
RELATIONSHIP WITH GAIG

OVERVIEW

As of the Latest Practicable Date, GAIG, directly and indirectly through GAC and China Lounge, was interested in approximately 35.21% of the issued share capital of our Company. Immediately upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), GAIG, through GAC and China Lounge, will be interested in approximately [REDACTED]% of the total issued share capital of our Company, and GAIG, GAC and China Lounge are and will continue to be the Single Largest Shareholder Group.

INDEPENDENCE FROM GAIG

Our relationship with GAIG is mutually beneficial, due to our highly aligned development plans. Our Company was incorporated upon the founding round of financing led by GAC, a subsidiary of GAIG, and Tencent Mobility with participation of other investors. 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, and we have built a multi-dimensional mobility service system around our ride-hailing business and launched a one-stop standardized automobile service platform.

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from GAIG and its close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board consists of nine Directors comprising one executive Director, five non-executive Directors, and three independent non-executive Directors. For more information, see “Directors and Senior Management”.

Our Directors consider that our Board and senior management will function independently of GAIG and its close associates because:

- (a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) our daily management and operations are carried out by our experienced senior management team and overseen by our sole executive Director, Mr. Jiang:
 - (i) our sole executive Director, Mr. Jiang, and our senior management team have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

RELATIONSHIP WITH GAIG

- (ii) our sole executive Director, Mr. Jiang has been a member of the executive committee of GAC as the representative of our Company since June 2019. Most members of the executive committee of GAC are representatives from GAC, its subsidiaries, joint ventures and associate companies (including our Company), and Mr. Jiang is our Company’s representative in the executive committee of GAC. The functions of the executive committee of GAC are (a) discussing GAC’s development strategies, and providing suggestions on GAC’s annual business plan and mid- to long-term development plans; (b) exchanging experience and sharing information among committee members. As a member of the executive committee of GAC, Mr. Jiang does not participate in the daily operation of GAC and does not receive any remuneration from GAC. Our senior management does not hold any executive or management position with GAIG and its close associates; and
- (iii) out of nine Directors of our Company, three non-executive Directors held directorship and/or management positions in GAIG and/or its close associates, namely Mr. Gao Rui, Mr. Gu Huinan and Mr. Liang Weiqiang. However, as non-executive Directors of our Company, they provide strategic advice to our Board and do not have any executive positions with, or remain involved in the day-to-day management and operations of, our Company’s business;
- (c) we have three independent non-executive Directors appointed in accordance with the requirements under the Listing Rules and certain matters of our Company must always be referred to the independent non-executive Directors for review to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) is(are) required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and GAIG and its close associates which would support our independent management. See “— Corporate Governance Measures” for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team is able to perform the managerial role independently from GAIG and its close associates.

RELATIONSHIP WITH GAIG

Operational Independence

We have full rights to make business decisions and to carry out our business independently from GAIG and its close associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from GAIG and its close associates after the [REDACTED]:

- (a) we are not reliant on trademarks or patents owned by GAIG, or its close associates;
- (b) we are the holder of all relevant licenses material to the operation of our business;
- (c) we have independent access to our users, customers and suppliers;
- (d) we have sufficient capital, facilities, equipment and employees to operate our business independently from GAIG and its close associates;
- (e) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments; and
- (f) save as disclosed in this section, none of GAIG or its close associates have any interests in any business which competes or is likely to compete with the business of our Group.

In each period during the Track Record Period, GAIG was among both our five largest customers and our five largest suppliers. As a leading automobile conglomerate in China, GAIG is a crucial business partner for the establishment and development of our operations. The table below sets forth the details of transaction between GAIG and/or its associates and us during the Track Record Period:

Nature	Year ended December 31,			Pricing basis
	2021	2022	2023	
	<i>RMB in thousand</i>			
<i>Provision of services and products by our Group to GAIG and/or its associates</i>				
Lease of vehicles	330	27	–	Determined after arm’s length negotiation with reference to market price
Provision of marketing services	2,942	928	–	Determined based on arm’s length negotiation with reference to market price for similar services, the nature of service, business potential of service, etc.

