1,203,849
Electricity consumption intensity ( <i>kWh per million RMB of revenue</i> )	349.2	621.0	557.1
Water consumption ( <i>tons</i> )	1,277	11,219	10,312
Water consumption intensity ( <i>tons per million RMB of revenue</i> )	1.3	8.2	4.8
<b>GHG emissions</b>			
Total GHG emissions ( <i>tons of CO<sub>2</sub>e</i> )	41,067	54,346	82,191
GHG total emission intensity ( <i>tons of CO<sub>2</sub>e per million RMB of revenue</i> )	40.5	39.7	38.0
Scope 1 direct GHG emissions <sup>(1)</sup> ( <i>tons of CO<sub>2</sub>e</i> )	N/A	N/A	N/A
Scope 2 indirect GHG emissions <sup>(2)</sup> ( <i>tons of CO<sub>2</sub>e</i> )	41,057	54,328	82,116
Scope 3 GHG emissions <sup>(3)</sup> ( <i>tons of CO<sub>2</sub>e</i> )	10	18	75

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*Notes:*

- (1) Scope 1 direct GHG emissions are direct emissions from resources owned and controlled by the companies. We are not a manufacturing company, so Scope 1 direct GHG emissions are not applicable to us.
  - (2) Scope 2 indirect GHG emissions are indirect emissions from the generation of purchased electricity, including platform vehicle electricity and office electricity.
  - (3) Scope 3 GHG emissions are indirect emissions related to operations and supply chains. Our Scope 3 GHG emissions are mainly generated from business travel and employee commuting.
- \* The above GHG emissions data has not been reviewed by external consultants.
- \*\* Frost & Sullivan believes that the scale of our electricity and water consumption as well as GHG emissions during the Track Record Period was at the average level in the mobility service industry, based on its review of publicly disclosed filings of certain internet platform companies which are comparable to us in terms of ESG performance and taking into account that over 95% of service vehicles on our platform were new energy vehicles and hybrid vehicles as of December 31, 2023, higher than the mobility service industry average.
- \*\*\* Our electricity and water consumption in 2021 primarily come from our daily operations. Our electricity and water consumption in 2022 and 2023 primarily come from (i) our car wash and EV charging services under fleet management & services launched in 2022 and (ii) our daily operations. See “– Our Service Offerings – Fleet Management & Services.” Therefore, our electricity and water consumption and consumption intensity have increased significantly since 2022. Our electricity consumption increased significantly from 840,753 kWh in 2022 to 1,203,849 kWh in 2023, which was in line with the expansion of our business scale. Our electricity and water consumption intensity decreased from 621.0 kWh and 8.2 tons per million RMB of revenue, respectively, in 2022 to 557.1 kWh and 4.8 tons per million RMB of revenue, respectively, in 2023, primarily due to the significant increase in our revenue from RMB1,368.4 million in 2022 to RMB2,161.1 million in 2023.
- \*\*\*\* During the Track Record Period, our total GHG emissions increased significantly, primarily due to the increase in our scope 2 indirect GHG emissions, which is primarily attributable to the significant increase in the total annual mileage of vehicles operating on our platform, generally in line with the increase of our ride-hailing GTV from RMB1,310.5 million in 2021 to RMB1,756.9 million in 2022, and further to RMB2,714.0 million in 2023. Our scope 3 GHG emissions increased from 18 tons of CO<sub>2</sub>e in 2022 to 75 tons of CO<sub>2</sub>e in 2023, primarily due to the heightened frequency of employee business trips compared to that during the COVID-19 pandemic period in 2021 and 2022.



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Committed to reducing our carbon footprint and contributing to the overall environmental sustainability, we have implemented, and will continue to implement, various measures to reduce our energy and resource consumption and GHG emissions, including, among others:

- *GHG emissions.* We are committed to reducing GHG emissions throughout the mobility value chain by using new energy vehicles and hybrid vehicles. As of December 31, 2023, over 95% of service vehicles on our platform were new energy vehicles and hybrid vehicles. We also collaborate with our car partners to achieve a growing number of drivers and service vehicles on our platform, therefore reducing private car travels. We estimate that we had facilitated an aggregate reduction in GHG emission of 127,501 tons of CO<sub>2</sub>e since we commenced our operations and as of December 31, 2023. In 2021, 2022 and 2023, our service offerings helped reduce 27,276 tons of CO<sub>2</sub>e, 35,950 tons of CO<sub>2</sub>e and 54,370 tons of CO<sub>2</sub>e, respectively. We believe that the progress in autonomous driving and Robotaxi technologies has the potential to optimize the efficiency of transportation and further reduce the overall carbon footprint of the mobility service industry. We expect to help reduce over 50 thousand tons of CO<sub>2</sub>e each year for the next three years.
- *Electricity usage.* We endeavor to conserve energy in response to the government’s initiatives. We promote energy saving awareness among our employees through our training and campaigns. Going forward, we plan to (i) install energy efficient lighting and ensure lights are switched off when not needed either manually or through automatic sensors, (ii) require double-sided printing of documents throughout our office, and (iii) implement air conditioning controls, with measures including requirements on lowest temperature, regular maintenance of air-cooling technologies and optimal timing controls.
- *Resource consumption.* We endeavor to reduce negative environmental impact through our energy saving and sustainable development efforts. We encourage paperless office initiatives and adopt water recycling technology to reduce resource consumption. In addition, we engage professional third parties to recycle some of the used parts of our service vehicles, including used batteries and tires. Approximately 20 tons of used batteries and over 10,000 used tires and other components are recycled each year.

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The table below sets forth the measurable targets for improving our energy and resource consumption and GHG emissions for the next three years:

	<b>Year ended December 31,</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Energy and resource consumption</b>			
Electricity consumption ( <i>kWh</i> )	1,671,360	1,874,160	2,015,580
Water consumption ( <i>tons</i> )	13,371	14,993	16,125
<b>GHG emissions</b>			
Total GHG emissions ( <i>tons of CO<sub>2</sub>e</i> )	121,250	175,008	236,442
Scope 1 direct GHG emissions ( <i>tons of CO<sub>2</sub>e</i> )	N/A	N/A	N/A
Scope 2 indirect GHG emissions ( <i>tons of CO<sub>2</sub>e</i> )	121,205	174,962	236,397
Scope 3 GHG emissions ( <i>tons of CO<sub>2</sub>e</i> )	45	45	45

\* The above estimated data has not been reviewed by external consultants.

During the Track Record Period and up to the Latest Practicable Date, our operations were in compliance with the relevant PRC environmental protection and occupational health and safety laws and regulations in all material aspects, and we had not been subject to any fines or other penalties due to non-compliance with environmental protection and occupational health and safety laws and regulations.

Our Board of Directors has adopted a comprehensive ESG policy in accordance with the Listing Rules, which sets forth our corporate social responsibility procedures and provides guidance on practicing corporate social responsibility in our daily operations.

### **Social Responsibility**

Mobility service is essential to the operation of the economy and society. Leveraging our operational excellence and resources, backed by the support of our shareholders, including major state-owned enterprises and leading internet platform companies, we undertake important roles in making mobility services available for a wider range of the population and in difficult times.

We devoted significant resources to maintain our regular service operation under the impact of COVID-19, and established comprehensive safety measures to reduce the risk of disease transmission during trips. In the early stage of the COVID-19 outbreak, we set up a public sanitization site at Guangzhou railway station, where free sanitization services were provided to all taxis and other vehicles using our mobility service platform.

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To tackle the challenges in urban transportation, including frequent congestion and difficulties in ride-hailing, we focus on the R&D of technologies and solutions that not only improve our own operational efficiency, but also improve, on a greater scale, overall urban transportation planning. For example, we work with governmental authorities on various smart transportation initiatives, aiming to improve traffic efficiency while lowering monetary costs and adverse environmental impact, hence generating social-economic gains. See “— Our Service Offerings – Technology Services.”

We will continuously communicate with the relevant regulatory authorities regarding the evolving ESG-related regulatory requirements to keep abreast of the latest developments and ensure our ongoing compliance. Specifically, we actively promote the healthy and sustainable development of the mobility service industry. For example, we actively collaborate with relevant regulatory authorities to develop mobility policies and plans, and promote government support and guidance for green mobility.

### **Employee Care**

We strive to build a fair workplace environment that is conducive to individual growth. Our workplace policies are constantly reviewed to ensure that they are in compliance with relevant laws and regulations, and reflect the culture and values of our team.

We are concerned about the career progression of our employees, and offer a wide range of training plans for different career stages. All of our employees are required to participate in training, with an average training time of 20 hours per person per year.

We also focus on the career development of our female staff, and encourage more female drivers to register on our platform. We have established the “OnTime Women’s Center” (如祺出行婦女之家) and cooperate with local women’s care projects in Guangzhou to provide support to female drivers.

We aim to provide our employees with competitive compensation and a work-life balance. The overall compensation plan is reviewed, according to market conditions, every two years. Besides salary and cash incentives, we also provide employees with comprehensive benefit packages, including free work lunch, mobile phone plan subsidies, festival gifts, extra annual leave allowances beyond the statutory minimum, psychological counseling services, physical examination services and commercial medical insurance and employee discount for automobile purchase. We also embrace diversity within our organization, strictly prohibiting any form of discriminatory and prejudicial practices.

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### PATH TO PROFITABILITY

We are a mobility technology and service company in China. According to Frost & Sullivan, our mobility services ranked second in the Greater Bay Area in terms of the GTV in 2023. We achieved robust revenue growth during the Track Record Period, which increased from RMB1,013.5 million in 2021 to RMB1,368.4 million in 2022, further increased to RMB2,161.1 million in 2023, representing a CAGR of 46.0%. Moreover, we have successfully narrowed our gross loss margins since 2021, from -24.2% in 2021 to -10.7% in 2022, and further to -7% in 2023. We believe the following features have effectively differentiated us from our peers in the smart mobility market in the Greater Bay Area during the Track Record Period, and are expected to support our growth and expansion into other markets and achieve profitability in the future:

- **Our dedication in the implementation of our geographical expansion strategy.** Instead of relying blindly on giving riders and drivers subsidies to compete for market shares in various cities, we follow our geographical expansion strategy to formulate strategic plans for resource investment and expansion goals to ensure establishment of presence in an orderly way. Guided by our geographical expansion strategy, we selected foothold cities from city clusters, taking into account economic scale, cultural impact and transportation convenience. We prioritized investing resources in the foothold cities, the majority of which are in the Greater Bay Area during the Track Record Period. As one of the five major city clusters and one of the most developed regions in China, the Greater Bay Area has strong demand potential for mobility services. The size of the Greater Bay Area passenger vehicle smart mobility market is expected to reach RMB207.9 billion in 2030, at a CAGR of 23.3% from 2023, according to Frost & Sullivan. As of December 31, 2021, 2022 and 2023, the number of foothold cities where we strategically prioritized resources was five, seven and nine, respectively, the majority of which are in the Greater Bay Area. Leveraging our brand awareness and operating expertise obtained in foothold cities, we expect to penetrate into the adjacent areas and ultimately achieve an optimal performance of the entire region. Our geographical expansion strategy helped us to realize significant development in terms of both business scale and financial performance. As of December 31, 2021, 2022 and 2023, the number of cities where we operated were six, 18 and 24, respectively. In 2023, our mobility service GTV was RMB2,741.0 million, making us the second largest smart mobility service platform and ride-hailing service provider in the Greater Bay Area, according to Frost & Sullivan.

Within the Greater Bay Area, we strategically prioritized establishing our presence and increase our market share in Guangzhou, focusing on investment in online and offline media resources to acquire new riders, building a professional service fleet and accumulating operating experiences. As such, we have achieved fast growth in Guangzhou and our success there facilitated our expansion into its neighboring areas, including Foshan, Zhuhai and Shenzhen, because we were able to leverage our established brand awareness and replicate proven operation expertise and management systems to such new markets. In addition, with the implementation of our geographical expansion strategy, the order volume of inter-city trips between

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Guangzhou and other cities as a percentage of our total Guangzhou-related order volume increased from 4.91% in 2021 to 4.95% in 2022, and further to 6.08% in 2023. Our extensive rider base in Guangzhou had also accelerated the pace of our acquisition of new riders in its neighboring cities. For example, in the first month of our operation in Foshan and Zhuhai, riders who had registered before the commencement of our operation accounted for 23.3% and 13.9% of the total riders in these two cities, respectively. Guided by our geographical expansion strategy, we are able to expedite the establishment and expansion of our business operations in new markets and lower the cost of market penetration, and therefore to achieve sustainable and efficient growth. During the Track Record Period, our acquisition cost per new active rider decreased by 16.1% from 2021 to 2023.

