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mobvoi

Mobvoi Inc.
出門問問有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2438

2024 INTERIM REPORT

CONTENTS

Corporate Information

BOARD

Executive Directors

Mr. Li Zhifei
Ms. Li Yuanyuan

Independent non-executive Directors

Mr. Chen Yilyu
Prof. Lu Yuanzhu
Mr. Yang Zhe

AUDIT COMMITTEE

Mr. Chen Yilyu *(Chairman)*
Prof. Lu Yuanzhu
Mr. Yang Zhe

REMUNERATION COMMITTEE

Prof. Lu Yuanzhu *(Chairman)*
Ms. Li Yuanyuan
Mr. Chen Yilyu

NOMINATION COMMITTEE

Mr. Li Zhifei *(Chairman)*
Mr. Chen Yilyu
Mr. Yang Zhe

JOINT COMPANY SECRETARIES

Ms. Li Yuanyuan
Ms. Tsang Wing Man

AUTHORIZED REPRESENTATIVES

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Ms. Tsang Wing Man

AUDITOR

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Haidian District, Beijing
China

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Hong Kong

STOCK CODE

02438

COMPANY'S WEBSITE

www.chumenwenwen.com

Financial Highlights

The Group's revenue was RMB162.7 million for the six months ended June 30, 2024, and was RMB261.8 million for the six months ended June 30, 2023 (the revenue was RMB123.0 million for the six months ended June 30, 2023 if we excluded the revenue recognized from the IP rights arrangements with Automotive Sub A, which was RMB138.8 million).

Among which, the AIGC business has grown rapidly. The revenue from AIGC solutions as a percentage of the Group's revenue was 8.0%, 23.2% and 56.7% in 2022, 2023 and the six months ended June 30, 2024, respectively.

As the Group actively changes its business strategy and ceases to increase revenue through traditional project-based revenue generating model, the following highlights are all comparisons with data from the first half of 2023 after deducting the revenue from IP rights arrangements with Automotive Sub A:

— The Group's revenue increased by 32.2%, from RMB123.0 million for the six months ended June 30, 2023 to RMB162.7 million for the six months ended June 30, 2024. Revenue from AIGC solutions increased by 123.8%, from RMB41.2 million for the six months ended June 30, 2023 to RMB92.3 million for the six months ended June 30, 2024.

— Our gross profit increased by 80.6%, from RMB58.3 million for the six months ended June 30, 2023 to RMB105.3 million for the six months ended June 30, 2024. Our gross profit margin increased by 17.3%, from 47.4% for the six months ended June 30, 2023 to 64.7% for the six months ended June 30, 2024.

— The adjusted net loss (non-GAAP measure) for the Reporting Period decreased by 32.7% as compared to the same period of last year, decreasing from RMB83.0 million for the six months ended June 30, 2023 to RMB55.9 million for the six months ended June 30, 2024.

Result Review and Strategic Outlook

I. OVERVIEW

2024 marks a significant milestone for the Group. As an AI company with a focus on generative AI and voice interaction technologies, we are committed to providing AIGC tools, AI government and enterprise services, and AI smart hardware for creators in multiple countries around the world. During the Reporting Period, we made significant achievements in AIGC business development, AIGC product and model integration and building our industry ecosystem, and entered a phase of accelerated growth.

In the first half of 2024, the overall revenue of the Group was RMB162.7 million, consisting of RMB92.3 million for AIGC solutions, RMB10.7 million for AI enterprise solutions, and RMB59.7 million for Smart Devices and Other Accessories. The revenue for the same period of last year was RMB261.8 million. The decrease in revenue is attributed to the completion of the IP rights arrangements with Automotive Sub A in June 2023, resulting in the discontinuation of RMB138.8 million in revenue. Therefore, the revenue for the first half of 2024 decreased by 37.9% compared to the same period in 2023. Excluding this impact, the Group's main sustainable businesses have all grown healthily, meeting expectations. Among them, the revenue from AIGC solutions increased by 123.8%, while the revenue from Smart Devices and Other Accessories showed steady growth, with an increase of 3.1%, which is consistent with the same period of last year. The revenue from AIGC solutions as a percentage of the Group's total revenue was 8.0%, 23.2% and 56.7% in 2022, 2023 and the six months ended June 30, 2024, respectively.

AIGC boasts tremendous market development potential in the industry. According to the CIC Report, the potential total market size of AIGC market in China is expected to increase from RMB1.1 billion in 2022 to RMB32.6 billion in 2027, with a compounded growth rate of 136.5%. In addition, the potential total market size of the AIGC market across the globe is expected to increase from RMB8.8 billion in 2022 to RMB127.5 billion in 2027, with a compounded growth rate of 94.4%. However, the development of the AI industry is slowing down in 2024. Computing power is no longer the focus for large language model companies. Instead, the industry as a whole pays close attention to scenario implementation and commercial applications.

During the Reporting Period, we consistently adhere to the development strategy of "product and model integration", and continuously pay close attention to user needs and products, achieving a double increase in revenue from AIGC business. Meanwhile, we have been steadily building our ecosystem. We established strategic partnerships with leading upstream and downstream companies, so as to support the development of the industry. We deeply understand the commercialization of AI technology. Unlike traditional project-based models, we adhere to product-driven and user-driven growth. In addition, we adhere to the principles of "funding models with products" and "developing models on the basis of feedback on products", enabling us to self-fund our R&D and creating a virtuous cycle of profit and capital, which is a key policy for us to maintain our sustainable growth momentum. We believe that under the guidance of the above strategies, the Group's business will maintain healthy and sustainable development in the future.

Result Review and Strategic Outlook

Under the guidance of these product strategies and this business model, our performance during the Reporting Period is as follows:

Revenue by business segment, inclusive of revenue from IP rights arrangements with Automotive Sub A, is as follows:

	Six months ended June 30,		
	2024	2023	% of change
	RMB'000	RMB'000	
Disaggregated by major products or service lines			
AI Software Solutions			
— AIGC solutions	**92,301**	41,246	123.8%
— AI enterprise solutions	**10,724**	162,653	-93.4%
Smart Devices and Other Accessories	**59,645**	57,864	3.1%
	162,670	261,763	-37.9%

Revenue by business segment, exclusive of revenue from IP rights arrangements with Automotive Sub A, is as follows:

	Six months ended June 30,		
	2024	2023	% of change
	RMB'000	RMB'000	
Disaggregated by major products or service lines			
AI Software Solutions			
— AIGC solutions	**92,301**	41,246	123.8%
— AI enterprise solutions	**10,724**	23,901	-55.1%
Smart Devices and Other Accessories	**59,645**	57,864	3.1%
	162,670	123,011	32.2%

II. PERFORMANCE REVIEW

1. Achieving a double growth in the revenue from AIGC business by deeply understanding user needs and products

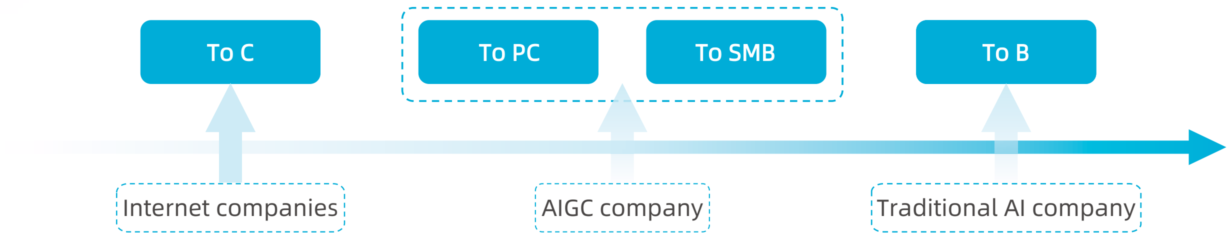
AIGC business is our core business. We have developed a series of AIGC products to meet various creation and application needs, including "Moyin Workshop", "DupDub", "Weta365" and "AI Ask365", so as to achieve scale growth through the trinity of technologies, products and commercialization. During the Reporting Period, we further enriched our AIGC product matrix with the launch of "Yuan365 (元創島)", which can efficiently support AIGC creators in video creation with one click. Since then, our AIGC product ecology has been further improved, integrating audio with video to fully meet AIGC creators' various needs. Meanwhile, we strengthened the operation strategy for our existing products, such as "Moyin Workshop", smoothed the path to scale growth and entered a new stage of accelerated growth. It is worth mentioning that, although "Yuan365 (元創島)" remains in its growth stage in respect of product features and user base, its profitability has gradually become apparent, indicating an optimistic growth prospect.

Among them, the number of registered users for "Moyin Workshop" increased by nearly 42% in the first half of 2024 as compared to the same period in 2023 with sustained growth in paying users, resulting in substantial revenue growth.

We enriched AIGC product matrix through the continuous iteration of the capabilities of our core large language model. The launch of "Yuan365 (元創島)", an AI short video generation platform, not only effectively improves AIGC's video layout, but also has a relatively optimistic growth prospect.

Meanwhile, the Group's unique AIGC business model (ToSMB/ToPC), has gained superiority. In the era of large language models, AI companies can serve small and medium enterprises (SMBs) or Professional Consumers. ToPC can avoid traditional project-based ToB and competition with internet giants of ToC for stagnant user traffic. However, ToPC requires affordable transaction value (RMB10 million or RMB10,000 per year) and a closed-loop and simple product experience, genuinely enhancing efficiency or revenues for users. We are firmly committed to the ToSMB/ToPC business model and have found a profitable path in AIGC business.

AIGC New Business Model: To PC/To SMB



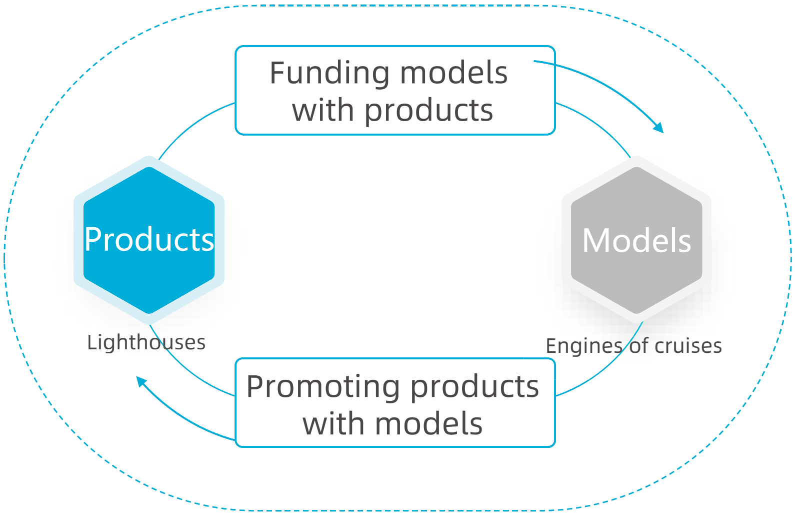
2. **Adhering to the development strategy of "product and model integration" and leveraging the strengths of multi-modal products**

Unlike other companies that focus on large language models or products, the Group has consistently adhered to the strategy of "product and model integration", that is, the integration of products and models to bridge the gap between products and models.

"Product and model integration" is more suitable for the domestic start-ups of large language models. The products are "lighthouses" that direct model R&D, while in-house models are "engines of cruises" that can enhance products' barriers to competition in a targeted manner. The greatest appeal of "product and model integration" lies in its ability to realize more thorough end-to-end training, so as to create a "data flywheel" effect and ultimately enable automatic data drive and updating and iteration of products.