RELATIONSHIP WITH GAIG

Nature	Year ended December 31,			Pricing basis
	2021	2022	2023	
	<i>RMB in thousand</i>			
Provision of technology services	1,065	–	22,871	Determined based on arm’s length negotiation with reference to our manpower deployed, the nature of the service provided, the frequency of service, the expected transaction amount, the business potential of the service provided, etc.
Provision of ride-hailing services	596	816	1,377	Determined based on arm’s length negotiation, taking into account the volume of service requested by GAIG and its associates as a whole, the business scale of GAIG and its associates, and the market price for our enterprise solutions, and in general shall be no less than that charged to customers who are Independent Third Parties with comparable transaction volume
Provision of vehicle maintenance services	–	14,413	12,611	Determined based on arm’s length negotiation with reference to market price charged by OEMs and in general shall be no less than that charged to Independent Third Parties
Provision of other services	–	1,843	3,262	Determined based on arm’s length negotiation with reference to market price for similar services, the nature of service, business potential of service, etc.

RELATIONSHIP WITH GAIG

Nature	Year ended December 31,			Pricing basis
	2021	2022	2023	
	<i>RMB in thousand</i>			
Sales of goods	263	1,951	73,206	In respect of sales of ride hailing related materials, consistent pricing policy for all customers including both GAIG and Independent Third Parties; in respect of sales of vehicle, 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; in respect of sales of automobile components, determined based on arm’s length negotiation with reference to market price charged by OEMs and in general shall be no less than that charged to Independent Third Parties
<i>Purchase of services and products by our Group from GAIG and/or its associates</i>				
Purchase of drivers’ management services	10,740	9,864	7,040	Adopting the same level of charge in each business line for car partners in the same city, and the same service fee rate as Independent Third Parties
Purchase of information technology support services	–	–	193	Determined by providers of such products and generally in line with that offered by Independent Third Parties

RELATIONSHIP WITH GAIG

Nature	Year ended December 31,			Pricing basis
	2021	2022	2023	
	<i>RMB in thousand</i>			
Purchase of goods	–	40,703	231,554	In respect of purchase of vehicles, the unit price of passenger vehicles shall be determined by manufacturers of passenger vehicles, whilst if available, 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; in respect of sales of automobile components by GAIG and/or its associates to us, the price shall be determined by manufacturers of passenger vehicles and shall be in line with that offered by Independent Third Parties; in respect of others, determined after arm’s length negotiation with reference to market price or price offered by Independent Third Parties
Purchase of operating equipment	11,687	1,047	52	Determined based on arm’s length negotiations with reference to price offered by providers of such service and/or market price
Purchase of other services	–	962	3,785	Determined by providers of such service and shall be generally in line with that offered by Independent Third Parties
Lease of vehicle	307	57	–	Determined after arm’s length negotiation with reference to market price

RELATIONSHIP WITH GAIG

To continue our mutually beneficial cooperation with GAIG after the [REDACTED], we have entered into the Products and Services Purchase and Provision Framework Agreement. Please see the section headed “Connected Transactions” in this Document for further details of, and the reasons for entering into, the Products and Services Purchase and Provision Framework Agreement. Our Directors are of the view that the foregoing business cooperation with GAIG is in the best interests of our Company and our Shareholders as a whole, taking into account the following factors: (i) our Company was founded by GAC and Tencent Mobility, and our Company has historically built up close business relationship with GAIG and its associates; and (ii) since our mobility service business and automobile business of GAIG and its associates are inextricably linked together in multiple aspects, our Company’s 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 the best interests of the Company to cooperate with GAIG.