- **Our insistence on providing both drivers and riders quality user experience.** We are committed to offering high-quality services, catering to the evolving needs of our users. For our riders, we continuously optimize our services with a focus on achieving efficient dispatch and real-time safety monitoring, thus offering better traveling experience to our riders. Therefore, in addition to the fast expansion of our active rider base during the Track Record Period, we managed to record an annual rider retention rate of our ride-hailing services of 31.7%, 31.0% and 27.8%, respectively, and the average ride frequency of 8.8, 10.2 and 9.0, respectively, in 2021, 2022 and 2023 significantly higher than the industry average levels of approximately 23% and 7.0, respectively, in 2023. Those higher than industry average operation indicators demonstrate our competitive edge in the market, resulted from our consistent emphasis over service quality, competent driver fleet and brand awareness over the years. The slight declines in those two indicators are mainly attributable to the significant increase in the number of orders from third-party mobility service platforms, which proves our competitive edge on third-party mobility service platforms. We believe that would allow us to more effectively compete with our peers in GBA and other part of China. Apart from our quality services, we were also committed to high safety and compliance standards and ensuring the safety of riders during their trips on our platform.

For our drivers, we strive to provide them the opportunities to enjoy stable income by feeding them with abundant orders. Our fleet management & services have streamlined the routine tasks of drivers with respect to vehicle maintenance and repair and other after-sale services, helping them reduce expenses. We maintained a stable and strong service fleet during the Track Record Period, with the average monthly active drivers of our ride-hailing services increasing from 11.9 thousand in 2021 to 18.6 thousand in 2022, and further to 36.8 thousand in 2023. Such a competitive and expanding service fleet enable us to maintain high response rates and deliver high quality services during the Track Record Period, thus driving the expansion of our rider base and ultimately our revenue growth. In 2023, we recorded a response rate of 88.9%, which is much higher than the the industry average response rate of 85% in the same year, according to Frost & Sullivan.

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- **Our first-mover advantage in developing new services.** We believe that the future competition in mobility service industry would go beyond ride-hailing services. We are the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation. Our fleet management & services introduce a one-stop standardized automobile service platform that optimizes drivers’ vehicle purchase, repair and maintenance costs and process, reinforcing their bond with us. As of December 31, 2023, we were capable of providing fleet management & services to 135.2 thousand drivers. Revenue from fleet management & services increased from RMB118.6 million to RMB320.4 million from 2022 to 2023, representing 8.7% and 14.8% of total revenue during the same periods, respectively. Our profound valuable use case information and close connections with the leading players in various sub-segments of the smart mobility service industry allow us to efficiently launch technology services and achieve effective customer acquisition. As of the Latest Practicable Date, we had secured contracts for our technology services with a total contract value of RMB51.1 million. Our diversification in business and revenue sources as well as our deployment in promising adjacent areas would ensure our stable and sustainable development in the future.
- **Our unique and competitive shareholder background.** Jointly founded by GAC Group and Tencent, with Pony AI being our strategic shareholder, we are able to integrate the abundant resources across the entire automobile manufacturing and mobility technology value chains. For instance, the stable supply of new energy vehicles by GAC Group has facilitated our quick establishment of fleets in our foothold cities in the Greater Bay Area, consolidated our presence in those areas as a new player in the smart mobility service sector. Our close connection with the GAC Group allows us to realize collective vehicle procurements, which is critical to the launch and operation of our fleet management & service business. We also benefit from the internet infrastructure and user traffic of Tencent to achieve swift market expansion and user acquisition. In addition, with Pony AI being our shareholder, we are naturally more close to autonomous driving solution developers than our peers and manage to stay sensitive to their evolving needs, allowing us to more meticulously curate technology services and acquire more contracts from them.

Since our establishment and during the Track Record Period, we devoted significant resources to accumulate both riders and drivers, to support our business expansion, as well as to strengthen our technology capabilities, allowing us to achieve significant growth notwithstanding the impact of the pandemic. As a result, we have recorded operating losses, net losses and adjusted net losses during the Track Record Period primarily due to the costs and expenses incurred by us to quickly establish our presence in major cities of the Greater Bay Area and increase our penetration rates in those markets, including (i) the incentives offered in the course of our swift business expansion in terms of geographical coverage, helping us quickly acquire and retain riders and drivers. Specifically, the incentives offered to riders using

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our ride-hailing services are recorded as a deduction of our revenue and the incentives offered to drivers providing ride-hailing services are recorded as cost of revenue. See “Financial Information – Material Accounting Policy Information, Judgments and Estimates – Revenue – Mobility Services Business – Incentives;” (ii) the selling and marketing expenses incurred for building and enhancing our brand awareness in the markets where we operate; (iii) the R&D expenses incurred for development and improvement of our technology systems and user interface to further optimize user experience and enhance our technology capabilities for the growth of new businesses such as Robotaxi and technology services; and (iv) the general and administrative expenses to support our business growth. According to Frost & Sullivan, it is normal for mobility service companies like us to incur significant costs and expenses during the initial development stage. However, with the implementation of our geographical expansion strategy and our enhanced operation and management efficiency, we expect to control the growth of our cost and expenses as a percentage of our revenue along with our business expansion.

Instead of pursuing short-term financial returns, we remain dedicated to cementing the foundation for our long-term success, focusing on cultivating a robust rider and driver base by offering quality experience and expanding our geographical network in China. To achieve further market penetration and establish our brand awareness in the new cities where we plan to enter and to continue refining our services with the support of advanced technologies, we expect our cost of revenue and operating expenses to increase in absolute amount along with our business expansion in the near future. Accordingly, our growth in revenue in the coming period may not be able to fully cover the various costs and expenses incurred in the near future, and we expect to continue incurring net loss and net operating cash outflow in 2024, 2025 and 2026 as we continue to expand the business of our mobility services, enhance our technology capabilities and grow our newly launched services. The foregoing 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. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, and may cause the 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. See “Risk factors – We had gross loss, net loss and net cash outflow during the Track Record Period, and may continue to incur gross loss, net loss or have net cash outflow in the future.”

In future, we plan to follow the designed path to maintain sustainability and achieve profitability through: (i) expanding business scale and promoting revenue growth; (ii) improving gross margin; (iii) enhancing operation and management efficiency; and (iv) improving net current liabilities position. With the implementation of those strategies and plans, we expect to reach profitability, achieve sustainable growth of our revenue and improve our operating cash flow conditions.

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### **Expanding Business Scale and Promoting Revenue Growth**

We are operating in one of the fastest-growing business areas, dedicated to addressing key challenges in the mobility area for urban residents in China. According to Frost & Sullivan, the market size of smart mobility industry by GTV in China and the Greater Bay Area are expected to reach RMB1,535.2 billion and RMB210.0 billion in 2030, growing at a CAGR of 17.1% and 21.4% from 2024 to 2030, respectively. We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We believe that we are well-positioned to achieve sustainable growth in the future.

### ***Growing Our Ride-Hailing Service Business in Existing Cities***

To better capture and capitalize on future growth opportunities, we intend to strategically grow the revenue from ride-hailing service business in the cities where we have operations through the following measures.

- **Expanding our driver base and service fleet.** According to Frost & Sullivan, due to the strong demand potential for mobility services in the Greater Bay Area and other parts of China, the shortfall of fulfilment capacity of ride-hailing service providers is expected to persist. Therefore, companies with a large and competent team of drivers and service fleet are more likely in a more favourable position than others to capture the growing demands in the market. In 2021, 2022 and 2023, we recorded response rates of 81.5%, 84.8% and 88.9%, respectively. We will continue to leverage the abundant order resources and advanced matching algorithms to ensure our drivers to enjoy stable income. In addition, the continual development of our fleet management & service business, with more comprehensive service offerings and streamlined delivery process, will save drivers from burdensome vehicle-related maintenance and repairing works and high costs, increasing our attractiveness to them.
- **Improving User Experience.** With our user-centric approach and relentless commitment to offering premium services, the number of the average monthly active riders of our mobility services amounted to 1,031.7 thousand, 1,203.8 thousand and 1,047.3 thousand in 2021, 2022 and 2023, respectively. We were also committed to offering riders with premium mobility experience and achieved an NPS of 53 in foothold cities and 56 in Guangzhou in 2023, indicating higher customer satisfaction than the industry average, which is concentrated between 20 and 30, according to Frost & Sullivan. We intend to continue optimizing our matching algorithms and strengthen the training of our drivers to ensure our riders would have satisfied trips with us.



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- **Commitment to high compliance rate.** There has been a trend that regulators are tightening the regulations of mobility services in recent years. Therefore, ride-hailing service providers with optimal compliance record and sound compliance systems are expected to capture more business opportunities in the future. We are a leader in the industry in terms of order compliance rate. According to the published information by the MOT, as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times. Since the MOT started to publish the ranking of compliance rate for all ride-hailing platforms in November 2020, the orders placed to us from third-party mobility service platforms showed a continuous upward trend, which increased by 65.9% from the month before the publication to December 2020.

### *Expanding Geographical Coverage of Mobility Services into New Cities*

It is crucial for our future success to continue achieving a strong footprint and geographic coverage, meanwhile maintaining operational efficiency and return on investment, through strengthening our overall service and marketing capabilities. We strategically expanded our service network from existing markets into carefully selected geographic regions, taking into account the demographic and socioeconomic conditions, our local resources and brand recognition, regulatory environment and competitive landscapes. Instead of investing significant resources in various cities randomly to capture short-term economic returns, our strategy begins with selecting city clusters with developed economies and strong inter-city trip demands, and identifying major cities within these clusters as our foothold cities. In the near future, we plan to continue implementing our geographical expansion strategy to build a stronger footprint in other cities of the Greater Bay Area, as well as more provinces and cities nearby with our mobility services, including Robotaxi, based on our expansion plan.

We also plan to expand our footprint to other parts of China through our geographical expansion strategy, which has been proven effective in the Great Bay Area. Specifically, we aim to define a select of major cities out of the foothold cities as the first-tier cities, taking into account the factors such as population, total GDP, GDP per capita, GDP growth rate, public transportation condition, taxi capacity and the ride-hailing market saturation level. We would prioritize resource investment and operating enhancement in the first-tier cities when we enter into the markets of different geographic regions in China. Among the potential first-tier cities, we prioritize our expansion into the ones that have more spatial interactions with our existing cities, with Guangzhou in particular. Around the first-tier cities defined under our geographical expansion strategy, we also select certain foothold cities as the second-tier cities, taking into account population, GDP per capita and the spatial interactions with the nearby first-tier cities. After establishing a robust and loyal rider base as well as a competitive driver fleet in those first-tier cities, the second-tier cities are expected to benefit to the largest extent from the established brand awareness and rider base in such markets, facilitating our rider acquisition and market penetration in the relevant regions. In the future, we would not emphasize the number of new cities we enter into in a particular year. Instead, we prefer to have a stable revenue growth from our ride-hailing services as its scale expands. We strive to dynamically balance the investment in existing and new cities through regularly assessing our performance and revenue distributions across different regions. Our expansion plan would ultimately depend on whether we are able to obtain ride-hailing business permits in the cities where we

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intend to operate ride-hailing services. See “Risk Factors — We are required to obtain and maintain the requisite licenses and approvals, and if we are required to take actions that are time-consuming or costly in order to obtain and maintain such requisite licenses and approvals, our business, results of operations and financial condition may be materially and adversely affected.”