We are a typical representative of "product and model integration" company. The essence to "product and model integration" is target-driven, specifically, funding models with products, developing models on the basis of feedback on products, promoting products with models and safeguarding production with models. "Funding models with products and developing models on the basis of feedback on products" means that the research and development of large language models requires significant financial investment. In addition, the domestic investment environment is challenging, it is especially crucial for start-ups to have a sustainable business model.

Why Do We Pursue "Product and Model Integration"



Therefore, the feedback from the application products is very important for the closed-loop development of models and the protection of scenario applications. "Promoting production with models and safeguarding production with models" means that we need to have the ability to independently develop large language models and track the latest models, so that we can protect our products from elimination upon the upgrading and iteration of large language models.

At the same time, we are continuously committed to exploring in multi modal and Agent, emphasizing the integration of large language models and multi modality, including voice large models and video large models, and thereby creating a multi modal AIGC product matrix. We have independently developed large models for generating videos from images and for generating images from anime descriptions. We have successfully released technologies such as 2.5D digital human WetaAvatar4.0, photo digital human engine WetaAvatar4.0 Talking Photo, and digital humans walking in real scenes, and have the ability to accurately realize speech-to-speech video translation, which is in line with the technological trend of developing multi modality.

3. Building our ecosystem in advance, and seeking mutual development with upstream and downstream enterprises in the industry

We deeply understand the significance and necessity of ecological construction and have always maintained close cooperation with upstream and downstream enterprises. During the Reporting Period, we established strategic partnerships with companies such as DingTalk, Hicloud, and Tencent Cloud, effectively enriched our ecological resources to better serve our users. We also joined the Large Language Model Alliance of people.cn, and utilized our extensive experience in "product and model integration" to empower the industry. We established close communication and cooperation with various peers to jointly create a responsible and trustworthy ecosystem for the development of large language models.

During the Reporting Period, our capabilities in large language models were recognized by all mainstream and vertical media and industry bodies, and won such awards as the "Top 50 Large Language Models in China", "2024 China Start-ups in AI-based Large Language Models", "Selection of 2024 Forbes China AI Technology Enterprises Top 50" and "China Large Language Model Platforms Top 10". Furthermore, the Group's influence within the industry is clearly visible. It won prestigious awards, such as the CIC "Shining Star" Enterprises, "the Most Valuable China AGI Innovative Organizations Top 50", "Annual Cutting-edge Listed Companies", and "Outstanding Enterprises in ESG Innovative Practice".

We have been dedicated to establishing and maintaining steady partnerships with the world's leading technology enterprises. We maintain long-term and productive cooperation with internationally famous technology companies such as NVIDIA, Google, and Qualcomm. Through the cooperation, we not only assist each other in promoting technological innovation, but also stay ahead in the market, so as to offer superior products and services to our customers, which represents not only our focus on the quality of our products and services, but also our profound insight into industry trends and our response strategies for these trends. We also look forward to collaborating with more outstanding technology companies in the future and writing a new chapter of scientific and technological innovation together.

III. STRATEGIES AND OUTLOOK

1. Adhering to user-driven and product-driven growth

We always deeply understand the commercialization of AI technology. Unlike traditional project-based models, we adhere to product-driven and user-driven growth. We have diversified revenue streams, including subscriptions, purchase in applications and software-hardware integration solutions. By leveraging a closed-loop AI ecosystem, we focus on the iteration of solutions to realize product-oriented growth. Specifically, in terms of user-driven growth, we place "user-centricity" at the core of our Group's development process, always prioritizing user needs.

We actively collect users' feedback of AIGC products and incorporate it into every iteration. Under this guidance, AIGC products have obtained high user stickiness. During the Reporting Period, the number of paying users increased by nearly 30% over the same period of last year, resulting in significant revenue growth and overall healthy and sustainable growth.

2. Building a robust profitable model for long-term sustainable growth

We maximize our resources and adhere to the most efficient resource allocation strategy to maintain the Group's leading position in the industry. Our cost-effective research and development capabilities are not only reflected in both our innovative technologies and products, but also reflected in our strict cost control and optimization. Through ongoing technological innovation and investment in research and development, we constantly facilitate the development of the Group to ensure that our products and services are at the first echelon in the industry all the time. Meanwhile, we focus on the sustainable utilization of resources, and strive to maintain our competitiveness while contributing to the sustainable development of our society and environment.

As a "block-building" company, we possess a distinct competitive advantage in the rapidly changing commercial environment, enabling us to adapt flexibly to various challenges and opportunities. By dividing our business into different modules, each focusing on specific functions, we have significantly enhanced our efficiency and professional level. In terms of cost efficiency, this standardized and modular way of the Group can not only reduce production costs, but also enhance the utilization efficiency of resources.

We are one of the few companies in the industry that can simultaneously empower three major scenarios. We have developed a rich product matrix of AIGC CoPilot through AIGC-empowered content creation, and established a one-stop content creation platform that empowers creators to generate content efficiently. We provide enterprise customers with C-end consumers' user experiences by utilizing our AI capabilities and experience accumulated in consumer-grade scenarios, and we empower more partners and our industry ecosystem through CoPilot. As for consumer scenarios, we have launched several consumer smart devices, such as AI smart watch — TicWatch series, and created a user-in-the-loop ecosystem for multi-scenario smart hardware based on virtual personal assistants.

Among which, consumer smart devices can steadily generate revenue and profit, and achieve self-sustaining fund, which is a key strategy for maintaining our sustainable growth. With this strategy, we can ensure that our R&D department has sufficient resources to explore new technologies, develop new products and improve existing solutions. This strategy also enables us to maintain flexibility and independence in the intensely competitive market, effectively reducing external dependencies.

3. ESG and corporate social responsibility

ESG (environmental, social and governance) principles are deeply embedded within our corporate strategy and operations. In terms of environmental protection, the Group is dedicated to reducing our carbon footprint and making positive contributions towards global sustainable development goals through optimizing energy consumption and improving resource recycling rates. It is worth mentioning that, our technology R&D team relentlessly pursues innovative technologies to minimize our environmental influence while enhancing the energy efficiency of our products and services.

In terms of corporate governance, we uphold transparent and responsible management principles, and have developed a comprehensive internal control and compliance system. Our Board of Directors and management pay high attention to the optimization of our corporate governance structure, so as to ensure fair, reasonable, and effective decision-making processes, protect the interests of all shareholders.

Meanwhile, we attach importance to our employees' career development and lifelong learning. We provide our employees with diversified trainings and development opportunities. We encourage and organize employees to engage in social services, environmental protection and public benefit activities.

We know that sustainable technology applications shall integrate with social responsibility. Thus, we are committed to collaborating with governments, NGOs, and other enterprises to promote environmental protection and sustainable development.

4. AGI vision: AGI at your fingertips, AI CoPilot everywhere

Looking ahead, we are full of expectation for the future of AI development. Productization and commercialization will remain the major concerns in the industry and the key elements that widen the gaps between different companies. Our early entry into the industry and the rapid growth of our AIGC business validates the correctness of our "product and model integration" strategy and ToSMB/ToPC business model. In the future, we will continue to pursue our original strategic objectives and development strategies, and accelerate our business growth by utilizing the data flywheel effect generated by "product and model integration". We are optimistic about our AIGC business, which is expected to see more significant growth in the number of users and revenues in the future. Furthermore, we are committed to our globalization strategy and maintain long-term, good partnerships with leading foreign technology companies. We are expected to achieve a healthy and sustainable growth in related businesses when we have a substantial share of the overseas market.

We look forward to a future driven by AGI, where everyone can benefit from the convenience and advantages brought by technologies, the popularization of technologies is realized and AGI becomes a key force in promoting social progress, just as our AGI vision: AGI at your fingertips, AI CoPilot everywhere.

REVIEW OF FINANCIAL RESULTS

Revenue

Revenue by business segment, inclusive of revenue from the IP rights arrangements with Automotive Sub A, is as follows:

	Six months ended June 30,		
	2024	2023	% of change
	RMB'000	RMB'000	
Disaggregated by major products or service lines			
AI Software Solutions			
— AIGC solutions	**92,301**	41,246	123.8%
— AI enterprise solutions	**10,724**	162,653	-93.4%
Smart Devices and Other Accessories	**59,645**	57,864	3.1%
	162,670	261,763	-37.9%

Revenue by business segment, exclusive of revenue from the IP rights arrangements with Automotive Sub A, is as follows:

	Six months ended June 30,		
	2024	2023	% of change
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Disaggregated by major products or service lines			
AI Software Solutions			
— AIGC solutions	**92,301**	41,246	123.8%
— AI enterprise solutions	**10,724**	23,901	-55.1%
Smart Devices and Other Accessories	**59,645**	57,864	3.1%
	162,670	123,011	32.2%

The Group's revenue decreased from RMB261.8 million for the six months ended June 30, 2023 to RMB162.7 million for the six months ended June 30, 2024 mainly due to the decrease in revenue from AI enterprise solutions. This was primarily due to a decrease in revenue from the IP rights arrangements with Automotive Sub A, which has recognized RMB138.8 million revenue for the six months ended June 30, 2023. The Group's revenue would be RMB123.0 million for the six months ended June 30, 2023, if we exclude the revenue from the IP rights arrangement.

Revenue from our AIGC solutions increased from RMB41.2 million for the six months ended June 30, 2023 to RMB92.3 million for the six months ended June 30, 2024, primarily attributable to the increase in the number of paying users and average selling prices.

Management Discussion and Analysis

Cost of sales

The Group's cost of sales was approximately RMB57.4 million for the six months ended June 30, 2024, representing a decrease of approximately RMB7.3 million or approximately 11.3% from RMB64.7 million for the six months ended June 30, 2023; for the six months ended June 30, 2023, the Group's cost of sales as a percentage of revenue was 24.7%, compared to 35.3% in the same period of 2024. Our cost of sales primarily consists of cost of inventories, fulfilment related expenses and staff costs. Decrease in cost of sales mainly due to the decrease of impairment losses and obsoletes on inventories for the six months ended June 30, 2024.

Gross profit and gross profit margin

Our gross profit decreased by 46.6% from RMB197.1 million for the six months ended June 30, 2023 to RMB105.3 million for the six months ended June 30, 2024. Our gross profit margins were 64.7% and 75.3% for the six months ended June 30, 2024 and for the six months ended June 30, 2023, respectively. This decline was primarily due to a decrease in revenue from the IP rights arrangements with Automotive Sub A, which contributed RMB138.8 million revenue for the six months ended June 30, 2023. After deducting this revenue, the gross profit margin was 47.4% for the six months ended June 30, 2023.

Research and development expenses

Research and development expenses amounted to RMB72.6 million and RMB55.8 million for the six months ended June 30, 2023 and 2024, and the decrease in research and development expenses was mainly due to the decrease in salary, which was mainly due to the decrease in payroll and welfare and headcount.

Selling and marketing expenses

Selling and marketing expenses increased from RMB59.9 million for the six months ended June 30, 2023 to RMB91.3 million for the six months ended June 30, 2024. This was because of the increase in revenue in AIGC solutions leading to the increase of corresponding sales promotion fees.

Administrative expenses

Administrative expenses increased from RMB44.1 million to RMB55.9 million for the six months ended June 30, 2023 and 2024, which was because of increase in listing expense.

Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares

The Group had changes in the carrying amount of contingently redeemable preferred shares and ordinary shares increased by 92.2% from RMB250.0 million for the six months ended June 30, 2023 to RMB480.5 million for the six months ended June 30, 2024. Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares (the "**Changes**"), which are affected primarily by the changes in the redemption price of the preferred shares and ordinary shares. We do not expect to record such changes in the future as our contingently redeemable preferred shares and ordinary shares had been automatically converted into equity upon completion of the Listing.