In each of the three years ended December 31, 2023, the transaction amount relating to products and services purchased by GAIG and its associates from us under the Products and Services Purchase and Provision Framework Agreement was RMB1,887 thousand, RMB16,076 thousand and RMB110,856 thousand, respectively, accounting for 0.19%, 1.17% and 5.13% of the Group’s total revenue for the years ended December 31, 2021, 2022 and 2023, respectively. In each of the three years ended December 31, 2023, the transaction amount relating to products and services provided by GAIG and its close associate to us under the Products and Services Purchase and Provision Framework Agreement was RMB11,094 thousand, RMB48,898 thousand and RMB240,091 thousand, respectively, accounting for 0.88%, 3.23% and 10.39% of the Group’s total costs for the years ended December 31, 2021, 2022 and 2023, respectively. We believe that we will be able to maintain the aggregate amounts of the continuing connected transactions with GAIG and its associates at a reasonable percentage level with respect to our total revenue or costs after the [REDACTED]. In addition, we have been engaged, and will continue to be engaged in, all forms of cooperation with other business partners that are independent of GAIG. Therefore, our Directors believe that the connected transactions with GAIG will not give rise to any business dependence or reliance issue between our Company and GAIG.

Based on the above, our Directors believe that we are able to operate independently of GAIG and its close associates.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function and making financial decisions based on our Group’s needs, and an independent audit and legal department responsible for our internal compliance and audit work of our Company’s day-to-day operations. We are capable of obtaining financing from third parties, if necessary, without reliance on GAIG and its close associates.

RELATIONSHIP WITH GAIG

No loans or guarantees provided by, or granted to, GAIG or its close associates were outstanding as at the Latest Practicable Date.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on, GAIG and its close associates after the [REDACTED].

BUSINESS DELINEATION WITH GAIG

Our Principal Business

Our Group is principally engaged in provision of mobility services including ride-hailing, Robotaxi and other services provided on our online platform, technology services, fleet management & services covering sales of vehicles and spare parts, maintenance and repair services.

Principal Business of GAIG

GAIG is principally engaged in enterprise management. GAC, which is held by GAIG as to 52.53%, is principally engaged in research and development, manufacturing and sales of vehicles (including motorcycles) and their parts and components, and provision of commercial services, financial services and mobility transportation. GAC also conducts manufacturing and sales of passenger vehicles through joint ventures with partners including Toyota, Honda and Mitsubishi. All such joint ventures are close associates of GAIG.

Delineation of Business

There is a clear delineation between our principal businesses and those of GAIG and its close associates. Notwithstanding GAIG through GAC sells passenger vehicles and provides vehicle maintenance and repair services, our fleet management & services covering sales of vehicles and spare parts, maintenance and repair services are distinct from them in terms of business purpose, customer focus and business scale.

We tapped into the fleet management & services in April 2022, covering sales of vehicles and spare parts, maintenance and repair. We aspire to build a one-stop standardized automobile service platform and create an industry network with various industry partners, customers and drivers, which, in turn, enhances our ability to recruit and retain drivers. In particular, we leverage our relationship with automobile manufacturers to provide centralized vehicle sales 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.

Our revenue generated from fleet management & services amounted to RMB118.6 million and RMB320.4 million, respectively, in 2022 and 2023, among which revenue from the sales of vehicles accounted for 81.8% and 91.4%, respectively.

RELATIONSHIP WITH GAIG

GAC conducts passenger vehicle sales business through sales outlets and online channels and related maintenance and repair services. As at December 31, 2021 and 2022, GAC, together with its joint ventures and associated enterprises, had 2,558 and 2,684 passenger vehicle 4S sales outlets in many provinces, autonomous regions and municipalities in the PRC, respectively. As at December 31, 2021, 2022 and 2023, we had 0, 1 and 2 sales outlets, respectively.

The following table sets out differences between our vehicles sales business under our fleet management & services and GAC’s:

	Our passenger vehicle sales business	GAC’s passenger vehicle sales business
Business purpose	Building a one-stop standardized automobile service platform to serve our car partners and drivers in our mobility services business	Selling self-manufactured passenger vehicles
Customer focus	Primarily serving our car partners and drivers	Not primarily serving a particular group of customers
Product portfolio	Based on our car partners’ and drivers’ needs, we offer various brands of vehicles to them, including GAC branded vehicles and other brands	Vehicles manufactured by subsidiaries and joint ventures of GAC
Sales area	Currently in Guangzhou City and Foshan City, Guangdong Province, the PRC and will expand to cities with our mobility service operations	In many provinces, autonomous regions and municipalities in the PRC
Sales channel	Direct sales to our car partners and drivers	Offline and online
Source of vehicles	Purchasing from car manufacturers including GAC and other car manufacturers and authorized resellers	Vehicles manufactured by subsidiaries and joint ventures of GAC