### *Further Diversifying Our Service Offerings and Revenue Mix*

Mobility services, technology services and fleet management & services constitute our multi-dimensional mobility service system. Leveraging the experience and resources that we accumulated through the operation of our mobility service platform, we also tapped into technology services. Utilizing the vast amount of use case information generated and collected through our mobility services and combining with our market insights as an experienced market leader in China’s mobility service market, we have developed various autonomous technology solutions, such as AI data and model solutions and HD map solutions for automobile manufacturers and autonomous driving solution providers as well as government authorities. We also commenced our fleet management & services in April 2022 to provide a full suite of supporting services to drivers and car partners. After the initial development stage, we expect these two segments to become the new growth drivers of our business.

In the future, we expect our technology services and fleet management & services will retain stable development and further contribute to our revenue growth, specifically:

- **Technology services.** We expect the growth of revenue from our technology services is mainly driven by the development from AI data and model solution services. The market for AI data and model solutions is expected to reach RMB6.25 billion in 2024, boom to RMB12.84 billion in 2026, and further increase to RMB18.01 billion in 2027, according to Frost & Sullivan. With our advanced technologies and abundant valuable data, we are in a favorable position to capture more market share in such a growing market. We intend to further develop the scale of our AI data and model solution services through the following measures: (i) we plan to leverage our strong shareholder background to explore more customers along the autonomous driving industry chain. For instance, other than Pony AI, we plan to establish business relationships with autonomous driving AI chip companies, AI perception solution providers and automobile manufacturers; (ii) we plan to further optimize service delivery process to improve customer experience. We have developed OnTime Data Encoder Platform with a variety of industry-leading functions, such as pre-annotation, continuous frame annotation, 4D annotation, automated annotation, allowing us to more efficiently deliver AI data and model solutions to customers; and (iii) we plan to further enhance our technology capabilities. In 2023, we entered into cooperations with a variety of entities, including technology companies and academic institutions, to empower our R&D efforts. As of the Latest Practicable Date, we had secured orders for our technology services with a total contract value of RMB51.1 million, which will be recognized in the next few years.

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- **Fleet management & services.** We strive to offer drivers a one-stop standardized automobile service platform, covering their entire car-using cycles from purchase, maintenance, repair and other after-sale services. Our fleet management & services streamlined daily routines of drivers and save their time and energy, enhancing their stickiness with us. As a result, more drivers are expected to find our fleet management & services appealing, fueling future growth of these services. In addition, by using our fleet management & services, drivers are able to improve their operational efficiency and optimize their cost and expense structures, which help us maintain a competitive service fleet which is the foundation for mobility service providers to bring riders premium traveling experiences. Moreover, as an indispensable part of our Robotaxi operation, our fleet management & services are designed to empower Robotaxi services with highly-streamlined and convenient daily maintenance, system troubleshooting, and inspection and repair of vehicles, thus helping our Robotaxi services achieve longer operating hours and higher operational efficiency. With further penetration of our Robotaxi services, we expect the fleet management & services will continue to expand in future.

As a result of the foregoing, our mobility services, technology services and fleet management & services interact closely with each other, generating synergistic effects and promoting the growth of our overall business.

### Improving Gross Margin

Although we were still in the early stage of rapid development, we managed to narrow our gross loss margin during the Track Record Period. Notwithstanding the adverse impact of the pandemic, our gross loss margin improved from -10.7% in 2022 to -7% in 2023. Our gross margin improvement is primarily attributable to the following factors:

- **Prudent incentive strategy.** We recognize the service fees paid by riders using our ride-hailing services net of value added tax as our revenue of ride-hailing services. We provide incentives to such riders, which are recorded as a deduction of revenue. We have been putting effort into increasing our revenue by reducing such incentives per order, while expanding our rider base more organically and enhancing rider stickiness efficiently by providing high quality services and leveraging our high-quality user traffic. Meanwhile, we are increasingly prudent in offering incentives to riders after the initial development stage. Our incentives to customers per order decreased from RMB5.78 in 2021 to RMB5.62 in 2022, and further decreased to RMB5.28 in 2023. As such, we achieved robust revenue growth of our ride-hailing services during the Track Record Period and recorded an annual rider retention rate of 31.7%, 31.0% and 27.8% in 2021, 2022 and 2023, respectively, notwithstanding the decreasing incentives to customers per order during the same periods.

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- **Optimizing cost structure.** Drivers’ service fees form the major part of our cost of revenue. We attach great importance to recruiting qualified drivers while continually optimizing our cost structure. From a driver’s standpoint, leveraging the high-quality user traffic on our own platform and our diverse third-party mobility service platform partners, together with our scientific and balanced algorithms and dispatch mechanism, we offer drivers the opportunities to secure abundant trip orders, allowing them to harvest stable incomes. Moreover, we have developed a data analytical system that shows the order density heat map to drivers and suggests drivers to stay close to the area with more orders, which will help drivers by reducing the travel time to pickup location and order wait time and will increase our response rate. Our response rate was 81.5%, 84.8% and 88.9% in 2021, 2022 and 2023, respectively, which is higher than the industry average, according to Frost & Sullivan. In addition, our fleet management & services provide drivers a full suite of services at lower price, such as vehicle purchase, vehicle maintenance and repair services, helping them to manage and optimize their cost structure which means drivers can keep their vehicles in good condition and reduce downtime, which might otherwise lead to a loss of income. The comprehensive support and services offered by us build trust among drivers, and when they feel supported and valued, they are more likely to remain active on our platform, leading to more consistent earnings. As a result of the aforementioned reasons, we have been able to enhance driver stickiness and control the offering of incentives to drivers. The incentives per order to registered drivers providing ride-hailing services decreased from RMB2.87 in 2021 to RMB1.71 in 2022, and further decreased to RMB1.46 in 2023, which is lower than the industry average, according to Frost & Sullivan. According to Frost & Sullivan, with the similar competitive landscapes in the existing and target new cities, our better-than-industry-average response rate and incentives per order paid to registered drivers demonstrate our ability to attract and retain drivers at more competitive costs, both in existing cities we operate and target new cities we plan to operate.

In addition, we also help our cooperative car partners to improve their efficiency and enhance cost management to lower our management fees payable to them as a percentage of our total costs. For example, we developed our proprietary vehicle and driver management system and provided access to our car partners for free. We provided training to our car partners from time to time, assisting them to improve operating efficiency. Moreover, the vehicle sales and maintenance services offered under our fleet management & services helped our car partners reduce costs. As a result, in 2021, 2022 and 2023, the average management fee per order we paid to car partner was RMB0.84, RMB0.61 and RMB0.40, respectively.

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- **Development of autonomous driving and Robotaxi technologies.** We believe our commitment to R&D activities of autonomous driving and Robotaxi operation service will lay the foundation for our long-term success by expanding business scale of technology services, promoting the commercialization of Robotaxi services and improving its gross margin in future. We will further enhance our technology capabilities to offer technology services and expand business scale thereof. In addition, the advancement of our autonomous driving and Robotaxi technologies will expedite the commercialization of our Robotaxi services with an improving gross margin benefiting from the optimization of cost of operation of unmanned vehicles.
- **Diversifying revenue mix.** We plan to leverage our industry resources and analytical capabilities to diversify our revenue sources, demonstrated by our efforts in growing our technology services and fleet management & services. During the Track Record Period, these services typically had higher gross margin compared to mobility services and we had achieved positive gross margin. During the Track Record Period, our mobility services contributed to the majority of our overall revenue, which accounted for 99.9%, 91.3% and 84.0% in 2021, 2022 and 2023, respectively. We expect our mobility services to continue contributing the majority to our overall revenue in the near future. Meanwhile, revenue from technology services and fleet management & services is expected to increase in absolute amount. We expect the increases in the revenue contribution of our technology and fleet management & services, together with their higher-than-average gross margins, will contribute to the improvement of our profitability, primarily because (i) the gross loss margin of our mobility services is expected to further narrow; (ii) we expect to secure more contracts for our technology services and achieve further increase the revenue therefrom, which was conducted on a project basis during the Track Record Period and maintained high gross profit margins at 11.9%, nil, and 17.6% in 2021, 2022 and 2023, respectively. We expect the gross profit margin of technology services to gradually increase and reach an industry average level, which, according to Frost & Sullivan, is higher than ours as we are currently at the initial stage of offering such services; and (iii) we expect to achieve further growth in the revenue from our fleet management & services, which retained stable gross margin during the Track Record Period and would contribute to our efforts to turn around our loss-making position.

### **Enhancing Operation and Management Efficiency**

During the Track Record Period, we incurred significant operating expenses, including selling and marketing expenses and general and administrative expenses, to enhance our rider loyalty and our brand recognition. In the near to medium term, we will continue to invest in market expansion, branding and marketing activities as well as new technology development. Along with the enhancement of our brand awareness and implementation of more advanced technologies, we expect our ability to manage operating expenses will continue to strengthen.

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Our operating expenses primarily consisted of selling and marketing expenses during the Track Record Period. Leveraging our strong brand awareness and our geographical expansion strategy, we have established a strong network in new markets with synergistic potential to our foothold cities. Considerable synergies between the new markets and our foothold cities provided us a path to expand our business scale with optimal operating efficiency. Our selling and marketing expenses as a percentage of our total revenue decreased from 26.1% in 2021 to 16.9% in 2022, and to 10.1% in 2023. In future, we expect our selling and marketing expenses to increase in absolute amount and decrease as a percentage of our total revenue. We intend to manage the growth of selling and marketing expenses, ensuring such growth remains cost-effective. We plan to (i) enhance brand awareness among users via word-of-mouth recommendations from existing users and various interactive promotional activities; (ii) attract new users by further implementing our geographical expansion strategy and precision marketing, thereby reducing the user acquisition cost. Benefiting from our geographical expansion strategy, our acquisition cost per new active rider decreased by 16.1% from 2021 to 2023; and (iii) improve our promotional efficiency through multi-channel marketing and branding activities, combining online and offline channels. We intend to apply advanced AI technologies to launch appropriate promotion activities based on the specific journeys and personal needs of riders. Along with the industry development, we would dynamically adjust our overall marketing and promotional strategies to further optimize the return of investment of our marketing activities.

Our general and administrative expenses accounted for 9.9%, 7.8% and 7.2% of our revenue in 2021, 2022 and 2023, respectively. Our general and administrative expenses primarily comprise staff expenses. During the Track Record Period, we have witnessed an overall decreasing trend of our general and administrative expenses as a percentage of revenue. To maintain our general and administrative expenses at a low percentage of our total revenue, we plan to further enhance our management efficiency by (i) prudently monitoring the growth and necessity of our administrative team. In our effort to maintain an optimal scale of our administrative workforce, we will invest in comprehensive training and development programs to enhance the productivity of our existing personnel. Benefiting from these initiatives, we will establish an administrative team that is able to support our business expansion and reduce the need for further recruitment; (ii) streamline our corporate structure to further enhance our central management. We will review our current organizational structure, reduce duplication of efforts and improve efficiency. We will also foster a culture of open communication and collaboration to ensure decisions are made quickly and effectively; and (iii) refine our operations across our departments through more digitalized and intelligized systems. These systems will automate routine tasks, reduce manual errors and enhance productivity. We will also leverage data analytics to identify areas of inefficiency and implement targeted measures to address them.

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### Improving Net Current Liabilities Position

We recorded net current liabilities of RMB1,553.5 million as of December 31, 2023, primarily due to (i) an increase of RMB913.3 million in convertible redeemable preferred shares, and (ii) an increase of RMB162.1 million in other financial liabilities issued to investors, partially offset by (i) an increase of RMB59.2 million in cash and cash equivalents, and (ii) a decrease of RMB271.4 million in accruals and other payables. See “Financial Information – Discussion of Certain Key Balance Sheet Items – Net Current Liabilities”. As of the Latest Practicable Date, all other financial liabilities issued to investors with respect to Series B warrants have been converted into convertible redeemable preferred shares upon exercise of Series B warrants. We expected that the continual fluctuations in the carrying amount of our convertible redeemable preferred shares will affect our financial position until the [REDACTED]. All the convertible redeemable preferred shares will be re-classified from financial liabilities to equity as a result of the automatic conversion into our Shares upon the [REDACTED] such that the net liability position would turn into a net asset position. In addition, we intend to further improve our net current liabilities position through various measures for example:

- We plan to improve our operating cash flows and reduce the net cash used in our operating activities. Specifically, we expect to solidify our working capital and cash position as we implement the strategies and measures to turn around from loss to profit making in future. Furthermore, we plan to maintain stable relationships with banks to leverage financial instruments such as bank acceptance bills;
- We expect to enhance our bargaining power over our suppliers as we scale up our business, and we plan to negotiate better credit terms with our suppliers for extended payment cycles. For example, we plan to leverage our relationship with GAIG and strive for more favorable credit terms and payment terms in relation to vehicles procurement for our fleet management & services. In addition, we expect to negotiate with suppliers of selling and marketing services for credit terms and commercial terms more favorable to us;
- We expect to continue procuring vehicles based on the orders received and optimize inventory levels. In addition, we receive payments from our customers in advance of vehicle deliveries, which also improve our cash position; and
- We plan to continue implementing effective credit evaluation system and stringent measures to enhance our trade receivables management and maintain the robust collection of trade receivables. During the Track Record Period, our trade receivables turnover days remained stable at three days in 2021, 2022 and 2023.