The redemption terms and conversion terms of the contingently redeemable preferred shares and ordinary shares are disclosed in note 20(a) of the Notes to the Unaudited Interim Financial Report. As described in note 20(a) of the Notes to the Unaudited Interim Financial Report, the Company's obligation to redeem preferred shares upon the occurrence of a Maturity Redemption Event or Breach Redemption Event, or to repurchase the ordinary shares that cause a Governmental Authority to prohibit the distribution of earnings or to refuse to grant, revoke or suspend the Consent, gives rise to financial liabilities that are measured at the present value of the redemption amount (see IAS 32.25 & BC12). As the contingent redemption events are mutually exclusive, the financial liability is measured at the highest of the amounts that could be payable on a present value basis, i.e. the worst-case approach. The present value of redemption amount of the preferred shares is the higher of (1) 100% of the issue price with an 8% compound per annum return calculated from the issue date plus any accrued but unpaid dividends, (2) 150% of the issue price plus any accrued but unpaid dividends and (3) the fair value of the preferred shares. Under the worst-case approach, the carrying amounts of the financial liability arising from the redemption obligation on preferred shares are measured at the fair value of the preferred shares as of December 31, 2023 and the Listing Date (except for Series D-2 where 150% of the issue price plus any accrued but unpaid dividends is the worst-case scenario as of December 31, 2023).

The Company's obligation to repurchase the ordinary shares that cause a Governmental Authority to prohibit the distribution of earnings or to refuse to grant, revoke or suspend the Consent also gives rise to financial liabilities that are measured at the present value of the redemption amount (see IAS 32.25 & BC12). The present value of redemption amount of the ordinary shares is the higher of (1) the original subscription price and (2) the fair value of the ordinary shares. Under the worst-case approach, the carrying amounts of the financial liability arising from the redemption obligation on ordinary shares are measured at the fair values of the ordinary shares as of December 31, 2023 and the Listing Date.

We would like to clarify that there have been no adjustment events or changes in the contractual terms of the preferred shares and ordinary shares from January 1, 2023 to the Listing Date that would have changed the basis for calculating the redemption prices. The Changes represent the difference between the carrying amounts of the financial liability arising from the redemption obligation that resulted in the highest present value of redemption price on December 31, 2023 and the Listing Date respectively.

Given that the Company's obligation to redeem/repurchase its shares would expire or be terminated upon the completion of the Listing, changes in carrying amount of the financial liabilities arising from the redemption obligation would not be relevant to investors to assess its performance post-Listing.

The expiration of the contingently redeemable preferred shares and ordinary shares is disclosed in note 20(b) of the Notes to the Unaudited Interim Financial Report. As stated in the first paragraph of note 20(b), all preferred shares were automatically converted into ordinary shares upon the listing of the Company's shares on April 24, 2024. We would like to clarify that the Company issued only one class of ordinary shares so there was no conversion from one class of ordinary shares to another. Prior to the Listing Date, the Company had an obligation to repurchase the ordinary shares upon the occurrence of contingent events. As stated in the second paragraph of note 20(b), such obligation was terminated when the ninth amended and restated memorandum and articles of association of the Company became effective on the Listing Date. Following the automatic conversion of preferred shares to ordinary shares and the termination of the obligation to repurchase ordinary shares on the Listing Date, the financial liabilities arising from the obligation to redeem/repurchase preferred shares and ordinary shares are derecognised by reclassification to equity.

The Changes represent the difference of the carrying amounts of the financial liability arising from the redemption/ repurchase obligation between each reporting date/Listing Date. The significant increase in the Changes is primarily attributable to the substantial change in the carrying amounts of the financial liability for the six months ended June 30, 2024, mainly due to the increase in the underlying equity value of the Company, driven by the success of the initial public offering of ordinary shares. The offer price per share under the Global Offering serves as an observable benchmark for determining the fair value of both preferred shares and ordinary shares.

Following the automatic conversion of preferred shares to ordinary shares and the termination of the obligation to repurchase ordinary shares on the Listing Date, the financial liabilities arising from the obligation to redeem/repurchase preferred shares and ordinary shares are derecognised by reclassification to equity. There will not be any remeasurement of the financial liabilities after the Listing Date as they have already been derecognised. In other words, the changes in the carrying amount of contingently redeemable preferred shares and ordinary shares will be RMB480 million for the year ended December 31, 2024.

The Company noted that the amount for the Changes had increased compared to June 30, 2023 in early August while preparing its interim financial statements. The Changes primarily impacted the Group's loss for the period in the first half of 2024; while the adjusted net loss for the period (non-GAAP measures) excluded the impact of the Changes. Upon recognizing such increase and its impact on the interim results, the Company carefully considered whether it was necessary to publish a profit warning announcement. Taking into account the following reasons, the Company considered that such increase in the Changes did not constitute an inside information of the Company and, therefore, there was no delay in the publication of the amount of the Changes:

- As previously stated, the Changes impacted the Group's loss for the period in the first half of 2024 but did not affect the adjusted net loss for the period (non-GAAP measures). The Company is of the view that the adjusted net profit/loss for the period (non-GAAP measures), which excludes the impact of the Changes, provides a clearer view of the Group's operating performance to shareholders and investors, facilitating a more accurate comparison of the Group's operating performance between the first half of 2024 and the first half of 2023. Specifically, the Changes are non-cash in nature and do not result in cash outflows. Moreover, given that the Company's obligation to redeem/repurchase its shares would expire or be terminated upon the completion of the Listing, the Group will not incur such losses after the Listing.

- The primary reason for the increase in the Changes compared to the same period last year is that, upon the Company's Listing, the redeemable preferred shares were automatically converted into ordinary shares of the Company, and the obligation to repurchase ordinary shares were terminated. Such conversion/termination has been disclosed on pages 215 and 216 of the Prospectus, specifically stating that "On the basis that (i) the consideration for the pre-IPO investments was settled more than 28 clear days before the Company filed its listing application; *(ii) the Redemption Rights were automatically terminated when the Company filed its listing application; and (iii) all other special rights granted to the pre-IPO investors have been terminated or will cease to be effective prior to the Listing*, the Joint Sponsors are of the view that the pre-IPO investments are in compliance with the Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange in December 2023."

- The potential impact of the Changes on the Group's financial performance after the Listing has been disclosed on pages 61 and 62 of the Prospectus: "The contingently redeemable preferred shares and ordinary shares are measured at their redemption prices under the worst-case scenario as of the end of each reporting period. Should we be required to revalue the contingently redeemable preferred shares and ordinary shares before listing, any changes in their carrying amounts could have a significant impact on our financial condition and performance. After the contingently redeemable preferred shares and ordinary shares automatically convert into equity upon listing, we do not expect to recognize further gains or losses from changes in the carrying amount of these contingently redeemable preferred shares and ordinary shares in the future."

- The Company is of the view that the increase in the Changes is primarily due to the accounting treatment related to the reclassification of the contingently redeemable preferred shares and ordinary shares to equity upon Listing and is not related to the Company's operations during the Reporting Period. While, the Company's interim results for 2024 have not been materially impacted by any special or significant factors related to its business operations. The operational and financial performance of each business segment generally aligns with the expectations of the Company and its investors.

- The Company understands that according to Rule 2.13 of the Listing Rules, any announcement required by the Listing Rules must be clearly stated, and the information contained therein must be accurate, complete in all material respects, and not misleading or deceptive. Given this, the Company believes that publishing a profit warning announcement solely regarding the Changes may prevent shareholders and investors from gaining a comprehensive understanding of the Company's operational performance in the first half of 2024, potentially leading to misinterpretations of the Company's performance.

Non-GAAP measures

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

We define "adjusted net (loss)/profit" (non-GAAP measure) as loss for the year from continuing operations excluding changes in the carrying amount of contingently redeemable preferred shares and ordinary shares, share-based compensation and listing expenses. We have made adjustments to the following items consistently during the reporting period:

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

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

- Listing expenses relating to the Global Offering.

The following table sets out a reconciliation of our non-GAAP financial measure for the six months ended June 30, 2024 and 2023:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Loss for the period		
Adjusted for:	**(578,756)**	(218,344)
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	**480,455**	250,024
Equity-settled share-based payment expenses	**13,487**	16,502
Listing expenses	**28,959**	7,599
Adjusted net (loss)/profit (non-GAAP measure)	**(55,855)**	55,781

Due to a decrease in revenue from the IP rights arrangements with Automotive Sub A, which has recognized RMB138.8 million revenue for the six months ended June 30, 2023, we recorded an adjusted net loss (non-GAAP measure) for the six months ended June 30, 2024 and recorded adjusted net profits (non-GAAP measure) in the corresponding period in 2023.

The adjusted net profit (a non-GAAP measure) for the six-month period ended June 30, 2023 was RMB55.8 million. The revenue of RMB138.8 million from the IP rights arrangements with Automotive Sub A was recognized in the first half of 2023, resulting in higher revenue and profit for the Group compared to the first half of 2024. Excluding such impact, the Group's revenue increased by 32.2% year-on-year compared to the first half of 2023. The Company disclosed an adjusted non-GAAP net loss of RMB83.0 million, which excludes the revenue from those IP rights arrangements with Automotive Sub A. Both figures are accurate, and the reconciliation between them is outlined below:

	Six months ended June 30, 2023 RMB in Million
Adjusted net profit (non-GAAP) for the period	55.8
Less: Profit from IP rights arrangements with Automotive Sub A	(138.8)
Adjusted net loss (non-GAAP) for the period excluding the IP rights arrangements impacts	(83.0)

Liquidity and financial resources

We have historically funded our cash requirements principally from capital contribution from shareholders and bank borrowings.

As at June 30, 2024, the Group had cash and cash equivalents amounting to approximately RMB385.9 million (December 31, 2023: approximately RMB144.3 million), representing an increase of approximately 167.4%. The Group has completed its Listing on April 24, 2024, and the proceeds from issuance of shares by initial public offering has led to a substantial increase in cash and cash equivalents.

BANK LOAN

During the six months ended June 30, 2024, the Group borrowed RMB20,000,000 from a bank at a fixed interest rate of 2.9% per annum for one year, which will be repaid in May 2025. The bank loan was unsecured and repayable within one year.

Gearing ratio

As of June 30, 2024, gearing ratio of the Group (total liabilities/total assets) reached 33.4%, which was much lower than gearing ratio of 1,114.5% as of December 31, 2023, mainly due to the proceeds from the initial public offering and the expiration of the redemption rights upon the Listing of the Company's shares.

Net current assets/(liabilities)

The Group recorded net current assets of approximately RMB467.4 million as at June 30, 2024, as compared with net current liabilities of approximately RMB4,121.2 million as at December 31, 2023. The current ratio, calculated by dividing the current assets by current liabilities, was approximately 3.3 as at June 30, 2024 (December 31, 2023: approximately 0.09). The net current liabilities as at December 31, 2023 are mainly composed of contingently redeemable preferred shares and ordinary shares. Redeemable preferred shares and ordinary shares issued by the Group were converted from liabilities to equity due to their automatic conversion into ordinary shares, so they had been converted from net liabilities to net assets after Listing.

Capital structure

The Company's capital comprises ordinary shares and reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations, bank facilities, and net proceeds from the initial public offering of the Company.

Contingent liabilities

As at June 30, 2024, the Group did not have any material contingent liabilities.

HUMAN RESOURCES

As at June 30, 2024, the Group had a total of over 300 full-time employees in the Mainland China, Hong Kong, China and other countries or regions. For the six months ended June 30, 2024, the total staff costs, including the directors' emoluments, amounted to RMB81.0 million.