RELATIONSHIP WITH GAIG

Our fleet management & services business, while it is ancillary to our mobility service, only contributed immaterial revenue to our Group during the Track Record Period. The table below sets out revenues generated from our passenger vehicle sales business and vehicle maintenance and repair service and the passenger vehicle sales business of GAC Group and GAC’s important joint ventures, and their respective percentages to total revenue of our Group and GAC Group, for the three years ended December 31, 2023:

	For the year ended December 31,					
	2021		2022		2023	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	<i>(RMB in million except for percentages)</i>					
	<i>(unaudited)</i>					
Our Company’s passenger vehicle sales business	nil	–	97 ⁽¹⁾	7.1%	293 ⁽²⁾	13.5% ⁽³⁾
Our Company’s vehicle maintenance and repair services	nil	–	22	1.6%	27	1.3% ⁽³⁾
GAC Group’s passenger vehicle business ⁽⁴⁾	49,180	65.0%	78,672	71.5%	Not available	Not available

Notes:

- (1) Among RMB97 million, RMB32 million was attributable to the sales of vehicles that were procured from GAIG Group.
- (2) Among RMB293 million, RMB224 million was attributable to the sales of vehicles that were procured from GAIG Group.
- (3) Even though the Group plans to grow and expand its fleet management & services, we do not expect the percentage of revenue generated from fleet management & services to our total revenues would substantially increase in the years ending December 31, 2024, 2025 and 2026.
- (4) Financial information of passenger vehicle business of GAC Group and GAC’s joint ventures with Toyota, Honda and Mitsubishi is extracted from its annual reports and interim report published on the Stock Exchange; in addition, as disclosed in GAC’s annual reports and interim report, GAC’s joint ventures with Toyota, Honda and Mitsubishi generated revenue of RMB252,546 million and RMB282,902 million for the two years ended December 31, 2022, respectively. The financial information of vehicle maintenance and repair services of GAC Group is not disclosed in its annual reports published on the Stock Exchange, and is therefore not available to us. Given that the revenue generated from vehicle maintenance and repair services of GAC Group is immaterial to its total revenue and such services are ancillary in nature, we believe the non-disclosure of the financial information of vehicle maintenance and repair services of GAC Group will not materially affect the analysis of competition between our Group and GAC Group.

RELATIONSHIP WITH GAIG

The table below sets out the number of stores and number of vehicles sold by our Company and GAC and its joint ventures for the three years ended December 31, 2023:

	For the year ended December 31,					
	2021		2022		2023	
	Number of stores	Number of vehicles sold	Number of stores	Number of vehicles sold	Number of stores	Number of vehicles sold
Our Company	0	0	1	946	2	2,823
GAC and its joint ventures ⁽¹⁾	2,558	2.14 million	2,684	2.43 million	Not available	Not available

Note:

1. The number of vehicles sold by GAC and its joint ventures is extracted from its annual reports and interim report published on the Stock Exchange.

Based on the differences in terms of business model between our Group and GAC, our Directors are of the view that there is a clear delineation between the respective businesses of our Group and GAC, and do not expect there to be any material competition between the Group and GAC in the near future. As a result, our Directors do not expect there to be competition, directly or indirectly, between our Group and GAC in any material respects.

CORPORATE GOVERNANCE MEASURES

Our Company and Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and GAIG:

- (a) under the Articles, where a Shareholders’ meeting is to be held for considering proposed transactions in which GAIG or any of its close associates has a material interest, GAIG or its close associates will not vote on the relevant resolutions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with GAIG or its close associates, our Company will comply with the applicable Listing Rules;

RELATIONSHIP WITH GAIG

- (c) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (d) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and GAIG and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (e) GAIG will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;
- (f) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;
- (g) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;
- (h) we have appointed Maxa Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (i) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and GAIG, and to protect our minority Shareholders' interests after the [REDACTED].