Based on the foregoing, our Directors believe that our business is sustainable. Taking into account the financial resources available to us, including cash and liquidity assets and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view, and the Joint Sponsors concur, that we possess sufficient working capital for our present requirements, that is for at least 12 months from the date of this Document.

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### INTELLECTUAL PROPERTY

We regard our proprietary domain names, copyrights, trademarks, trade secrets and other intellectual property as being critical to our business operations and fundamental to our success and competitiveness, and we devote significant time and resources to their development and protection. We rely on a combination of patents, copyrights, trademarks, trade secret laws and restrictions on disclosure to protect our intellectual property. As of the Latest Practicable Date, we had 38 registered patents, 492 registered trademarks, 19 registered software copyrights, two registered copyrights and three registered domain names. As of the same date, we had registered patents for all our core technologies.

For detailed information about our material intellectual property, see “Appendix IV – Statutory and General Information – Further Information about Our Business – Intellectual Property Rights.”

We implement a set of policies to protect our intellectual property, in addition to making trademark and patent registration applications. Our employees are generally required to enter into a standard employment contract that includes a confidentiality clause, and a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our property, and assigning to us any ownership rights that they may claim in those works. We actively monitor and pursue claims against any infringement of our intellectual property. In addition, we have implemented screening procedures during the recruitment process, which help us prevent potential disputes arising from hiring former employees of competitors.

Our audit and legal department oversees the matters related to intellectual property protection, including, among others: (i) formulation and enforcement of internal policies; (ii) training; (iii) application, renewal, in- and out-licensing and transfer of intellectual properties; (iv) pursuing infringement claims and managing dispute resolution processes; and (v) regulatory communications. We also task our R&D and marketing departments with their own duties to protect R&D properties and trademarks.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material dispute or claims for infringement upon third parties’ trademarks, licenses and other intellectual property rights in China.



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### EMPLOYEES

As of December 31, 2023, we had 475 full-time employees, the majority of whom are based in Guangzhou, Guangdong province, China. The following table sets forth the number of our employees by function as of December 31, 2023:

<b>Employee Function</b>	<b>Number of Employees</b>	<b>% of Total</b>
Sales and Marketing	202	42.5
Product and R&D	210	44.2
Administration*	63	13.3
<b>Total</b>	<b>475</b>	<b>100</b>

*Note:*

\* Certain R&D personnel who also assume administrative or managerial roles are categorized here as administration function.

Our success depends on our ability to attract, retain and motivate qualified personnel. We recruit our employees through a combination of campus and lateral hiring. We offer employees competitive salaries, performance-based cash bonuses and benefit packages. We adhere to a long-term growth strategy, and constantly invest in training and team building to help our employees to grow with us. As a result, we have a strong track record in attracting and retaining our core employees. See “— Social Responsibility and Environmental Protection – Employee Care.”

Our employees have formed an employee union. We maintain a sound relationship with our employees and are committed to creating a fair workplace environment that is conducive to individual growth. We prohibit any form of discrimination based on race, gender, religion, age, social origin or other qualities.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing fund, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. During the Track Record Period, Qichen Technology and Chenqi Mobility have fully paid social insurance premium and housing provident funds for all of its employees on its own or through third-party human resource agencies to the relevant local authorities. We enter into employment contracts and agreements regarding confidentiality, intellectual property and non-competition with our executive officers, managers and employees. These contracts typically include a confidentiality provision effective during and after their employment with us.

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We had 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.

### INSURANCE

We believe we have adequate coverage for our employees through putting in place all the mandatory insurance policies required by PRC laws and regulations, and in accordance with the commercial practices in our industry.

We provide our employees with supplementary commercial medical and life insurance. Benefits of certain insurance policies are also extended to employees' children.

Besides insurances for our employees, we also maintain various types of insurance in relation to our services, including, among others, (i) supplemental accident insurance for our enterprise customers, as well as riders and drivers of our hitch service; (ii) carrier liability insurance which covers losses to both drivers and riders, as mandated by the regulations of national and the local transportation departments for ride-hailing service providers; and (iii) compulsory traffic accident liability insurance, supplemental commercial accident insurance and carrier liability insurance for Robotaxis. We had not purchased carrier liability insurance that fully cover all ride-hailing service vehicles and relevant riders during a historical period, mainly because (i) we have entered into agreements to require our car partners to purchase carrier liability insurance; and (ii) losses incurred by safety incidents in connection with our platform operation are primarily covered by the compulsory traffic accident liability insurance and supplemental commercial accident insurance maintained by the car partners and drivers. As of the Latest Practicable Date, we have rectified such issue by cooperating with two licensed insurance companies to provide adequate carrier liability insurance in full for all of our ride-hailing service vehicles and relevant riders.

As required by law, to be eligible for ride-hailing services, a vehicle must be covered by commercial accident insurance, in addition to the mandatory traffic accident insurance and third-party liability insurance that are required by law for every vehicle. We verify the insurance coverage of our platform vehicles before activating them for service. According to Frost & Sullivan, our insurance policies: (i) cover various kinds of losses and fees arising from car accidents, including death, disability, medical expenses and lost wages, which is in line with the general market practice in China; and (ii) are sufficient and comparable to the general market practice.

During the Track Record Period, we were not subject to any claim or dispute not covered by insurance because all claims made in relation to the accidents happened during services facilitated by our platforms were fully covered by the aforementioned compulsory traffic accident liability insurance, the third-party liability insurance or commercial accident insurance maintained by our drivers or the other party involved in the accident, as applicable, depending on the liability assessment. The carrier insurance we maintained for our platform are of a secondary nature and are only subject to claims when the aforementioned drivers' insurance policies do not sufficiently cover the claim.

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In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which is not mandatory under PRC laws. We do not maintain keyman insurance, or insurance policies covering damages to our network infrastructures or information technology systems, nor any insurance policies for our properties. We also do not maintain insurance policies against risks relating to contractual arrangements. During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not sufficiently cover the risks related to our business.” As advised by our PRC legal advisor, as of the Latest Practicable Date, we were in compliance with applicable PRC laws and regulations on insurance for providing ride-hailing services in all material respects.

### PROPERTIES

Our corporate headquarters is located at Guangzhou, Guangdong province, China. As of the Latest Practicable Date, we did not own any property and we were leasing 38 properties in the PRC, with an aggregate gross floor area of 17,457.41 m<sup>2</sup>. Our leased properties are primarily used as office space.

#### Inconsistent Usage

As of the Latest Practicable Date, the actual usage of nine leased properties with an aggregate gross floor area of 6,366.4 m<sup>2</sup>, namely our offices and customer service center, was inconsistent with the planned usage set out in such title certificates or relevant authorization documents. This was primarily because the relevant lessors failed to obtain or provide the relevant title certificates with consistent usage, and we strictly follow the usage stipulated under the lease agreements. We chose such premises because their convenient locations in order to improve our management and operation efficiency. With respect to these properties, our PRC Legal Advisor is of the view that we may not be able to lease, occupy and use such leased properties if the local authorities resume the land use right. Our Directors are of the view that the defects of these leased properties would not materially and adversely affect our business operations, considering that: (i) as the abovementioned leased premises are mainly used for offices and customer service center, we would be able to find comparable properties as alternatives at commercially acceptable terms to us, and such relocation will not materially and adversely affect our financial condition or our results of operations; (ii) it is the landlords’ responsibilities to comply with the planned usage specified in the title certificates of the properties, and as a tenant, we will not be subject to any administrative punishment or penalties in this regard; and (iii) for the rest of the relevant leased properties, the lessors have undertaken to indemnify us for the loss where we have to cease the use of these leased properties due to inconsistent usage. We will maintain regular communication with the local authorities, and are prepared to relocate to alternative premises upon the expiration of the lease term and in compliance with the administrative requirements. If we are required to relocate these leased properties with inconsistent usage, considering they are mainly used for offices and customer service center, based on our internal estimates and taking into account the market rent level and renovation expenses, we estimate that the relocation costs will not be material. We believe the expenses of relocation will not materially and adversely affect our financial condition or our results of operations.

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### **Title Defects**

As of the Latest Practicable Date, 17 of our leased properties with an aggregate gross floor area of 10,573.42 m<sup>2</sup>, used for our offices, customer service center, vehicle maintenance and storage premise, vehicle exhibition hall, parking lot and charging station, had title defects as certain lessors failed to provide property ownership certificates or other relevant certificates regarding their legal right to lease such properties. This was primarily because such lessors (i) failed to obtain the relevant title certificates; or (ii) refused to provide us with the relevant property ownership certificates or other relevant certificates regarding their legal right to lease such properties. As a result, the leases may not be valid and there are risks that we may not be able to continue to use such properties, according to our PRC Legal Advisor. As we have acquired relevant authorization documents evidencing the lessor's rights to lease the property to us, the defect would not materially and adversely affect our business operations. As of the date of this document, we are not aware of any challenges being made by a third party or government authority to the titles of any of these leased properties that might affect our current occupation.

According to relevant laws and regulations and as confirmed by our PRC legal advisor, there are no rules or regulations requiring the lessee to obtain the ownership certificate or imposing regulatory punishment on the lessee for not doing so. Accordingly, our PRC legal advisor is of the view that we are not subject to any material administrative penalty for any of the title defects in the leased properties.

Moreover, according to relevant PRC laws and regulations and the lease agreements, the lessee may have the right to claim compensation if the lease agreement is invalid due to the lessor's fault. If our ability to continue leasing such properties is affected by a third-party objection, we may seek indemnity from the lessor in accordance with relevant PRC laws and regulations and the lease agreements.

We believe there is a sufficient reservoir of comparable alternative properties in proximity, and therefore do not expect to incur significant time and cost for identifying alternatives and relocating our operations in the unlikely event that we were required to do so. If we are required to relocate these leased properties with title defects, based on our internal estimates and taking into account the market rent level and renovation expenses, we estimate that the relocation costs will not be material. We believe the expenses of relocation will not materially and adversely affect our financial condition or our results of operations.

### **Non-registration**

As of the Latest Practicable Date, 33 lease agreements of our leased properties with an aggregate gross floor area of 16,267.66 m<sup>2</sup>, used for our offices, vehicle maintenance and storage premise, vehicle exhibition hall, parking lot and charging station, had not been registered and filed with relevant land and real estate management departments in China, primarily due to reasons beyond the Company's control that the relevant lessors failed to perform necessary procedures for lease registration or failed to provide sufficient documents

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for the lease registrations, such as property ownership certificates or other relevant certificates regarding their legal right to lease the properties to the Company. Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC legal advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease and the aggregate maximum potential penalty for the non-registration of the foregoing 33 leased properties would be RMB330,000 as of the Latest Practicable Date. As of the date of this Document, we have not received any order from the relevant government authorities requiring us to register these lease agreements. We undertake to cooperate fully to facilitate the registration of lease agreements once we are notified of any requirements by the relevant government authorities.

As of December 31, 2023, none of the properties leased or owned 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.

See “Risk Factors – Risks Relating to Our Business and Industry – Our legal right to some leased properties may be challenged.”