The Group's emolument policies are formulated based on the performance and experience of employees and in line with the salary trends in the Mainland China, Hong Kong, China and other countries and regions. Other employee benefits include annual bonuses, insurance and medical coverage and share options. The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in share-based payment reserve. The fair value is measured at grant date using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based payment reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognized in the share-based payment reserve until either the option is exercised (when it is included in the amount recognized in share capital and share premium for the shares issued) or the option expires (when it is released directly to retained profits).

In terms of employee training, the Group has integrated a comprehensive approach tailored to developmental needs. This includes an ongoing commitment to new employee onboarding, deepening the cultivation of core workplace competencies, reinforcing our internal training team's capabilities, and vigorously supporting pivotal talent development programs. Additionally, the Group organize professional and vocational training sessions to broaden its employees' skill sets and enhance their overall competency.

FINANCIAL RISKS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to represent low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the remaining lease term and the period covered by the rental deposits.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses, participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, EUR, TWD, GBP, HKD, SGD and AUD. The impact of the foreign exchange risk is low, therefore no financial instruments for hedging purposes are considered necessary. To enhance overall risk management, the Group will continue to keep track of the foreign exchange risk and take prudent measures to mitigate exchange risk, and take appropriate action where necessary.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISTIONS AND DISPOSALS

The Group had no significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures from the Listing Date to June 30, 2024.

DIRECTORS

Since the Listing Date and up to the Latest Practicable Date, the Board comprised 2 executive Directors and 3 independent non-executive Directors, details of which are set out below:

Executive Directors:

Mr. Li Zhifei *(Chairman and chief executive officer)*
Ms. Li Yuanyuan *(chief operating officer)*

Independent non-executive Directors:

Mr. Chen Yilyu
Prof. Lu Yuanzhu
Mr. Yang Zhe

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

Prof. Lu Yuanzhu has been elected as the external supervisor of Wuxi Rural Commercial Bank Co.,Ltd (its shares are listed on the Shanghai Stock Exchange, stock code: 600908) on August 21, 2024.

Save as disclosed above, since the Listing Date and up to the Latest Practicable Date, the Directors confirmed that the relevant information has been disclosed in accordance with Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares and underlying shares[(1)]	Approximate percentage of shareholding[(2)]
Li Zhifei[(3)(4)]	Founder of a discretionary trust	375,862,577	25.03%
	Interest of concert parties	99,648,479	6.63%
	Beneficial owner	14,867,279	0.99%
Li Yuanyuan[(4)(5)]	Founder of a discretionary trust	42,505,195	2.83%
	Interest of concert parties	433,005,861	28.83%
	Beneficial owner	14,867,279	0.99%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 1,501,920,482 Shares in issue as of June 30, 2024.

(3) Mobvoi AGI Limited is held as to 99% by AGI Limited, which is wholly-owned by AGI Management Limited, and as to 1% by Mobvoi Limited, which is wholly-owned by Li Zhifei. AGI Management Limited is entirely held by Suntera Corporate Trustees (Hong Kong) Limited, the trustee of Li Zhifei Family Trust, which was established by Li Zhifei as the settlor and protector with Mobvoi Limited as the beneficiary. By virtue of the SFO, Li Zhifei is deemed to be interested in all the 375,862,577 Shares held by Mobvoi AGI Limited. On the other hand, as Li Zhifei, Li Yuanyuan and Lei Xin have been acting in concert since December 1, 2019, Li Zhifei, Mobvoi Limited, AGI Management Limited, AGI Limited and Mobvoi AGI Limited are deemed to be interested in all the 42,505,195 Shares and 42,276,005 Shares in which Li Yuanyuan and Lei Xin are interested, respectively.

(4) Each of Li Zhifei and Li Yuanyuan is entitled to receive up to 14,867,279 Shares pursuant to the options granted to him or her under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options. As Li Zhifei, Li Yuanyuan and Lei Xin have been acting in concert since December 1, 2019, Li Zhifei and Li Yuanyuan are deemed to be interested in the options granted to each other subscribe for a total of 29,734,558 Shares.

(5) CMWW AGI Limited is held as to 99% by Wen&Hui Limited, which is wholly-owned by W&H Management Limited, and as to 1% by CMWW Limited, which is wholly-owned by Li Yuanyuan. W&H Management Limited is entirely held by Suntera Corporate Trustees (Hong Kong) Limited, the trustee of Li Yuanyuan Family Trust, which was established by Li Yuanyuan as the settlor and protector with CMWW Limited as the beneficiary. By virtue of the SFO, Li Yuanyuan is deemed to be interested in all the 42,505,195 Shares held by CMWW AGI Limited. On the other hand, as Li Zhifei, Li Yuanyuan and Lei Xin have been acting in concert since December 1, 2019, Li Yuanyuan, CMWW Limited, W&H Management Limited, Wen&Hui Limited and CMWW AGI Limited are deemed to be interested in all the 375,862,577 Shares and 42,276,005 Shares in which Li Zhifei and Lei Xin are interested, respectively.

As of 30 June 2024, except as disclosed above, none of the Directors had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2024, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares(1)	Approximate percentage of shareholding(2)
Mobvoi Limited(3)(4)	Beneficiary of a discretionary trust	375,862,577	25.03%
	Interest of concert parties	114,515,758	7.62%
AGI Management Limited(3)(4)	Interest in controlled corporation	375,862,577	25.03%
	Interest of concert parties	114,515,758	7.62%
AGI Limited(3)(4)	Interest in controlled corporation	375,862,577	25.03%
	Interest of concert parties	114,515,758	7.62%
Mobvoi AGI Limited(3)(4)	Beneficial owner	375,862,577	25.03%
	Interest of concert parties	114,515,758	7.62%
CMWW Limited(4)(5)	Beneficiary of a discretionary trust	42,505,195	2.83%
	Interest of concert parties	447,873,140	29.82%
W&H Management Limited(4)(5)	Interest in controlled corporation	42,505,195	2.83%
	Interest of concert parties	447,873,140	29.82%

Name of Shareholder	Capacity/Nature of interest	Number of Shares[1]	Approximate percentage of shareholding[2]
Wen&Hui Limited[4][5]	Interest in controlled corporation Interest of concert parties	42,505,195 447,873,140	2.83% 29.82%
CMWW AGI Limited[4][5]	Beneficial owner Interest of concert parties	42,505,195 447,873,140	2.83% 29.82%
Lei Xin[4][6]	Interest in controlled corporation Interest of concert parties	42,276,005 448,102,330	2.81% 29.84%
Amberlei Limited[4][6]	Beneficial owner Interest of concert parties	42,276,005 448,102,330	2.81% 29.84%
Suntera Corporate Trustees (Hong Kong) Limited[3][5]	Trustee/Interest in controlled corporation	418,367,772	27.86%
SIG I[7]	Beneficial owner/Interest of concert parties	239,613,768	15.95%
SIG III[7]	Beneficial owner/Interest of concert parties	239,613,768	15.95%
Google[8]	Beneficial owner	186,593,844	12.42%
Shen Nan Peng[9]	Interest in controlled corporation	196,797,163	13.10%
SNP China Enterprises Limited[9]	Interest in controlled corporation	196,797,163	13.10%
HSG Holding Limited[9]	Interest in controlled corporation	196,797,163	13.10%
HSG Venture IV Management, L.P.[9]	Interest in controlled corporation	153,683,583	10.23%
HongShan Capital Venture Fund IV, L.P.[9]	Interest in controlled corporation	153,683,583	10.23%
HSG CV IV Senior Holdco, Ltd.[9]	Interest in controlled corporation	153,683,583	10.23%
HSG CV IV Holdco, Ltd.[9]	Beneficial owner	153,683,583	10.23%
Goertek (HongKong) Co., Limited[10]	Beneficial owner	141,053,024	9.39%
Weifang Goertek Trading Co., Ltd.[10]	Interest in controlled corporation	141,053,024	9.39%
Goertek Inc.[10]	Interest in controlled corporation	141,053,024	9.39%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 1,501,920,482 Shares in issue as of June 30, 2024.

(3) Mobvoi AGI Limited is held as to 99% by AGI Limited, which is wholly-owned by AGI Management Limited, and as to 1% by Mobvoi Limited, which is wholly-owned by Li Zhifei. AGI Management Limited is entirely held by Suntera Corporate Trustees (Hong Kong) Limited, the trustee of Li Zhifei Family Trust, which was established by Li Zhifei as the settlor and protector with Mobvoi Limited as the beneficiary. By virtue of the SFO, Li Zhifei is deemed to be interested in all the 375,862,577 Shares held by Mobvoi AGI Limited. On the other hand, as Li Zhifei, Li Yuanyuan and Lei Xin have been acting in concert since December 1, 2019, Li Zhifei, Mobvoi Limited, AGI Management Limited, AGI Limited and Mobvoi AGI Limited are deemed to be interested in all the 42,505,195 Shares and 42,276,005 Shares in which Li Yuanyuan and Lei Xin are interested, respectively.

(4) Each of Li Zhifei and Li Yuanyuan is entitled to receive up to 14,867,279 Shares pursuant to the options granted to him or her under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options. As Li Zhifei, Li Yuanyuan and Lei Xin have been acting in concert since December 1, 2019, by virtue of the SFO, each of Li Zhifei, Li Yuanyuan, Lei Xin, Mobvoi Limited, AGI Management Limited, AGI Limited, Mobvoi AGI Limited, CMWW Limited, W&H Management Limited, Wen&Hui Limited, CMWW AGI Limited and Amberlei Limited is deemed to be interested in all the options granted to Li Zhifei and Li Yuanyuan to subscribe for a total of 29,734,558 Shares.

(5) CMWW AGI Limited is held as to 99% by Wen&Hui Limited, which is wholly-owned by W&H Management Limited, and as to 1% by CMWW Limited, which is wholly-owned by Li Yuanyuan. W&H Management Limited is entirely held by Suntera Corporate Trustees (Hong Kong) Limited, the trustee of Li Yuanyuan Family Trust, which was established by Li Yuanyuan as the settlor and protector with CMWW Limited as the beneficiary. By virtue of the SFO, Li Yuanyuan is deemed to be interested in all the 42,505,195 Shares held by CMWW AGI Limited. On the other hand, as Li Zhifei, Li Yuanyuan and Lei Xin have been acting in concert since December 1, 2019, Li Yuanyuan, CMWW Limited, W&H Management Limited, Wen&Hui Limited and CMWW AGI Limited are deemed to be interested in all the 375,862,577 Shares and 42,276,005 Shares in which Li Zhifei and Lei Xin are interested, respectively.

(6) Amberlei Limited is beneficially owned as to 100% by Lei Xin. By virtue of the SFO, Lei Xin is deemed to be interested in all the Shares held by Amberlei Limited. By virtue of the SFO, as Li Zhifei, Li Yuanyuan and Lei Xin have been acting in concert since December 1, 2019, Lei Xin and Amberlei Limited are deemed to be interested in all the 375,862,577 Shares and 42,505,195 Shares in which Li Zhifei and Li Yuanyuan are interested, respectively.

(7) Each of SIG I and SIG III is a Delaware limited liability limited partnership. SIG I was established on January 10, 2018. SIG III was incorporated on January 10, 2012. As of June 30, 2024, SIG Pacific Holdings, LLLP was the limited partner, holding 80% of the partnership interest in each of SIG I and SIG III. SIG Global Investments GP, LLC was the general partner of SIG I, holding 20% of the partnership interest of SIG I. SIG China Investments GP, LLC was the general partner of SIG III, holding 20% of the partnership interest of SIG III. SIG Asia Investment, LLLP, a Delaware limited liability limited partnership, is the investment manager of both SIG I and SIG III. Heights Capital Management, Inc., a Delaware Corporation, is the investment manager of SIG Asia Investment, LLLP. Each of SIG I, SIG III, SIG Pacific Holdings, LLLP and SIG China Investments GP, LLC is ultimately beneficially owned by Mr. Jeffrey Yass, an Independent Third Party who is a US citizen. SIG I and SIG III have been acting in concert with each other and by virtue of SFO, SIG I and SIG III are deemed to be interested in the Shares held by each other.

(8) Google is a wholly-owned indirect subsidiary of Alphabet Inc., a company listed on NASDAQ (stock code: GOOGL).

(9) HSG CV IV Holdco, Ltd. is wholly owned by HSG CV IV Senior Holdco, Ltd. which in turn wholly owned by HongShan Capital Venture Fund IV, L.P. The general partner of HongShan Capital Venture Fund IV, L.P. is HSG Venture IV Management, L.P., whose general partner is HSG Holding Limited. Zhen Partners Fund I, L.P. is ultimately controlled by HSG Holding Limited. HSG Holding Limited is wholly owned by SNP China Enterprises Limited which in turn wholly owned by Shen Nan Peng. By virtue of SFO, Shen Nan Peng is deemed to be interested in all the Shares held by HSG CV IV Holdco, Ltd. and Zhen Partners Fund I, L.P.

(10) Goertek (HongKong) Co., Limited is beneficially owned as to 100% by Weifang Goertek Trading Co., Ltd., which is in turn beneficially owned as to 100% by Goertek Inc. By virtue of SFO, each of Weifang Goertek Trading Co., Ltd. and Goertek Inc. is deemed to be interested in all the Shares held by Goertek (HongKong) Co., Limited.

As of June 30, 2024, except as disclosed above, our Directors are not aware of any person who (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE INCENTIVE SCHEMES

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on October 19, 2015. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as no option will be granted under the Pre-IPO Share Option Scheme after the Listing. The purpose of the Pre-IPO Share Option Scheme is to reward the participants for their contributions in the development of the Group, and to encourage them to contribute to the growth and development of the Company for the benefit of the Company and its Shareholders as a whole. Persons eligible to participate in the Pre-IPO Option Scheme include Directors, employees, officers and consultants of the Group and other individuals, as determined, authorized and approved by the Board or a committee authorized by the Board. For details of the Pre-IPO Share Option Scheme, please refer to "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 1. Pre-IPO Share Option Scheme" in the Prospectus and the announcement of the Company dated June 14, 2024.

The aggregate maximum number of Shares underlying the options approved under the Pre-IPO Share Option Scheme is 195,974,805 ordinary Shares. Options underlying an aggregate of 151,825,003 ordinary Shares had been granted before the Listing and no further options would be granted under the Pre-IPO Share Option Scheme after the Listing.

As of June 30, 2024, options to 275 selected participants under the Pre-IPO Share Option Scheme with an aggregate of 149,604,495 ordinary Shares underlying such options were outstanding, representing 9.96% of the total number of issued Shares of the Company. No consideration is paid for the grant of such options. The Company will not grant additional options under the Pre-IPO Share Option Scheme. In accordance with Rule 10.08 of the Listing Rules, no new Shares will be issued under the Pre-IPO Share Option Scheme within six months from April 24, 2024, being the date of the Listing. From the Listing Date and up to June 30, 2024, no Shares underlying the options granted pursuant to the Pre-IPO Share Option Scheme had been allotted and issued by the Company.

The following table sets out details of the movements in the options granted to the grantees under the Pre-IPO Share Option Scheme which were outstanding from Listing Date to the end of the Reporting Period:

Category/ Name of grantees	Number of Shares underlying the options outstanding as of the Listing Date	Vesting period (Note 2)	Date of grant	Exercise price (US$)	Exercise period	Number of Shares underlying the options outstanding as of the end of the Reporting Period	Number of Shares underlying the options lapsed from Listing Date to the end of the Reporting Period	Number of Shares underlying the options cancelled from Listing Date to the end of the Reporting Period
Director								
Li Zhifei	6,852,778	4 years	November 1, 2015	0.0600	Note 1	6,852,778	0	0
	8,014,501	4 years	April 1, 2023	0.1200	Note 1	8,014,501	0	0
Li Yuanyuan	6,852,778	4 years	November 1, 2015	0.0600	Note 1	6,852,778	0	0
	8,014,501	4 years	April 1, 2023	0.1200	Note 1	8,014,501	0	0
Other grantees	122,090,445	3–4 years	From October 19, 2015 to April 1, 2023	0.0045–0.1200	Note 1	119,869,937	2,220,508	0
Total	**151,825,003**					**149,604,495**	**2,220,508**	**0**

Note 1: The exercise period of the options granted to the grantees shall be 10 years from respective the date of grant of the relevant options.

Note 2: The options under the Pre-IPO Share Option Scheme are generally vested over a period of four years commencing from the designated vesting commencement date with each 25% of the underlying Shares vested at each anniversary of the designated vesting commencement date.

Post-IPO RSU Scheme

On March 30, 2024, the Company conditionally approved and adopted the Post-IPO RSU Scheme by resolutions of the Shareholders, with its terms in compliance with the provisions of Chapter 17 of the Listing Rules. The purposes of the Post-IPO RSU Scheme are: (i) to provide the selected participants with an opportunity to acquire a proprietary interest in the Company; (ii) to encourage and retain such individuals to work with our Group; (iii) to provide additional incentive for them to achieve performance goals; (iv) to attract suitable personnel for further development of our Group; and (v) to motivate the selected participants to maximize the value of our Company for the benefits of both the selected participants and our Company, with a view to achieving the objectives of increasing the value of our Company and aligning the interests of the selected participants directly with the Shareholders through ownership of Shares. For details of the Post-IPO RSU Scheme, please refer to "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 2. Post-IPO RSU Scheme" in the Prospectus.

From the Listing Date and up to June 30, 2024, no award of Shares ("**Award Shares**") had been granted under the Post-IPO RSU Scheme.

As of the Listing Date and June 30, 2024, the number of Award Shares available for grant under the scheme mandate of the Post-IPO RSU Scheme remains unchanged, being 82,605,626 Shares. As of the Listing Date and June 30, 2024, the number of Award Shares available for grant under the service providers sublimit of the Post-IPO RSU Scheme remains unchanged, being 7,509,602 Shares.

The total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the Reporting Period was 14.15%.

INTERIM DIVIDEND

After due consideration of the long-term interests of the Shareholders and the Company, the Board does not recommend the payment of any interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB Nil).

CORPORATE GOVERNANCE

Since the Company was listed on the Stock Exchange on April 24, 2024, the CG Code set out in Appendix C1 to the Listing Rules was not applicable to the Company prior to the Listing Date.

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. After Listing, the Company has adopted the CG Code as its own code of corporate governance. Save as disclosed below, the Company has been in compliance with all applicable code provisions under the CG Code for the period from the Listing Date to the Latest Practicable Date. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the code provisions under the CG Code.

Pursuant to code provision C.2.1 in the CG Code, the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual. Dr. Li Zhifei is serving as the chairman of the Board as well as the chief executive officer of our Company. As Dr. Li Zhifei has been managing our Group's business and overall strategic planning for several years, our Directors consider that vesting the roles of chairman and chief executive officer in Dr. Li Zhifei is beneficial to the business prospects and management of our Group by ensuring consistent leadership within our Group. Taking into account all the corporate governance measures implemented by the Group, our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Accordingly, our Company had not segregated the roles of its chairman and chief executive officer. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at an appropriate time if necessary, taking into account the circumstances of our Group as a whole.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) from the Listing Date to June 30, 2024. As at June 30, 2024, there is no treasury shares held by the Company.

COMPLIANCE WITH MODEL CODE OF LISTING RULES

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Directors. Prior to the Listing on April 24, 2024, the Model Code was not applicable to the Company. Having made specific enquiry with all Directors, each Director has confirmed his/her compliance with the Model Code from the Listing Date to the Latest Practicable Date.

SUBSEQUENT EVENTS

On July 22, 2024, the Group subscribed for a wealth management product with a subscription amount of US$8,877,000 (equivalent to approximately RMB63,324,000). For details, please refer to the announcement of the Company dated July 22, 2024.

Save as disclosed above, there are no significant events after June 30, 2024 and up to the Latest Practicable Date that would have a material impact on the operating and financial performance of the Group.

Other Information

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On April 24, 2024, the Company's Shares were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering of the Company (including the partial exercise of the over-allotment option as disclosed in the announcement of the Company dated April 23, 2024) amounted to approximately HK$290.2 million (after deduction of the underwriting fees and commissions and the related costs and expenses). The Company intends to utilize such net proceeds in accordance with the purposes set out in the Prospectus. The following table sets out the utilization of the net proceeds of the Global Offering by the Company and the planned timetable as of June 30, 2024:

	Approximate percentage of total net proceeds from the Global Offering	Net proceeds from the Global Offering	Total net proceeds from the Global Offering utilized as of June 30, 2024	Remaining net proceeds from the Global Offering as of June 30, 2024	Expected timetable of full utilization of the remaining net proceeds from the Global Offering
	%	HK$ in millions	HK$ in millions	HK$ in millions	
Development of our multi-modal large language model	44.3%	128.6	13.9	114.7	By the end of 2026
Solution development and marketing	35.7%	103.6	28.9	74.7	By the end of 2026
Pursuing potential strategic alliances, investments and acquisitions	10.0%	29.0	0.0	29.0	By April 2027
Working capital and general corporate purposes	10.0%	29.0	5.6	23.4	By the end of 2026
Total	**100.0%**	**290.2**	**48.4**	**241.8**	

Notes:

1. The difference between the net proceeds from the Global Offering and the information disclosed in the Prospectus and the announcement of the Company dated April 23, 2024 is due to the adjustment based on the actual issuance expenses.

2. Net proceeds from the Global Offering utilized as of June 30, 2024 translated using the average exchange rate for the six months ended June 30, 2024.

3. The expected timetable is made based on the Company's current best estimates of future market conditions and business operations and is subject to change in the light of future market developments and actual business needs.

AUDIT COMMITTEE

The unaudited consolidated results of the Group for the six months ended June 30, 2024 have not been reviewed by the external auditor but have been reviewed by the Company's Audit Committee, comprising three independent non-executive Directors, namely Mr. Chen Yilyu (chairman of the Audit Committee), Prof. Lu Yuanzhu and Mr. Yang Zhe.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED JUNE 30, 2024 — UNAUDITED
(EXPRESSED IN RENMINBI ("**RMB**"))

	Note	Six months ended June 30, 2024 RMB'000	2023 RMB'000
Revenue	3	**162,670**	261,763
Cost of sales		**(57,364)**	(64,696)
Gross profit		**105,306**	197,067
Research and development expenses		**(55,814)**	(72,620)
Selling and marketing expenses		**(91,291)**	(59,927)
Administrative expenses		**(55,881)**	(44,123)
Other income and loss, net		**(694)**	12,279
Reversal of impairment losses recognized on trade receivables		**255**	140
(Loss)/profit from operations		**(98,119)**	32,816
Finance costs	4(a)	**(171)**	(167)
Gain on disposal of subsidiaries		**—**	773
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	20	**(480,455)**	(250,024)
Loss before taxation	4	**(578,745)**	(216,602)
Income tax	5	**(11)**	(1,742)
Loss for the period		**(578,756)**	(218,344)

The notes on pages 36 to 57 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED JUNE 30, 2024 — UNAUDITED
(EXPRESSED IN RENMINBI ("**RMB**"))

	Note	Six months ended June 30, 2024 RMB'000	2023 RMB'000
Other comprehensive income for the period (after tax):			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements		**(3,206)**	(88,445)
Items that may be reclassified subsequently to profit or loss:			
Change in the fair value of financial assets measured at fair value through other comprehensive income		**(375)**	—
Exchange differences on translation of financial statements of overseas subsidiaries		**(2,047)**	(50,872)
Other comprehensive income for the period		**(5,628)**	(139,317)
Total comprehensive income for the period attributable to equity shareholders of the Company		**(584,384)**	(357,661)
Loss per share	6		
Basic and diluted (RMB)		**(0.55)**	(0.30)

The notes on pages 36 to 57 form part of this interim financial report.