### **Preventive and Remedial Measures**

To prevent any recurrence of similar incidents in the future, we have established and implemented both preventive and remedial measures to ensure our compliance with regulations in relation to properties:

- We plan to provide regular training on applicable legal and regulatory requirements in relation to the use of real properties to our senior management. We will also remain in close communication with the local authorities and external legal counsel to understand the latest development of the relevant laws and regulations;
- During the property selection process, we will assess the compliance status of the new properties before we enter into any new leases;
- We are prepared to relocate to alternative premises upon the expiration of the lease term and in compliance with the administrative requirements.

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- We plan to maintain regular communication with the lessors regarding their progress of remedying the defects, including among others, procuring the lessors, to the extent practicable, to provide, collect and obtain the ownership certificate from the owners of the lease properties;
- We have submitted the application documents for lease registration where those documents are complete;
- We will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC governmental authorities; and
- We have created a checklist of our leased properties with detailed information, including the status of the lease registration of each premise, to continue to liaise with the landlords with the aim of pursuing registration of our leased properties.

## LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material requisite licenses and permits required for our business operations in the PRC, and such business licenses had remained in full effect. The following table sets forth the details of our material licenses and permits:

License/Permit	Issuing Authority	Grant Dates	Expiration Date
Results of Online Ride-hailing Operator's Application For Online Service Qualification (Service Area: Guangzhou) (申請從事網約車經營具備線上服務能力的認定結果(服務區域:廣州))	Department of Transport of Guangdong Province (廣東省交通運輸廳)	June 4, 2019	N/A
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Guangzhou Municipal Transportation Bureau (廣州市交通運輸局)	June 20, 2019	June 19, 2024

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<b>License/Permit</b>	<b>Issuing Authority</b>	<b>Grant Dates</b>	<b>Expiration Date</b>
Results of Online Ride-hailing Operator’s Application For Online Service Qualification (Service Area: China) (申請從事網約車經營具備線上服務能力的認定結果(服務區域:全國))	Department of Transport of Guangdong Province (廣東省交通運輸廳)	September 23, 2019	N/A
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Maoming Municipal Transportation Bureau (茂名市交通運輸局)	July 9, 2020	July 9, 2028
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Foshan Municipal Transportation Bureau (佛山市交通運輸局)	July 27, 2020	July 26, 2025
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Zhuhai Municipal Transportation Bureau (珠海市交通運輸局)	September 30, 2020	September 29, 2024
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Shenzhen Municipal Transportation Bureau (深圳市交通運輸局)	April 6, 2021	April 5, 2026
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Dongguan Municipal Transportation Bureau (東莞市交通運輸局)	May 28, 2021	May 27, 2026
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Changsha Municipal Transportation Bureau (長沙市交通運輸局)	October 22, 2021	October 21, 2026
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Zhongshan Municipal Transportation Bureau (中山市交通運輸局)	November 24, 2021	November 24, 2027
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Zhaoqing Municipal Transportation Bureau (肇慶市交通運輸局)	January 25, 2022	January 25, 2028

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<b>License/Permit</b>	<b>Issuing Authority</b>	<b>Grant Dates</b>	<b>Expiration Date</b>
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Jiangmen Municipal Transportation Bureau (江門市交通運輸局)	July 11, 2022	July 11, 2026
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Huizhou Municipal Transportation Bureau (惠州市交通運輸局)	August 18, 2022	August 18, 2026
Value-added Telecommunications Business Operating License for Internet Information Services (增值電信業務經營許可證—信息服務業務)	Guangdong Province Communications Administration (廣東省通信管理局)	December 26, 2022	December 26, 2027
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Xiamen Municipal Transportation Bureau (廈門市交通運輸局)	September 5, 2023	March 7, 2027
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Qingdao Administrative Examination and Approval Service Bureau (青島市行政審批服務局)	March 22, 2023	March 21, 2031
Class B Surveying and Mapping Qualification Certificate (乙級測繪資質證書)	Department of Natural Resources of Guangdong Province (廣東省自然資源廳)	April 20, 2023	April 19, 2028
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Chongqing Municipal Transportation Bureau (重慶市交通局)	May 22, 2023	May 22, 2027
Intelligent Connected Vehicle Demonstrative Operation Qualification in Nansha District, Guangzhou (廣州市南沙區智能網聯汽車示範運營資格通知書)	Guangzhou Nansha District Transportation Bureau (廣州市南沙區交通運輸局)	April 26, 2023	March 19, 2026



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<b>License/Permit</b>	<b>Issuing Authority</b>	<b>Grant Dates</b>	<b>Expiration Date</b>
Intelligent Connected Vehicle Road Testing Qualification in Guangzhou (廣州市智能網聯汽車道路測試通知書)	Management Office for the Road Testing of the Intelligent Connected Vehicles in Guangzhou (廣州市智能網聯汽車道路測試管理辦公室)	June 1, 2023	May 31, 2024
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Urumqi Municipal Transportation Bureau (烏魯木齊市交通運輸局)	July 6, 2023	July 5, 2027
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Chengdu Wuhou Housing Construction and Transportation Bureau (成都市武侯區住房建設和交通運輸局)	July 31, 2023	July 31, 2028
Intelligent Connected Vehicle Commercialized Pilot Operation License in Bao'an District, Shenzhen (深圳市寶安區智能網聯汽車商業化試點資質)	Joint Working Group of Bao'an District, Shenzhen for Intelligent Connected Vehicles (深圳市寶安區智能網聯汽車聯席工作小組)	July 31, 2023	July 31, 2028

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<b>License/Permit</b>	<b>Issuing Authority</b>	<b>Grant Dates</b>	<b>Expiration Date</b>
Self-Declaration for Safety of the Intelligent Connected Vehicle Road Testing certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (經深圳市智能網聯汽車道路測試與示範應用聯席工作小組確認的智能網聯汽車道路測試安全性自我聲明)	Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (深圳市智能網聯汽車道路測試與示範應用聯席工作小組)	November 15, 2023	November 14, 2024
Self-Declaration for Safety of the Intelligent Connected Vehicle Demonstrative Employment certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (經深圳市智能網聯汽車道路測試與示範應用聯席工作小組確認的智能網聯汽車示範應用安全性自我聲明)	Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (深圳市智能網聯汽車道路測試與示範應用聯席工作小組)	January 10, 2024	January 9, 2025
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Chaozhou Municipal Transportation Bureau (潮州市交通運輸局)	January 25, 2024	January 24, 2028

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License/Permit	Issuing Authority	Grant Dates	Expiration Date
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Fuzhou Municipal Transportation Bureau (福州市交通運輸局)	January 29, 2024	January 28, 2029
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Shantou Municipal Transportation Bureau (汕頭市交通運輸局)	February 7, 2024	February 6, 2028
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Guilin Administrative Examination and Approval Bureau (桂林市行政審批局)	February 27, 2024	February 26, 2028
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Yantai Economic and Technological Development Zone Construction and Transportation Bureau (煙臺經濟技術開發區建設交通局)	March 15, 2024	September 11, 2024

### Permits and Licenses Related to our Robotaxi Activities

Since October 2022, we have started the road testing activities of self-driving function with our own Robotaxi vehicles in Guangzhou, for which we have initially obtained the Intelligent Connected Vehicle Road Testing Qualification in Guangzhou (廣州市智能網聯汽車道路測試通知書) issued on October 17, 2022 (which was subsequently updated on November 9, 2022, December 5, 2022 and June 1, 2023, respectively), allowing us to carry out road testing activities on certain testing road sections, which shall be any first, second and/or third level of ordinary road as designated by Guangzhou Intelligent Connected Vehicle Pilot Zone Operations Center (廣州市智能網聯汽車示範區運營中心) or by any autonomous driving pilot zone.

Since April 2023, we have started the demonstrative operation activities with our Robotaxi fleet in Nansha District, Guangzhou, for which we have obtained the Intelligent Connected Vehicle Demonstrative Operation Qualification in Nansha District, Guangzhou (廣州市南沙區智能網聯汽車示範運營資格通知書) issued on April 26, 2023, which permits us to carry out road passenger transport activities by ride-hailing within road sections open to testing for intelligent connected vehicles in Nansha District, Guangzhou (excluding high-speed roads).

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On November 15, 2023, the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (深圳市智能網聯汽車道路測試與示範應用聯席工作小組) has certified our Self-Declaration for Safety of the Intelligent Connected Vehicle Road Testing (智能網聯汽車道路測試安全性自我聲明), which means that we have been permitted to, and have actually expanded our road testing activities of intelligent connected vehicles in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao'an Airport Area, Shenzhen Bay and Shenzhen Bay Port) since November 15, 2023.

Since April 2023, we have engaged in on-ground mobile surveying activities, and have obtained the Class B Surveying and Mapping Qualification Certificate (乙級測繪資質證書) (mapping qualifications for geographic information system engineering and internet map services) on April 20, 2023.

On January 10, 2024, the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (深圳市智能網聯汽車道路測試與示範應用聯席工作小組) certified our Self-Declaration for Safety of the Intelligent Connected Vehicle Demonstrative Employment (智能網聯汽車示範應用安全性自我聲明), which permits us to conduct manned Robotaxi demonstrative employment activities in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao'an Airport Area, Shenzhen Bay and Shenzhen Bay Port). Within the same month, we obtained the Intelligent Connected Vehicle Commercialized Pilot Operation License in Bao'an District, Shenzhen (深圳市寶安區智能網聯汽車商業化試點資質), which allows us to offer commercialized Robotaxi services within this district.

During the Track Record Period, we did not conduct any other activities that required any further licenses or permits in connection with the Robotaxi services currently conducted by us, except for the road testing, the demonstrative employment, the surveying and mapping and the commercialized pilot activities for which we have already obtained the relevant certificates or permits before our commencement of these activities. Based on the foregoing, our PRC Legal Advisor is of the view that during the Track Record Period and up to the Latest Practicable Date, we obtained requisite certificates and permits for the road testing, the demonstrative employment, the surveying and mapping activities and the commercialized pilot in connection with our Robotaxi services in compliance with the Road Testing and Demonstrative Employment Norms and other relevant laws and regulations in the PRC, and we are not required to obtain any further licenses or permits requisite for our Robotaxi services currently conducted in the PRC.

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### REGULATORY LANDSCAPE AND INDUSTRY DEVELOPMENT

#### Regulatory Landscape

##### *Cybersecurity, Information Security, Privacy and Data Security*

Since 2021, the maintenance of cybersecurity, information security, and protection of important data and personal information (including privacy) have been subject to increased regulation by the PRC competent authorities. Various laws and regulations have been promulgated to supervise privacy and data security, especially on the proper collection, utilization, and storage of the data, including the Civil Code for the PRC (《中華人民共和國民法典》), the Data Security Law of the PRC (《中華人民共和國數據安全法》) and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which took effect in January 2021, September 2021 and November 2021 respectively. The legal system and supervision system of cybersecurity and data compliance in the PRC are in the process of continuous improvement and renewal.

Specifically, on the one hand, the CAC, along with several other competent authorities, published the Revised Cybersecurity Review Measures (《網絡安全審查辦法》) (the “Revised Measures”) on January 4, 2022, which came into effect on February 15, 2022. The Revised Measures clearly require that the purchase of network products and services by critical information infrastructure operators (關鍵信息基礎設施運營者) (“CIIOs”) or the data processing activities carried out by network platform operators shall be subject to cybersecurity review if such purchase or data processing activities affect or may affect the national security. In particular, if a network platform operator possessing the personal information of more than one million users intends to be [REDACTED] abroad, it must file an application for cybersecurity review with the Cybersecurity Review Office. On the other hand, the Regulations on the Security Protection of Critical Information Infrastructure (Decree No. 745 of the State Council) (《關鍵信息基礎設施安全保護條例》) came into effect on September 1, 2021. Pursuant to the Regulations, the CII protection authority shall identify the CII of the industry or field concerned, notify the CIIOs of the identification results. As of the Latest Practicable Date, we have not been notified or identified as a CIIO by any domestic authority responsible for critical information infrastructure (“CII”) security protection. In addition, we intend to apply for being [REDACTED] in Hong Kong, China. Our PRC Data Compliance Legal Advisor is of the view that we are not required to initiate a submission for cybersecurity review in connection with the [REDACTED] under the Revised Measures.

In addition, on November 14, 2021, the CAC publicly solicited opinions on the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “Draft Cyber Data Security Regulations”), which requires data processors to comply with certain requirements during their daily operation and further stipulates that data processors must apply for cybersecurity reviews in certain situations including any data processor intending to be [REDACTED] in Hong Kong that affects or may affect national security. However, the Draft Cyber Data Security Regulations does not specify what constitutes “affects or may affect national security.” As of the Latest Practicable Date, the

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Draft Cyber Data Security Regulations has not been formally adopted. To further confirm whether we are required to perform the obligation of taking the initiative to for cybersecurity review, we, our PRC Legal Advisor and our PRC Data Compliance Legal Advisor together with the PRC Legal Advisor to the Joint Sponsors made a real-name telephone inquiry to the China Cybersecurity Review Technology and Certification Center (the “CCRC”) on July 18, 2023. According to the communications and inquiry between us and the CCRC, the CCRC did not raise any objection to our proposed [REDACTED] in Hong Kong, nor did the CCRC give any specific instructions requiring, directly or indirectly, us to apply for cybersecurity review for the proposed [REDACTED].

The Measures for Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the “Security Assessment Measures”) were announced by the CAC on May 19, 2022 and went into effect on September 1, 2022. According to the Security Assessment Measures, a data processor is obligated to apply for a security assessment of its cross-border data transfer if (a) it provides important data to overseas recipients; (b) it is a CIIO, or it processes the personal information of more than one million individuals; (c) it has cumulatively exported the personal information of more than 100,000 individuals or the sensitive personal information of more than 10,000 individuals since January 1 of the previous year; or (d) it is under other circumstances where a security assessment is required by the CAC. Our daily business operations had not involved any transfer of important data or personal information to any overseas recipients during the Track Record Period and up to the Latest Practicable Date. Therefore, we are not obligated to apply for the security assessment of cross-border data transfer.

The Several Provisions on the Management of Automobile Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》) (the “Provisions”) promulgated by the CAC and other relevant authorities on July 5, 2021 and effective as of October 1, 2021 make provisions for automobile data processing activities carried out in China and the regulation of security of such activities. The Provisions provide rules for identification of the important data in the automobile industry, and define the video and image data outside vehicles containing the information of faces and license plates, and the personal information of over 100,000 individuals, among others, as “important data”. The Provisions also additionally require automobile data processors to report, prior to December 15 of each year, their annual automobile data security management practices to the cyberspace administration of the province, autonomous region or municipality directly under the Central Government where they are located and the relevant authorities. We, in accordance with the aforesaid requirements, have further strengthened its protection measures for important data, including adopting technical means such as encryption, de-identification or anonymization, and management measures such as access control. In addition, upon the effectiveness of the Provisions, we, in accordance with relevant requirements, submitted the Report on Automobile Data Security Management to the local cyberspace administration in December 2021 and December 2022 respectively. We will continuously strengthen data security and protection pursuant to the Provisions and updated regulations and policies in the field of automobile data security and will ensure the effort to do so by investing certain capital, technologies and human resources.

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As for the regulations on personal information protection and Apps supervision, the CAC, the Ministry of Industry and Information Technology (the “MIIT”) and other relevant competent authorities have strengthened the compliance regulation over the collection and use of personal information by Apps through a series of regulations, law enforcement rules and other normative documents. In 2019, the CAC and three other authorities issued the Method for Identifying the Illegal Collection and Use of Personal Information by Applications (《App違法違規收集使用個人信息行為認定方法》) and conducted joint law enforcement. In March 2021, the four authorities jointly issued the Regulations on the Scope of Personal Information Necessary for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》), providing for the scope of personal information necessary for 39 common types of Apps. In particular, the Regulations provide that the personal information necessary for the online ride-hailing Apps whose basic functions and services are “online reservation for taxi services and cruise taxi call services”, includes mobile phone numbers of registered users, places of departure and arrival, location information, movements and whereabouts of passengers, as well as such payment information as payment time, amount and channels. This provides a normative basis for us to define the categories and scope of necessary personal information. In November 2021, the MIIT issued the Circular about Carrying out the Program of Improving Awareness for Information and Communication Services (《工業和信息化部關於開展信息服務感知提升行動的通知》), requiring the establishment of a “double list” for personal information protection to improve the transparency of the personal information processing by Apps. In February 2023, the MIIT issued the Circular on Further Enhancing the Service Capabilities of Mobile Internet Applications (《工業和信息化部關於進一步提升移動互聯網應用服務能力的通知》), calling for strengthening the personal information protection, clarifying the personal information processing rules, reasonably applying for access, and strengthening the management of the use of software development kits (SDKs), among others.

During the Track Record Period and up to the Latest Practicable Date, our PRC Data Compliance Legal Advisor is of the view that we have taken necessary organizational management and technical measures, fulfilled our main legal obligations under the data security and personal information protection-related regulations, and will continue to adopt relevant improvement measures to constantly ensure the state of effective protection and lawful utilization of data and personal information by us. We have not been subject to material adverse effects due to the newly enacted cybersecurity and data compliance laws and regulations mentioned above. Nevertheless, the constantly updated and stricter cybersecurity and data security laws and regulatory requirements may increase our compliance costs, change our pre-judgments on compliance obligations, and subject us to certain restrictions or even regulatory penalties. See “Risk Factors – Risks Relating to Our Business and Industry – Our business involves collection, storage, processing and transmission of a large amount of data and may be subject to complex and evolving regulations and oversight related to cybersecurity, information security, privacy and data security.”

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As of the Latest Practicable Date, our Directors and our PRC Data Compliance Legal Advisor are of the view that the PRC laws and regulations in relation to cybersecurity, information security, and data privacy and security will not have material adverse impact on our business operations and the proposed [REDACTED], given that we have taken necessary organizational management and technical measures, and have fulfilled our main legal obligations under the data security and personal information protection-related regulations, and will continue to adopt relevant improvement measures to constantly ensure the state of effective protection and lawful utilization of data and personal information by us.

As of the Latest Practicable Date, our Directors and our PRC Data Compliance Legal Advisor do not foresee any material legal impediment for us to undertake measures to comply with the Draft Cyber Data Security Regulations (if adopted in their current form) in all material aspects, on the basis that: (i) we are committed to taking steps to ensure timely compliance with the new regulatory requirements within a reasonable period of time, including thoroughly reviewing and improving our cybersecurity and data protection-related internal mechanisms, operational policies, business practices and personal information rights protection; (ii) we will closely monitor the legislative and regulatory developments in connection with cybersecurity and data protection, including the Draft Cyber Data Security Regulations and the interpretation or implementation rules of laws and regulations; and (iii) the main regulatory requirements under the Draft Cyber Data Security Regulations have already been provided in existing PRC laws and regulations on cybersecurity, data security and personal information protection, which we have complied with in all material aspects as of the Latest Practicable Date, with the remaining newly proposed rules under the Draft Data Security Regulations mostly being procedural and administrative requirements, such as filing records and submitting reports to relevant authorities under certain circumstances, which would not constitute a substantial obstacle for us to comply with.

Our Directors and our PRC Data Compliance Legal Advisor are of the view that, we are not required to initiate the application for cybersecurity review due to the provision regarding “[REDACTED] *abroad*” of a data processor with over one million users’ personal information, based on the facts that, during the Track Record Period and up to the Latest Practicable Date, (i) we have not received any inquiry, notice, warning, or sanctions regarding cybersecurity review; (ii) we had conducted a real-name telephone consultation and communication with the CCRC on July 18, 2023 on the proposed [REDACTED] for further confirmation, while CCRC did not raise any objection to the proposed [REDACTED] in Hong Kong, nor did the CCRC give any specific instructions requiring, directly or indirectly, us to apply for cybersecurity review for the proposed [REDACTED], and it also confirmed that a [REDACTED] in Hong Kong does not fall within the scope of the term of “[REDACTED] *abroad*” under Article 7 of the Revised Measures; (iii) we have not been subject to any warning or sanctions made by any PRC government authorities regarding national security risks caused by our business operations or proposed [REDACTED]; and (iv) neither the Revised Measures nor the Draft Cyber Data Security Regulations provides further explanation or interpretation for the criteria on determining the risks that “*affect or may affect national security*”, and therefore our Directors and our PRC Data Compliance Legal Advisor are of the view that there is no existing



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evidence or clue to inform that the proposed [REDACTED] shall be deemed as a “[REDACTED] in Hong Kong which affects or may affect national security” during the Track Record Period and up to the Latest Practicable Date, and thus we are not required to apply for cybersecurity review.

In connection with the promulgation of laws and regulations related to cybersecurity and data protection, relevant competent authorities, such as the CAC and the MIIT, enacted a series of regulations, law enforcement rules, and other normative documents on mobile internet applications in recent years, further clarifying the relevant requirements on mobile internet applications. Relatedly, relevant authorities have paid close attention to the regulation of mobile internet applications, and issued orders of rectification for encroaching the rights and interests of users in violation of applicable laws and regulations. Improper collection of personal information, forced, frequent and excessive access, technical issues and improper use of personal information are the top reasons for rectification orders. During the Track Record Period and up to the Latest Practicable Date, the *OnTime Mobility* app operated by us has been notified to rectify the violations to the regulations in relation to personal information protection. Specifically, a notification with a penalty of RMB30,000 about the *OnTime Mobility* app (version 2.6.2) was circulated by the Guangdong Communications Administration (GCA) in March 2021, due to the app’s certain violations of the provisions on users’ personal information protection. GCA circulated a notification about the *OnTime Mobility* app (version 2.7.0) due to the app’s collection of personal information violating regulations in April 2021. We were required to make rectifications within a prescribed time limit. In September 2021 and April 2022, notifications about the *OnTime Mobility* app (version 2.12.1 and version 2.28.0) were circulated by MIIT due to the app’s compulsory, frequent and excessive requests for permissions and collection of personal information beyond the scope, respectively. We were required to make rectifications within prescribed time limits while maintaining the normal online operation of the *OnTime Mobility* app. We have rectified in a timely manner the aforementioned violations and took necessary measures and completed self-inspection and rectifications in accordance with the requirements of the relevant competent authorities. We have paid the penalty and submitted written reports on the relevant rectifications accordingly to the MIIT, GCA and other competent authorities in a timely manner. We also simultaneously launched the updated versions of our *OnTime Mobility* app in the app stores immediately after the rectification. After we have rectified the violations, we have not received any further request for rectification from the competent authorities, and have not been imposed any further mandatory measures, such as removing our *OnTime Mobility* app from app stores, or other sanctions by the competent authorities as of the Latest Practicable Date. Save as disclosed above, we have not been subject to any further administrative investigations, requirements or relevant notifications, fines, penalties or other sanctions in relation to cybersecurity, information security, and data privacy and security related issues from the relevant government authorities during the Track Record Period and up to the Latest Practicable Date. We have implemented a set of internal control measures to prevent the recurrence of similar violations. See “—Data Privacy and Security — Data Security Policies.” Our PRC Data Compliance Legal Advisor is of the view that, as of the Latest Practicable Date, our daily business operations

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have not been subject to any material adverse effects due to the aforementioned violations. Based on the above, our Directors and our PRC Data Compliance Legal Advisor are of the view that aforementioned violations do not have any material impact on our operations or financial position taken as a whole.

Having considered the views and analysis of our Directors and our PRC Data Compliance Legal Advisor as disclosed above, as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would cause them to cast doubt on the reasonableness of our Directors’ view in any material aspects that (i) the PRC laws and regulations in relation to cybersecurity, information security and data privacy and security will not have material adverse impact on our business operations and the proposed [REDACTED]; (ii) our Directors do not foresee any material legal impediment for our Group to undertake measures to comply with the Draft Cyber Data Security Regulations (if adopted in their current form) in all material aspects; (iii) we are not required to initiate the application for cybersecurity due to the provision regarding “[REDACTED] abroad” of a data processor with over one million users’ personal information; and (iv) the aforementioned violations do not have any material impact on our operations or financial position taken as a whole.