Consolidated Statement of Financial Position

AT JUNE 30, 2024 — UNAUDITED
(EXPRESSED IN RMB)

	Note	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Non-current assets			
Property, plant and equipment	7	**3,170**	2,343
Right-of-use assets	8	**10,748**	3,293
Intangible assets		**4,053**	5,291
		17,971	10,927
Current assets			
Inventories	9	**90,360**	66,734
Trade receivables	10	**31,412**	57,981
Prepayments, deposits and other receivables	11	**79,598**	44,484
Financial assets measured at fair value through profit or loss	12	**30,822**	34,844
Financial assets measured at fair value through other comprehensive income	13	**47,647**	47,066
Time and restricted deposits	14	**766**	780
Cash and cash equivalents	15	**385,884**	144,324
		666,489	396,213
Current liabilities			
Trade payables	16	**36,047**	24,552
Other payables and accruals	17	**54,157**	63,312
Contract liabilities	18	**62,324**	53,131
Bank loan	19	**20,000**	—
Lease liabilities		**3,273**	3,148
Contingently redeemable preferred shares and ordinary shares	20	**—**	4,353,833
Current taxation		**983**	975
Warranty provisions	21	**18,540**	18,479
Other current liabilities		**3,781**	—
		199,105	4,517,430
Net current assets/(liabilities)		**467,384**	(4,121,217)
Total assets less current liabilities		**485,355**	(4,110,290)

The notes on pages 36 to 57 form part of this interim financial report.

Consolidated Statement of Financial Position

AT JUNE 30, 2024 — UNAUDITED
(EXPRESSED IN RMB)

	Note	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Non-current liabilities			
Lease liabilities		**7,892**	313
Other non-current liabilities		**21,785**	19,738
		29,677	20,051
NET ASSETS/(LIABILITIES)		**455,678**	(4,130,341)
CAPITAL AND RESERVES	22		
Share capital		**494**	138
Reserves		**455,184**	(4,130,479)
TOTAL EQUITY/(DEFICIT) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**455,678**	(4,130,341)

The notes on pages 36 to 57 form part of this interim financial report.

Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED JUNE 30, 2024 — UNAUDITED
(EXPRESSED IN RMB)

	Attributable to equity shareholders of the Company							
	Share capital RMB'000 Note 22(a)	Share premium RMB'000 Note 22(b)(i)	Capital reserve RMB'000 Note 22(b)(ii)	Share-based payments reserve RMB'000 Note 22(b)(iii)	Exchange reserve RMB'000 Note 22(b)(iv)	Other reserve RMB'000 Note 22(b)(v)	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2023	138	–	(662,937)	77,422	(153,170)	–	(2,566,049)	(3,304,596)
Changes in equity for the six months ended June 30, 2023:								
Loss for the period	–	–	–	–	–	–	(218,344)	(218,344)
Other comprehensive income	–	–	–	–	(139,317)	–	–	(139,317)
Total comprehensive income	–	–	–	–	(139,317)	–	(218,344)	(357,661)
Equity settled share-based transactions	–	–	–	16,502	–	–	–	16,502
Balance at June 30, 2023	138	–	(662,937)	93,924	(292,487)	–	(2,784,393)	(3,645,755)

The notes on pages 36 to 57 form part of this interim financial report.

Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED JUNE 30, 2024 — UNAUDITED
(EXPRESSED IN RMB)

	Attributable to equity shareholders of the Company							
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000 Note 22(a)	Share-based payments reserve RMB'000 Note 22(b)(i)	Exchange reserve RMB'000 Note 22(b)(ii)	Other reserve RMB'000 Note 22(b)(iii)	Accumulated losses RMB'000 Note 22(b)(iv)	Total RMB'000 Note 22(b)(v)
Balance at January 1, 2024	138	–	(662,937)	119,120	(219,794)	1,783	(3,368,651)	(4,130,341)
Changes in equity for the six months ended June 30, 2024:								
Loss for the period	–	–	–	–	–	–	(578,756)	(578,756)
Other comprehensive income	–	–	–	–	(5,253)	(375)	–	(5,628)
Total comprehensive income	–	–	–	–	(5,253)	(375)	(578,756)	(584,384)
Equity settled share-based transactions	–	–	–	13,487	–	–	–	13,487
Termination of the Company's contractual obligation to repurchase ordinary shares	94	–	2,158,496	–	–	–	–	2,158,590
Conversion of contingently redeemable preferred shares to ordinary shares	229	551,417	2,137,660	–	–	–	–	2,689,306
Issuance of ordinary shares by initial public offering and over-allotment option	33	308,987	–	–	–	–	–	309,020
Balance at June 30, 2024	494	860,404	3,633,219	132,607	(225,047)	1,408	(3,947,407)	455,678

The notes on pages 36 to 57 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED JUNE 30, 2024 — UNAUDITED
(EXPRESSED IN RMB)

	Note	Six months ended June 30, 2024 RMB'000	2023 RMB'000
Operating activities			
Cash (used in)/generated from operations		**(49,170)**	136,454
Tax paid		**(4)**	(1,709)
Net cash (used in)/generated from operating activities		**(49,174)**	134,745
Investing activities			
Payment for the purchase of property, plant and equipment and intangible assets		**(3,622)**	(1,642)
Proceeds from sale of property, plant and equipment		**203**	24
Net increase in deposits with banks		**—**	(25,842)
Loans to third parties		**(45,299)**	—
Loans repaid by third parties		**11,127**	—
Interest and investment income received		**4,424**	936
Disposal of a subsidiary, net of cash disposed		**—**	(2,793)
Investment in an unlisted equity securities		**(10,690)**	—
Payment for purchase of financial assets		**(122,154)**	(30,000)
Proceeds from sale of financial assets		**131,605**	119,275
Net cash (used in)/generated from investing activities		**(34,406)**	59,958
Financing activities			
Proceeds from issuance of shares by initial public offering, net of share issuance expenses		**306,864**	(10,021)
Proceeds from new bank loan		**20,000**	—
Repayment of bank loans		**—**	(20,000)
Capital element of lease rentals paid		**(2,968)**	(3,484)
Interest element of lease rentals paid		**(111)**	(148)
Borrowing costs paid		**(60)**	(19)
Net cash generated from/(used in) financing activities		**323,725**	(33,672)
Net increase in cash and cash equivalents		**240,145**	161,031
Cash and cash equivalents at January 1		**144,324**	40,250
Effect of foreign exchange rate changes		**1,415**	1,517
Cash and cash equivalents at June 30	15	**385,884**	202,798

The notes on pages 36 to 57 form part of this interim financial report.

1 BASIS OF PREPARATION

Mobvoi Inc. (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands on August 31, 2012. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on April 24, 2024 (the "**Listing**"). The Company is an investment holding company. The Company and its subsidiaries, (together, the "**Group**") are principally engaged in rendering of Artificial Intelligence ("**AI**") software solutions and sale of smart devices and other accessories to enterprise and individual customers.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorized for issue on August 23, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards as issued by the IASB.

The financial information relating to the financial year ended December 31, 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("**2020 amendments**")*
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("**2022 amendments**")*
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 1, *Presentation of financial statements ("2020 and 2022 amendments", or collectively the "IAS 1 amendments")*

The IAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this interim financial report.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are providing Artificial Intelligence ("**AI**") Software Solutions and sale of Smart Devices and Other Accessories. AI Software Solutions mainly include making use of AI technologies to assist users in content generation ("**AIGC solutions**") and innovative full-stack AI solutions to enterprise customers ("**AI enterprise solutions**"). Smart Devices and Other Accessories include the sale of smart devices. Further details regarding the Group's principal activities are disclosed in Note 3(b).

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Revenue *(Continued)*

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
AI Software Solutions		
— AIGC solutions	**92,301**	41,246
— AI enterprise solutions	**10,724**	162,653
Smart Devices and Other Accessories	**59,645**	57,864
	162,670	261,763

(b) Segment reporting

The Group manages its businesses by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("**CODM**") for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- AI Software Solutions: this segment includes AI enterprise solutions and AIGC solutions.

  AI enterprise solutions: this segment includes innovative full-stack AI-based solutions primarily to enterprise customers; and

  AIGC solutions: this segment includes the use of AI technologies to assist users to generate content.

- Smart Devices and Other Accessories: this segment includes the sale of smart devices.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the periods ended June 30, 2024 and 2023 is set out below.

	Six months ended June 30, 2024			
	AI software solutions		**Smart Devices and Other Accessories**	
	AIGC solutions RMB'000	**AI enterprise solutions RMB'000**	**RMB'000**	**Total RMB'000**
Disaggregated by timing of revenue recognition				
Point in time	**15,074**	**7,622**	**59,645**	**82,341**
Over time	**77,227**	**3,102**	**—**	**80,329**
Revenue from external customers and reportable segment revenue	**92,301**	**10,724**	**59,645**	**162,670**
Reportable segment gross profit	**82,800**	**3,595**	**18,911**	**105,306**

	Six months ended June 30, 2023			
	AI software solutions		Smart Devices and Other Accessories	
	AIGC solutions RMB'000	AI enterprise solutions RMB'000	RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition				
Point in time	3,618	154,820	57,864	216,302
Over time	37,628	7,833	—	45,461
Revenue from external customers and reportable segment revenue	41,246	162,653	57,864	261,763
Reportable segment gross profit	37,640	149,820	9,607	197,067

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Reconciliations of reportable segment results

	Six months ended June 30, 2024 RMB'000	2023 RMB'000
Reportable segment adjusted gross profit	**105,306**	197,067
Research and development expenses	**(55,814)**	(72,620)
Selling and marketing expenses	**(91,291)**	(59,927)
Administrative expenses	**(55,881)**	(44,123)
Other income and loss, net	**(694)**	12,279
Impairment losses recognized on trade receivables	**255**	140
Finance costs	**(171)**	(167)
Gain on disposal of subsidiaries	**—**	773
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	**(480,455)**	(250,024)
Loss before taxation	**(578,745)**	(216,602)

(ii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	Revenues from external customers Six months ended June 30, 2024 RMB'000	2023 RMB'000
Mainland China	**91,935**	193,247
The United States	**8,917**	18,094
Other countries or regions	**61,818**	50,422
	162,670	261,763

4 LOSS BEFORE TAXATION

(a) Finance costs

	Six months ended June 30, 2024 RMB'000	2023 RMB'000
Interest on bank loans	**71**	19
Interest on lease liabilities	**100**	148
	171	167

4 LOSS BEFORE TAXATION *(Continued)*

(b) Staff costs

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Salaries, wages and other benefits	**67,502**	87,557
Equity-settled share-based payment expenses	**13,487**	16,502
	80,989	104,059

(c) Other items

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Depreciation charge		
— property, plant and equipment	**721**	284
— right-of-use assets	**3,217**	3,363
Amortization cost of intangible assets	**1,579**	1,301
Reversal of impairment losses recognized		
— trade receivables	**(255)**	(140)
Listing expenses	**28,959**	7,599
Increase in warranty	**61**	275

5 INCOME TAX

Taxation in the consolidated statements of profit or loss and other comprehensive income represent:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Current tax		
Provision for the period	**11**	1,742

Notes:

(i) Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise ("**the HNTE**") is entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis.

Beijing Yushanzhi Information Technology Company Limited and Wenwen Smart Information Technology Company Limited qualify as an HNTE and is entitled for a preferential tax rate of 15% from 2020 to 2025. Mobvoi Information Technology Company Limited qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2024 to 2026. Mobvoi Innovation Technology Company Limited qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2022 to 2024. In addition to the preferential PRC Corporate Income Tax rate, these subsidiaries are also entitled to an additional tax deduction allowance calculated at 100% of their qualified research and development costs incurred in corresponding period, other subsidiaries are entitled to an additional tax deductible allowance calculated at 100% of qualified research and development costs incurred from October 1, 2022.

5 INCOME TAX *(Continued)*

Notes: (Continued)

(i) (Continued)

All other PRC subsidiaries of the Group are subject to the statutory enterprise income tax rate of 25%.

(ii) The Company was incorporated in the Cayman Islands, and it is tax exempted under the tax laws of the Cayman Islands.

(iii) The provision for Hong Kong Profits Tax for the reporting period is calculated at 16.5% of the estimated assessable profits for the period, except for one subsidiary of the Group which is under the two-tiered profits tax rate regime, i.e. the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

(iv) Mobvoi US, LLC is a Washington corporation that is subject to U.S. corporate income tax on its taxable income at a rate of up to 24.53% for the reporting period.

(v) Mobvoi Taiwan Corporation is a Taipei corporation that is subject to corporate income tax of Taiwan on its taxable income at a rate of up to 20% for the reporting period.

6 LOSS PER SHARE

(a) Basic and diluted loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB578,756,000 (six months ended June 30, 2023: RMB218,344,000) and the weighted average of 1,057,551,000 ordinary shares (2023: 736,698,000 ordinary shares) deemed to be in issue during the interim period, calculated as follows:

Notwithstanding that most of the issued ordinary shares are classified as puttable financial instruments and the Company's obligation to redeem those ordinary shares give rise to a financial liability until the ninth amended and restated memorandum and articles of association of the Company becomes effective on the date of Listing (Note 20), the calculation of weighted average number of ordinary shares was determined based on all issued ordinary shares (including those that give rise to a financial liability) as all of these ordinary shares are of the same class having the same rights to receive dividends.

Weighted average number of ordinary shares

	Six months ended June 30,	
	2024	2023
	No. of shares	No. of shares
	'000	'000
Issued ordinary shares at January 1	**736,698**	736,698
Effect of conversion of contingently redeemable preferred shares to ordinary shares	**287,315**	—
Effect of ordinary shares issued by initial public offering and over-allotment option	**33,538**	—
Weighted average number of ordinary shares at June 30	**1,057,551**	736,698

For the six months ended June 30, 2024 and 2023, the contingently redeemable preferred shares (Note 20) and share options issued under the Company's share option scheme were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2024 and 2023 are the same as basic loss per share for the respective periods.

6 LOSS PER SHARE *(Continued)*

(b) Adjusted basic and diluted loss per share

As disclosed in Note 20, the changes in the carrying amount of the financial liability arising from the Company's obligation to redeem those ordinary shares classified as puttable financial instruments is recognised in profit or loss. Consistent with treating all issued ordinary shares (including those that give rise to a financial liability) as outstanding and included in the calculation of weighted average number of ordinary shares above, the following additional information is provided to adjust for the changes in the carrying amount of the above-mentioned financial liability in arriving at the "adjusted loss attributable to ordinary equity shareholders of the Company":

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Loss attributable to ordinary equity shareholders of the Company	**(578,756)**	(218,344)
Changes in the carrying amount of contingently redeemable ordinary shares	**260,074**	110,860
Adjusted loss attributable to ordinary equity shareholders of the Company	**(318,682)**	(107,484)

	Six months ended June 30,	
	2024	2023
Basic and diluted loss per share excluding changes in the carrying amount of contingently redeemable ordinary shares (RMB)	**(0.30)**	(0.15)

The denominators used in the calculation of adjusted basic and diluted loss per share for the period ended June 30, 2024 and 2023 are the same as those detailed in the calculation of basic and diluted loss per share.

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2024, the Group acquired items of property, plant and equipment with a cost of RMB1,628,000 (six months ended June 30, 2023: RMB394,000). Items with a net book value of RMB78,000 were disposed of during the six months ended June 30, 2024 (six months ended June 30, 2023: RMB24,000), resulting in a gain on disposal of RMB125,000 (six months ended June 30, 2023: RMB500).

8 RIGHT-OF-USE ASSETS

During the six months ended June 30, 2024, the Group recognized the additions to right-of-use assets of RMB10,672,000 (six months ended June 30, 2023: RMB108,000).

9 INVENTORIES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Finished goods	**97,549**	87,397
Raw materials	**8,276**	9,041
	105,825	96,438
Less: write down of inventories	**(15,465)**	(29,704)
	90,360	66,734

	Six months ended June 30, 2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	**32,139**	35,296
Write down of inventories	**1,305**	13,825
	33,444	49,121

10 TRADE RECEIVABLES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Amounts due from third parties	**42,443**	69,266
Less: loss allowance	**(11,031)**	(11,285)
Trade receivables, net	**31,412**	57,981

All of the trade receivables are expected to be recovered or recognized as expense within one year.

10 TRADE RECEIVABLES *(Continued)*

Aging analysis

As at the end of each reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Within 90 days	**29,274**	56,592
90–360 days	**2,138**	1,389
	31,412	57,981

Trade receivables are generally due within 90 days from the invoice date.

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Prepayments for:		
— Commissioned processing fee and inventory	**2,423**	1,912
— Service fees	**4,656**	4,133
— Costs incurred in connection with the proposed listing of the Company's shares *(Note (i))*	**—**	1,666
	7,079	7,711
Loan to a third party	**19,955**	—
Deductible input VAT	**11,951**	9,321
Refundable VAT for export sales	**16,411**	17,637
Deposits	**5,204**	4,083
Due from a related party	**4,971**	4,971
Others	**14,081**	815
	72,573	36,827
Less: loss allowance	**(54)**	(54)
	72,519	36,773
	79,598	44,484

Note:

(i) The balances were transferred to the share premium account within equity upon the Listing of the Company's shares on the Stock Exchange.

12 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Other investment in equity securities *(Note (i))*	**30,822**	34,844

Note:

(i) As at June 30, 2024 and December 31, 2023, the other investment in equity securities represented the minority investment in Geekstar Technology Development (Cayman) Co., Ltd. (the "**Geekstar**") held by the Company.

13 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Investment in unlisted equity securities	**10,690**	—
Certificates of deposit	**36,957**	47,066
	47,647	47,066

14 TIME AND RESTRICTED DEPOSITS

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Time deposits with original maturity over 3 months	**760**	774
Other restricted deposits	**6**	6
	766	780

15 CASH AND CASH EQUIVALENTS

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Cash at bank	**33,268**	31,001
Time deposits and highly liquid investments with initial terms within three months *(Note (i))*	**289,348**	113,323
Deposits with other financial institutions *(Note(ii))*	**63,268**	—
	385,884	144,324

Notes:

(i) As at June 30, 2024 and December 31, 2023, time deposits and highly liquid investments with initial terms within three months represented bank deposits with original maturities within three months and redeemable on maturity.

(ii) As at June 30, 2024, deposits with other financial institutions represented deposits held in securities trading accounts for the purpose of the Group's securities investment.

16 TRADE PAYABLES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Trade payables due to a related party	**2,594**	—
Trade payables due to third parties	**33,453**	24,552
	36,047	24,552

As at the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Within one year or on demand	**36,047**	24,552

17 OTHER PAYABLES AND ACCRUALS

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Payables for services	**9,996**	6,602
Payables for advertising	**5,269**	8,851
Payables for research and development related costs	**138**	1,402
Others	**875**	2,417
Financial liabilities measured at amortized cost	**16,278**	19,272
Payroll and welfare payable	**9,648**	18,005
Other tax payables	**28,231**	26,035
	54,157	63,312

18 CONTRACT LIABILITIES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Disaggregated by major products or service lines		
AI Software Solutions		
— AIGC Solutions	**81,545**	66,729
— AI enterprise solutions	**718**	4,985
Smart Devices and Other Accessories	**679**	1,155
	82,942	72,869
Less: non-current portion	**(20,618)**	(19,738)
	62,324	53,131

19 BANK LOAN

At June 30, 2024, the bank loan was unsecured and repayable within one year.

During the six months ended June 30, 2024, the Group borrowed RMB20,000,000 from a bank at a fixed interest rate of 2.9% per annum for one year which will be repaid in May 2025.

20 CONTINGENTLY REDEEMABLE PREFERRED SHARES AND ORDINARY SHARES

The Group and the Company

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Contingently redeemable preferred shares	**–**	2,458,493
Contingently redeemable ordinary shares	**–**	1,895,340
	–	4,353,833

The movements of the contingently redeemable preferred shares and ordinary shares during the periods ended June 30, 2024 and December 31, 2023 are set out as below:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
The Group and the Company		
At January 1	**4,353,833**	3,536,115
Changes in the carrying amount of financial liabilities	**480,455**	753,785
Extinguishment of contingently redeemable ordinary shares of the Company upon the Listing	**(2,158,590)**	–
Conversion of contingently redeemable preferred shares into ordinary shares of the Company upon the Listing	**(2,689,306)**	–
Effect of foreign exchange rate changes	**13,608**	63,933
At June 30/December 31	**–**	4,353,833

20 CONTINGENTLY REDEEMABLE PREFERRED SHARES AND ORDINARY SHARES *(Continued)*

(a) Issuance of the contingently redeemable preferred shares and ordinary shares

The key terms of the preferred shares and ordinary shares are summarized as follow:

Redemption features

Upon the occurrence of certain specified triggering events including failure of a qualified IPO or share sale by a specified date ("**Maturity Redemption Event**") and the earlier of 1) captive structure of certain entities within the Group becoming invalid, illegal or unenforceable pursuant to applicable laws and 2) a material breach of the representations and warranties or undertakings ("**Breach Redemption Event**"), which are not all within the control of the Company, the Company shall redeem all or part of the then issued and outstanding preferred shares upon request at the redemption price of 100% of the issue price with an 8% compound per annum return calculated from the issue date, plus any accrued but unpaid dividends upon a Maturity Redemption Event, or 150% of the issue price plus any accrued but unpaid dividends upon a Breach Redemption Event.

In addition to the above redemption rights, in the event that, as a result of any person holding a direct or indirect interest in any shares (the "**Subject Shares**"), any Governmental Authority shall (a) prohibit any of the Group companies from distributing all or any part of the earnings or cash or other assets thereof to its shareholders based outside of the PRC, or (b) refuse to grant, revoke or suspend any consent, approval, license or permit (the "**Consent**") necessary for the operation, maintenance, ownership or status of any Group Company, or the conduct of its business in the ordinary course, and the Person holding such interest fails to cure such situation within 30 days after receiving written notice from the Company, then to the extent necessary to eliminate such prohibition or to secure such Consent, the Company shall, at the request of the Board or the Majority Investors, repurchase up to all of such Subject Shares (the "**Redeemed Shares**") at the redemption price per share equal to the higher of (i) (A) with respect to the Ordinary Shares, the original subscription price thereof (as adjusted for any share dividends, combinations, splits, recapitalizations and the like), (B) with respect to the Preferred Shares, the breach redemption price, and (ii) the fair market value thereof as determined by an independent appraiser as appointed by the Board of Directors in good faith. Subject to the restriction under the Cayman Companies Act, the Company's obligation to repurchase ordinary shares and preferred shares will not cause the Company to redeem all its shares such that there will be at least one share that is not puttable to the Company.