### *Anti-monopoly*

Relevant regulatory authorities in the PRC have promulgated new regulations to strengthen enforcement of the PRC Anti-Monopoly Law. The Anti-monopoly Commission of the State Council issued the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) on February 7, 2021 to specify that certain activities of internet platforms may be identified as monopolistic and that concentrations of undertakings involving variable interest entities are subject to anti-monopoly scrutiny. On June 24, 2022, the Standing Committee of the National People’s Congress issued the Decision to Amend the PRC Anti-Monopoly Law, which became effective on August 1, 2022 and strengthened the regulation on the internet platforms, requiring that undertakings shall not use data and algorithms, technologies, capital advantages, platform rules, and other means to engage in monopolistic conduct. On March 24, 2023, the SAMR promulgated four regulations ancillary to the PRC Anti-Monopoly Law, including the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), the Review Measures of Concentration of Undertakings (《經營者集中審查規定》), the Provisions on the Prohibition of Monopoly Agreements (《禁止壟斷協議規定》), and the Provisions on Curbing the Abuse of Administrative Power to Exclude or Restrict Competition (《制止濫用行政權力排除、限制競爭行為規定》), all of which took effect from April 15, 2023. On June 25, 2023, the SAMR promulgated the Provisions on Prohibition of the Abuse of Intellectual Property to Exclude or Restrict Competition (《禁止濫用知識產權排除、限制競爭行為規定》), which took effect from August 1, 2023. These regulations have, among other things, elaborated the specific requirements under the Anti-Monopoly Law, optimized the regulatory and enforcement procedures and imposed more stringent legal responsibilities on the relevant parties.

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During the Track Record Period and up to the Latest Practicable Date, we had not entered into any monopolistic agreements, and had not been subject to any penalties, regulatory orders, or investigations in connection with anti-monopoly activities. Based on the foregoing, our PRC Legal Advisor is of the view that the newly promulgated anti-monopoly laws and regulations mentioned above will not have material adverse effect on us. See “Risk Factors–Risks Relating to Doing Business in China–The M&A Rules and certain other PRC regulations establish procedural requirements for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.”

Our Directors believe that we will not incur material additional costs or be required to materially alter our business operations as a result of the above changes in laws and regulations regarding to anti-monopoly. Based on the foregoing, our Directors are of the view that the above changes will not have a material adverse effect on our business and operations.

### Industry Development

Regulators nationwide are intensifying efforts to manage and regulate ride-hailing services, aiming to enhance industry compliance.

In April 2023, five competent authorities, including the Ministry of Transport of the PRC, jointly issued a Notice on Effectively Managing the Standardization of Ride-hailing Platform Operations (《關於切實做好網約車聚合平台規範管理有關工作的通知》).

In June 2023, the Guangzhou Municipal Transport Bureau issued a Notice on Further Regulating the Operation of Network Reservation Taxis (《關於進一步規範網絡預約出租汽車聚合服務經營行為的通知》). In the same month, Zhejiang Provincial Department of Transport issued a Special Action Plan for Digital Supervision Reform of Ride-hailing Taxis (《網約出租車數字化監管改革專項行動方案》).

Robotaxi’s commercialization is rapidly progressing in China.

In June 2023, Shenzhen Pingshan District issued a commercial trial license for autonomous smart vehicles.

In July 2023, Beijing initiated a trial commercial operation for unmanned passenger vehicle service, indicating commercial opportunities for Robotaxi in the capital city’s market.

In September 2023, several Robotaxi service providers announced that they had received approvals from the Beijing authorities to begin commercial trial operations of unmanned passenger vehicle with remote control in Beijing.

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### Ongoing Compliance Measures

We have proactively taken measures to ensure ongoing compliance and mitigate the impact arising from such developments on our business, including, among others:

- Our legal department closely monitors the regulatory and industry changes and is assisted by external consultants in assessing the impact that certain specific regulatory developments may have on our business, and adjusts our risk and internal control measures timely, and provides regulatory updates within our system on a monthly basis.
- To ensure that our sourcing, processing, storage and usage of data are in compliance with applicable laws and with prevalent industry practice, we have set up a data classification and grading management system to classify and grade different types of data held by us and manage data accordingly, as well as a External Information Reporting and Usage Management system to oversee the sharing and regulatory reporting of relevant data information.

### LEGAL PROCEEDINGS AND COMPLIANCE

#### Legal Proceedings

From time to time, we may become involved in investigations and claims arising from the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

#### Compliance

According to the Online Ride-Hailing Measures, in order to conduct ride-hailing services, the vehicle owner or the ride-hailing platform company shall apply for the transportation permit for the service vehicles, and the driver or the ride-hailing platform company shall apply for the driver's license required for providing ride-hailing services. If the service vehicles of the ride-hailing platform company have not obtained the transportation permit, or the drivers who have not obtained the driver's license required for providing ride-hailing services, the taxi administrative department at or above the county level and the pricing department shall order corrections, and impose a fine of between RMB5,000 and RMB10,000 for each violation; where the circumstances are serious, a fine of between RMB10,000 and RMB30,000 shall be imposed.

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According to Frost & Sullivan, (i) the ride-hailing industry has been constantly evolving since its introduction in China, leading to rapid development of the relevant regulatory landscape and diverse interpretation and enforcement at the municipal level; (ii) the attrition of drivers and vehicles are inherently high as licensed drivers can choose to switch to other unlicensed vehicles, or owners can lend their licensed vehicles to unlicensed drivers; and (iii) license applications delays in certain cities under the impacts of COVID-19; as a result, it is common that either service vehicles or service-providing drivers start to offer ride-hailing business before acquiring all the prerequisite licenses. In addition, the non-compliance status of certain drivers and vehicles were also attributable to varied statistic metrics used by regulators at different levels. During the Track Record Period, we experienced similar difficulties in ensuring the license compliance of the drivers and vehicles on our platform.

Industry regulators have, in recent years, emphasized the importance of compliance of mobility services. The MOT began publishing the ranking of the monthly order compliance rates for the top ten ride-hailing companies in China in terms of monthly order volume (the “**MOT Order Compliance Rate**”) in October 2020. Since December 2020, when we were first included in the MOT Order Compliance Rate ranking, and as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times.

The MOT Order Compliance Rate is produced in accordance with the Administrative Measures for Operation of the Interactive Platform for Regulatory Information of Online Ride-Hailing (《網絡預約出租汽車監管信息交互平台運行管理辦法》) promulgated by the MOT and becoming effective on July 1, 2022 and the General Technical Requirements for Online Ride-Hailing Regulatory Information Interaction Platform (Interim) (《網絡預約出租汽車監管信息交互平台總體技術要求(暫行)》) issued by the General Office of the MOT on December 20, 2016. Specifically, (i) the municipal transport authorities shall transmit the relevant licensing information of the platform companies, vehicles and drivers engaged in ride-hailing services in real time through the information system of the transport administration in order that such information will be shared in real time among the Ride-Hailing Regulatory Information Interaction Platform (the “**Industry Platform**”); the information that cannot be shared in real time shall be entered and uploaded promptly into the Industry Platform, in principle, at least once a week; (ii) the ride-hailing platform companies shall transmit some basic static data, which includes the relevant information of the platform companies, vehicles and drivers, and some dynamic data, which includes order information, operation information, location information, service quality information to the Industry Platform, from the next day of the date when the ride-hailing platform companies obtain the licenses for the ride-hailing business; (iii) the service vehicles and drivers engaged in online ride-hailing operation shall go through cross-examination and analysis based on their permits, reports, orders and other information transmitted by both the municipal transport authorities and ride-hailing platform companies into the Industry Platform in order to identify the unlicensed vehicles and drivers and calculate the MOT Order Compliance Rate. Orders completed by unlicensed vehicles and/or drivers would not be deemed as compliant orders; and (iv) the Industry Platform would evaluate the integrity, standardization, timeliness and authenticity of these data transmission of the ride-hailing platform companies on a regular basis, monthly and yearly, with specific evaluation and calculation methods. According to Frost & Sullivan, the MOT Order Compliance Rate is the most reliable and authoritative indicator of compliance rate levels for mobility service platform companies in China.

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In 2021, 2022 and 2023, the GTV of compliant orders accounted for 45%, 62% and 67% in China’s ride-hailing industry, respectively, according to Frost & Sullivan. In sharp contrast, 86.5%, 91.5% and 96.2% of our ride-hailing GTV were from compliant orders, respectively. In 2021, 2022 and 2023, we recorded (i) an actual operating vehicle compliance rate of 95.8%, 98.5% and 99.9%, respectively; (ii) an actual operating driver compliance rate of 80.0%, 87.0% and 92.6%, respectively; and (iii) an order compliance rate of 84.8%, 90.5% and 95.6%, respectively.

The non-compliances in relation to unlicensed service vehicles or drivers on our platform during the Track Record Period were primarily because: (i) certain external factors such as the review period required for license issuance and the impact of COVID-19, which are beyond our control; (ii) certain car partners or drivers failed to comply fully with the policies set by us to manage, update and facilitate the license applications of the drivers under their management; and (iii) certain part of our operating vehicle and driver management system relied on manual operation, which sometimes resulted in delayed information updates and input errors.

We have been managing our order compliance rate since our inception. Historically, we have adopted stringent and comprehensive policies and internal control measures, leading to a compliance rate surpassing the industry average, according to Frost & Sullivan. To further enhance our compliance level, we have been strengthening such measures on an ongoing basis. These policies and internal control measures include, among others:

- ***Group-Level Fleet Compliance and Control Measures.*** We have always been committed to high safety and compliance standards and have constantly reviewed, updated and vigorously enforced relevant internal control policies. We have formulated the service fleet compliance management measures, stipulating the entire process of compliance status management for all our service fleets. A series of requirements for drivers and service vehicles have been set out in such measures, including mandatory license status confirmation upon admission to platform and periodical background review to ensure that compliance status of drivers and service vehicles are duly maintained and further improving the license information tracking functions of our platform’s order management system to streamline the supervision. We conduct weekly inspections, semi-annual comprehensive reviews and ad hoc spot checks of the validity of the transportation permits, which remove non-compliant vehicles and/or drivers once identified and not promptly rectified.
- ***Multi-Departmental Coordination for Compliance Management.*** We have established dedicated departments responsible for the implementation of service fleet compliance management. Our service fleet management department is responsible for establishing and optimizing the service fleet compliance management system, conducting screening processes and operational risk reviews. Our business operations office is in charge of the compliance and effectiveness of our operating licenses. Our service fleet planning and development office is responsible for conducting compliance-related reviews and assessments for admission and dismissal of driver and vehicle.

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- ***Compliance Management IT Infrastructure.*** We manage and supervise the compliance of drivers and vehicles through our proprietary compliance IT infrastructure. We have invested significantly in its management, maintenance and upgrade to improve the efficiency and effectiveness of capacity compliance management. We have adopted both manual and automatic methods for the verification of compliance status to ensure the accuracy of information inputs. Our app for drivers is also capable of automatically analyzing information uploaded to our system, enabling real-time system notifications of non-compliance, improving efficiency of addressing such issues.
- ***Car Partner Compliance Supervision and Assistance.*** We customize specific assessment policies for our car partners to suit each geographical market, under which the order compliance rate is a vital factor in the assessment of car partner performance, having a direct bearing on their economic returns. It may be applied to adjust the management fee base according to the compliance status of the drivers managed by each car partner. Our service fleet management department oversees the monthly appraisal and updates of these policies, which are also subject to review by our chief executive officer and chief operating officer prior to implementation. Our agreements with car partners also stipulate their commitment to driver and vehicle compliance, and failure to reach the stipulated standards in such area may entail liability for breach of agreement. Leveraging our comprehensive fleet management & services, we also help our car partners secure a stable supply of compliant service vehicles by offering our car partners (i) sales of vehicles through our OnTime auto service centers as part of our fleet management & services, (ii) assistance services to help them obtain relevant licenses and to complete annual inspections, and (iii) career training and consultations.
- ***Driver Compliance Training and Management.*** Before drivers join our platform, we provide them with trainings that highlight the importance of compliance and our specific compliance requirements. After they have joined, we manage the drivers using a comprehensive rating system, under which compliance and safety levels shall be evaluated and rated based on multiple quantifiable factors. The rating they receive may affect their income.
- ***Employee Compliance Rate Assessment.*** We have designated managers overseeing the operation of each geographic market. The order compliance rate in their respective market is a key performance indicator of their overall performance assessment.
- ***Phasing Out Licensing Grace Period.*** According to Frost & Sullivan, the majority of ride-hailing platforms in China generally grant a grace period of two to three months within their respective operational areas for drivers and vehicles to get licensed. In principle, our policy mandates that drivers must be licensed before joining. As of the Latest Practicable Date, all the operating vehicles on our platform were licensed. For drivers, we may allow a limited grace period to get licensed after

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joining our platform in a few cities where a relatively long review period is required for the issuance of driver's license due to the significant transport demand. During the Track Record Period, we heightened our licensing requirement and phased out or shortened the grace period in the cities we operate in. As of the Latest Practicable Date, we only allowed a grace period of two to three months in five cities. We conduct regular checks and reminders, where drivers who fail to be licensed within this grace period may face disciplinary actions such as removal from our platform or suspension of order dispatch.

- ***Regulatory Tracking.*** We have been closely monitoring regulatory development and adjusting our compliance program timely. Our legal department will inquire, consult, and seek confirmation from external legal advisers regarding relevant compliance requirements before business operations commence, to ensure that our business activities comply with legal regulations.

According to Frost & Sullivan, the above advanced measures enable us achieve and maintain a higher order compliance rate than the mobility industry average during the Track Record Period and up to the Latest Practicable Date.

In preparation for the [REDACTED], we engaged an internal control consultant to conduct a review of our internal controls. Following this review, the internal control consultant did not identify any material issues concerning the measures we have implemented to manage the order compliance rate. We will continue to enhance our non-compliance management and expect to further improve our order compliance rate. Based on the above, the Directors are of the view that our internal control measures are adequate and effective to prevent the recurrence of similar non-compliances in the future. Having taken into account the view and analysis of our Directors as described above as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would cause them to cast doubt on the reasonableness of our Directors' view in respect of our internal control measures in any material aspects.

### ***Historical Administrative Penalties***

During the Track Record Period, we operated ride-hailing business through Qichen Technology and its branches and subsidiaries in Guangdong Province, Changsha, Qingdao, Xiamen, Chongqing, Chengdu and Urumqi on our ride-hailing platform, on which a small number of vehicles or drivers on the platform having not obtained the transportation permit or the driver's license required for providing ride-hailing services.



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Despite our high compliance rate, during the Track Record Period, an aggregate of 150 administrative penalties were imposed on us within Guangdong Province, Changsha, Xiamen and Chongqing related to the use of unlicensed service vehicles or drivers, among which 61 were imposed in 2021, 38 were imposed in 2022, and 51 were imposed in 2023, the breakdown of which are set forth as below:

- 15 were relating to unlicensed service vehicles, with penalty amount totalling RMB105,000 and single penalty amount ranging from RMB5,000 to RMB20,000;
- 129 were relating to unlicensed drivers, with penalty amount totalling RMB2.35 million and single penalty amount ranging from RMB5,000 to RMB30,000; and
- 6 were relating to failing to report information to the transportation administrative departments, with penalty amount totalling RMB58,000 and single penalty amount ranging from RMB5,000 to RMB20,000.

As of the Latest Practicable Date, all the above fines had been fully and timely paid by us.

We have consulted with the Department of Transport of Guangdong Province (廣東省交通運輸廳) on June 30, 2023 and February 22, 2024, Changsha Transportation Bureau (長沙市交通運輸局) on July 31, 2023, and Urumqi Transportation Bureau (烏魯木齊市交通運輸局) on February 29, 2024, who confirmed as the competent authorities in the localities where Qichen Technology and its relevant branches and subsidiaries operate ride-hailing business and have a relatively high percentage of the overall transaction volume on the platform that: (i) Qichen Technology and its relevant branches have maintained a higher level of compliance than the average in the same industry, the small quantity of unlicensed service vehicles and drivers on the platform during the Track Record Period will not be deemed as material non-compliances, the relevant historical administrative penalties will not be deemed as material administrative penalties, and Qichen Technology and its relevant branches will not be subject to revocation of operating licenses, suspension of business or any other material penalties with respect to such kind of non-compliances; and (ii) no material administrative penalties and non-compliance behaviors of Qichen Technology and relevant branches have been found. Our PRC Legal Advisor has confirmed that the above transportation authorities are the competent authorities governing our ride-hailing business operations in the relevant cities, and the authority and person consulted or interviewed (as the case may be) have the competent authority to provide consultations and confirmations.

Based on the above consultations and the foregoing, our PRC Legal Advisor is of the views that (i) the aforementioned unlicensed vehicles and drivers serviced on our platform are not material non-compliance, (ii) the historical administrative penalties caused by the aforementioned unlicensed vehicles and drivers serviced on our platform during the Track Record Period will not be deemed as material administrative penalties, and (iii) our Consolidated Affiliated Entities as a whole will not be subject to revocation of operating licenses, suspension of business imposed by relevant transportation authorities for the issue

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mentioned above. The risk that our Consolidated Affiliated Entities would be subject to material penalties by relevant transportation authorities for the aforementioned issue is remote. Considering the amount and nature of the administrative penalties and the views of our PRC Legal Advisor, our Directors are of the view that these administrative penalties and non-compliances did not and will not have material adverse impact on our business, results of operations or financial condition.

We aim to keep our leading position in, and further enhance our high safety and compliance standards. To this end, we have implemented stringent measures such as identity, qualification and background check to verify the compliance status of both the drivers and their vehicles, and identify those that are not qualified to utilize our platform pursuant to applicable laws and regulations or our internal standards. See “— Safety.”

As advised by our PRC Legal Advisor, except as otherwise disclosed in “Risk Factors,” “— Properties” and hereunder, we had complied with all applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

### *Safety Inspection*

As the mobility service industry involves personal and property safety, the relevant regulatory authorities, in order to fulfill their regulatory responsibilities, conduct safety inspections of our business operations from time to time. We had one safety inspection during the Track Record Period, the details of which are set forth as below:

- We were subject to a multi-departmental joint inspection on February 14, 2023, including Guangzhou Municipal Transportation Bureau, Guangzhou Municipal Party Committee Cyberspace Office and others.

As advised by the PRC Legal Advisor, the aforementioned safety inspection was multi-department joint safety inspection towards certain mobility service providers conducted by relevant regulatory authorities, and such inspections were intended to improve the overall management of the mobility industry rather than targeted at any particular enterprise. As of the Latest Practicable Date, we had not been subject to administrative penalties during the process of the aforesaid safety inspection. During the Track Record Period and up to the Latest Practicable Date, we did not receive any notice from the relevant regulatory authorities to claim any material findings or concerns or imposed any requirements on our safety measures after the safety inspection.

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## BUSINESS

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### Traffic Accidents

Traffic accidents are an inherent risk in all mobility services.

In 2021, 2022 and 2023, the number of car accidents during ride-hailing trips we facilitated was 4,112, 3,476 and 2,280, respectively. According to Frost & Sullivan, we have maintained a relatively high safety level as the number of car accidents per million rides was significantly below the industry average. The following chart sets forth our ride-hailing service car accident rate per million orders compared to the industry average.

	Year ended December 31,		
	2021	2022	2023
	<i>(accident/million orders)</i>		
<b>The Group</b>	89	57	27
<b>Industry Average</b>	147	130	112

*Sources: Company information, Frost & Sullivan*

We started offering hitch service in 2021. In 2021, 2022 and 2023, the number of car accidents during hitch trips facilitated by our platform was 37, 44 and 39. We started offering Robotaxi service in 2023. As of December 31, 2023, there was only one car accident during Robotaxi rides facilitated by our platform. In that accident, the Robotaxi is not found liable.

During the Track Record Period, we were not subject to any claim arising from safety incidents occurred during rides facilitated by our platform, because the losses were fully covered by the compulsory traffic accident liability insurance, third-party liability insurance or commercial accident insurance maintained by our drivers, car partners or the other party(ies) involved in the accident, as applicable, depending on the liability assessment.

### RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, human resources, internal control, information system and investment management.

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## BUSINESS

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### **Financial Reporting Risk Management**

We have in place a set of accounting policies in connection with our financial reporting risk management, including accounting manual, employee training policies, inventory management policies and record-keeping policies. We have various procedures in place to implement our accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

### **Human Resources Risk Management**

We have in place an employee handbook and a code of conduct which have been distributed to all of our employees. The handbook contains internal rules and guidelines regarding anti-money laundering, conflicts of interest, non-competition clauses and work ethics. We provide employees with regular training as well as guidance on the requirements contained in the employee handbook. We make our internal reporting channel open and available for our employees to report any employee’s misconduct or non-compliance with the handbook.

### **Information System**

Sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have implemented various internal procedures and controls to ensure that user data is protected and that our data collection procedure complies with relevant laws and government regulations. See “Data Privacy and Security — Data Security Policies.” In addition, we regularly perform data storage, data recovery and data backup tests, and maintain a record of key results of such tests.

### **Regulatory Compliance Risk Management**

We are subject to evolving regulatory requirements in the PRC, including requirements to obtain and renew certain licenses, permits, approvals and certificates for our business operations in different regions. In order to manage our ongoing compliance with the laws and regulations applicable to our business effectively, we have implemented several internal control measures. In particular, we designated personnel to regularly monitor changes in laws, regulations and policies issued by the relevant government authorities in the regions in which we operate to ensure we obtain requisite licenses to operate our business, and we have an up-to-date understanding of the applicable requirements. In addition, we monitor and review the status of our licenses and permits on a regular basis. We continually improve our internal policies according to changes in laws, regulations and industry standards, and update our internal protocols accordingly.

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## BUSINESS

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### Internal Audit

We have established an audit committee to monitor the implementation of our risk management policies across our company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal audit department members hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified thus are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors if necessary.

Our audit committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and their implementation are effective and sufficient.

### AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation, significant instances of which are set forth below:

<b>Award Year</b>	<b>Award/Recognition</b>	<b>Awarding Institution/Authority</b>
2023	National Workers' Pioneer (全國工人先鋒號)	All-China Federation of Trade Unions (中華全國總工會)
2023	Economic Quality Development Summit 2023 Contribution to Science, Technology and Innovation Award (2023年經濟高質量發展峰會•科技創新貢獻獎)	Guangzhou Daily (廣州日報)
2023	Outstanding Autonomous Driving Solution Provider	World Intelligent Connected Vehicles Conference
2023	Unicorn Enterprise of Global Unicorn Index 2023	Hurun Report
2023	2022 New Unicorns in China	Forbes China

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<b>Award Year</b>	<b>Award/Recognition</b>	<b>Awarding Institution/Authority</b>
2023	2023 Intelligent Connected Vehicle Driving Competition (Guangzhou) “Guangzhou Mix-transit Operation Test” Organization Contribution Award	Guangzhou Municipal People’s Government, China Council for the Promotion of International Trade – Automotive Sub-Council, China Foreign Trade Center, China Center for Information Industry Development
2023	Most Investment-Worthy Future Star of the Year	CailianPress
2023	TOP 10 Outstanding Artificial Intelligence Solutions of the Year	QbitAI
2023	Most Commercially Promising Company Ranking in China’s Intelligent Driving Industry	Jazzyear
2022	2022 Innovative Small- and Middle-Sized Enterprise	Department of Industry and Information Technology of Guangdong Province
2022	Unicorn Enterprise of Global Unicorn Index 2022 Half-Year Report	Hurun Report
2022	Science and Innovative Pioneer Enterprises in the Greater Bay Area	Southern Finance Omnimedia Corp., 21st Century Business Herald, Guangdong Academy of Greater Bay Area Studies
2022	Best Technology Innovation Award of the Year in the New Ecology Field	Caijing New Media, Caijing Business Governance Research
2021	WISE 2021 The King of the New Economy – New Power Enterprise	36Kr
2021	2021 AutoVision China Gold Medal	AutoVision China
2021	Best Online Mobility Platform	The Third China Mobility Industry Development Forum