20 CONTINGENTLY REDEEMABLE PREFERRED SHARES AND ORDINARY SHARES *(Continued)*

(a) Issuance of the contingently redeemable preferred shares and ordinary shares *(Continued)*

The key terms of the preferred shares and ordinary shares are summarized as follow: *(Continued)*

Redemption features *(Continued)*

Except for the share that is not puttable to the Company due to the restriction under the Cayman Companies Act, the issued ordinary shares and preferred shares of the Company are puttable financial instruments, which include the contractual obligation for the Company to repurchase the shares upon the occurrence of the event as mentioned above. The Company's obligation to redeem the ordinary shares and preferred shares give rise to a financial liability, which is measured at the present value of the redemption amount under the worst-case approach. Changes in the carrying amount of the financial liability arising from the remeasurement of the redemption amount is recognised in profit or loss as "Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares".

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or in the event of any Deemed Liquidation Event, all assets and funds of the Company legally available for distribution shall be distributed at the issue price of the preferred shares in the following order: Series D Preferred shares, Series C Preferred shares, Series B Preferred shares, Series A-2 preferred shares, Series A-1 Preferred shares and Series A Preferred shares. After the preference amount of preferred shares have been paid in full, the remaining assets and funds of the Company available for distribution shall be ratably distributed among all ordinary shareholders and preferred shareholders on an as-converted basis.

Conversion features

Any preferred share may, at the option of the holder, be converted at any time after the date of issuance of such shares into fully-paid and non-assessable ordinary shares based on the applicable then-effective conversion Price.

Each preferred share shall automatically be converted, based on the applicable then-effective conversion price into fully-paid and non-assessable ordinary shares upon the earlier of (i) the closing of a Qualified IPO, or (ii) the date specified by written consent or agreement of the majority of certain series of preferred shareholders.

The then-effective conversion price shall initially be the issue price of preferred shares and shall be subject to adjustment and readjustment from time to time as including but not limited to share splits and combinations, provided that the conversion price shall not be less than the par value of the ordinary Shares.

20 CONTINGENTLY REDEEMABLE PREFERRED SHARES AND ORDINARY SHARES *(Continued)*

(b) Expiration of the contingently redeemable preferred shares and ordinary shares

The preferential rights to redeem the preferred shares upon the occurrence of a Maturity Redemption Event or a Breach Redemption Event and the liquidation priority of the preferred shares have expired when the preferred shares were automatically converted into ordinary shares upon the listing of the Company's shares on the Stock Exchange.

The contractual obligation for the Company to repurchase the ordinary and preferred shares upon the occurrence of the event as mentioned under redemption features in Note 20(a) has been terminated upon the ninth amended and restated memorandum and articles of association of the Company becoming effective on the date on which the Company's shares are listed on the Stock Exchange.

Accordingly, the carrying amount of the financial liabilities arising from the Company's contingent redemption obligation were reclassified to share capital, share premium and capital reserve within equity.

21 WARRANTY PROVISIONS

Provision for Smart Devices and Other Accessories warranties

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
At January 1	**18,479**	16,467
Additional provisions made	**14,834**	37,502
Provisions utilized	**(14,773)**	(35,490)
At June 30/December 31	**18,540**	18,479

Under the terms of the Group's sales agreements, the Group offers warranties for its Smart Devices and Other Accessories. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of the reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

(i) Authorized share capital

At June 30, 2024, the authorized ordinary share capital is 4,167,630,431 shares of US$0.0000479889 each.

(ii) Issued ordinary shares

	Six months ended June 30, 2024 No. of shares ('000)	**Six months ended June 30, 2024 RMB'000**	Year ended December 31, 2023 No. of shares ('000)	Year ended December 31, 2023 RMB'000
Ordinary shares:				
At January 1	**736,698**	**138**	736,698	138
Termination of the Company's contractual obligation to repurchase ordinary shares	**–**	**94**	–	–
Conversion of contingently redeemable preferred shares and ordinary shares to ordinary shares	**670,227**	**229**	–	–
Issuance of ordinary shares by initial public offering and over-allotment option	**94,995**	**33**	–	–
At June 30/December 31	**1,501,920**	**494**	736,698	138

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Although most of the issued ordinary shares are classified as puttable financial instruments and the Company's obligation to redeem the ordinary shares give rise to a financial liability until the ninth amended and restated memorandum and articles of association of the Company becomes effective on the date of Listing (Note 20), all ordinary shares rank equally with regard to the Company's residual assets.

Upon the Listing and the ninth amended and restated memorandum and articles of association of the Company becoming effective, the contractual obligation for the Company to repurchase the ordinary shares upon the occurrence of the event as mentioned under redemption features in Note 20(a) has been terminated. In addition, all preferred shares were converted into ordinary shares of the Company in aggregate (after adjusting for the effect of the share subdivision). Further details are set out in Note 20(b).

At April 24, 2024, the Company issued 84,568,000 ordinary shares by initial public offering at a price of HK$3.8 per share through the Listing. Net proceeds from the Listing amounted to RMB274,495,000 equivalent, after deducting all capitalized listing expenses. Out of the net proceeds, RMB29,000 and RMB274,466,000 were credited to the Company's share capital and share premium account, respectively.

At May 19, 2024, the Company issued 10,427,000 ordinary shares by exercising the over-allotment option at a price of HK$3.8 per share through the Listing. Net proceeds from the Listing amounted to RMB34,525,000 equivalent, after deducting all capitalized listing expenses. Out of the net proceeds, RMB4,000 and RMB34,521,000 were credited to the Company's share capital and share premium account, respectively.

22 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Nature and purpose of reserves

(i) Share premium

Share premium as at June 30, 2024 represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received, net of transaction costs. Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve primarily comprises 1) the issuance of preferred shares, 2) the reclassification from equity to liabilities arising from issuance of ordinary shares to acquire Geekstar and Zhixue Education Holdings Limited (the "**Zhixue**"), 3) the difference between the consideration exchanged and the accumulated changes in the Company's financial liabilities arising from the ordinary shares and preferred shares repurchased from a subsidiary of Automotive Corporation Group, and 4) the initial recognition and termination of the contingently redeemable preferred shares and ordinary shares as set out in Note 20.

(iii) Share-based payments reserve

The share-based payment reserve comprises the Company's equity settled share-based payments.

(iv) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(v) Other reserves

Other reserves comprise change in the fair value of financial assets measured at fair value through other comprehensive income.

(c) Dividends

No dividends were paid by the companies comprising the Group during the reporting period. The Company did not declare and pay any dividends since its incorporation.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23 FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value measurement

(i) Assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at the end of each reporting date:

	Fair value at June 30, 2024	**Fair value measurements as at June 30, 2024 categorized into**	
		Level 2	**Level 3**
	RMB'000	**RMB'000**	**RMB'000**
Investments in unlisted equity securities	**10,690**	**—**	**10,690**
Certificates of deposit	**36,957**	**36,957**	**—**
Other investment in equity securities	**30,822**	**—**	**30,822**

	Fair value at December 31, 2023	Fair value measurements as at December 31, 2023 categorized into	
		Level 2	Level 3
	RMB'000	RMB'000	RMB'000
Certificates of deposit	47,066	47,066	—
Other investment in equity securities	34,844	—	34,844

During the reporting period, there were no transfers between Level 2 and Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

23 FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Information about Level 3 fair value measurements

As at June 30, 2024, the fair value of other investment in equity securities in financial assets measured at fair value through profit or loss was based on the market approach by reference to price-to-sales ("**p/s**") ratio of comparable companies. The key unobservable input is the p/s ratio of around 3 (as at December 31, 2023: around 2).

(ii) Fair value of financial assets and liabilities carried at other than fair value

The following table presents the fair values of the Group's financial assets and financial liabilities that are not measured at fair value at the end of each reporting date.

	Carrying amounts at December 31, 2023 RMB'000	Fair value at December 31, 2023 RMB'000	Fair value measurements as at December 31, 2023 categorized into Level 3 RMB'000
Contingently redeemable preferred shares and ordinary shares	4,353,833	4,348,778	4,348,778

The carrying amounts of the Group's financial instruments carried at amortized cost were not materially different from their fair values at June 30, 2024 and December 31, 2023.

24 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Short-term employee benefits	**2,312**	3,099
Post-employment benefits	**54**	128
Equity compensation benefits	**8,317**	8,241
	10,683	11,468

Total remuneration is included in "staff costs" (see Note 4(b)).

24 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Significant transactions with related parties

The Group entered into the following material related party transactions during the reporting period:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Rendering of services to a company controlled by a shareholder	**–**	5,555
Purchasing of services from a company controlled by a director	**2,594**	–

(c) Balances with related parties as at the end of each reporting period

	At June 30, 2024	At December 31, 2023
	RMB'000	RMB'000
Other receivables from a company controlled by a director	**4,971**	4,971

	At June 30, 2024	At December 31, 2023
	RMB'000	RMB'000
Trade payables to a company controlled by a director	**2,594**	–

All of the balances with related parties are trade in nature.

25 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On July 22, 2024, the Company subscribed for a wealth management product with a subscription amount of US$8,877,000 (equivalent to approximately RMB63,324,000).

Definitions

"AGI"	artificial general intelligence
"AI"	artificial intelligence
"AI company"	a company that uses AI technologies to provide AI-empowered products and services to individual consumers or enterprises
"AI CoPilot"	an AI assistant, which was optimized iteratively and developed based on Sequence Monkey, has the capabilities to conduct tasks such as image-text comprehension and speech synthesis together with the possession of voice interaction and content generation technologies to be integrated into our AIGC solution matrix including but not limited to "Moyin Workshop" and "Weta365". It is designed to provide guidance, interactive editing, copy-write functionalities and to help people complete tasks in various application scenarios, such as automotive, finance, TMT and others such as healthcare and retail industries
"AI Software Solutions"	comprise AIGC solutions and AI enterprise solutions
"AIGC"	AI-generated content, meaning leveraging artificial intelligence to automate content generation and to generate personalized content according to user-inputted keywords or requirements
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Automotive Sub A"	a limited liability company incorporated under the laws of China and principally engages in investment and research and development in technologies, which is a subsidiary of Automotive Corporation Group
"Board"	board of directors
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CIC Report"	an independent market research report commissioned by us and prepared by China Insights Industry Consultancy Limited for the purpose of the Prospectus of the Company
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Mobvoi Inc. (出門問問有限公司), an exempted company with limited liability incorporated in the Cayman Islands on August 31, 2012, the Shares of which were listed on the Main Board of the Stock Exchange (stock code: 2438)
"Director(s)"	the director(s) of the Company
"DupDub"	an overseas integrated version of certain of the applications in our Group's AIGC solution matrix, namely (i) "Moyin Workshop", (ii) "AI Ask365", (iii) "Qi Miao Wen" and (iv) "Weta365"

"end-to-end"	the process from users beginning to interact with a machine till the machine has completed the generation of outcomes, and specifically includes the procedures of noise reduction, voice recognition, semantic understanding, searching and voice synthesis
"Global Offering"	the offer for subscription of an aggregate of 94,995,000 Shares (including Shares issued and allotted pursuant to the over-allotment option) at offer price of HK$3.80 per Share under the Hong Kong public offering and the international offering
"Google"	Google Ireland Holdings Unlimited Company, an unlimited liability company incorporated in Republic of Ireland
"Group", "our", "we" or "us"	the Company and our subsidiaries from time to time or, where the context so requires, in respect of the period before the Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"large language model"	a large-scale model that is trained with more than 1 billion parameters and is able to perform multi-domain tasks, understand and generate humanized text
"Latest Practicable Date"	September 20, 2024, being the latest practicable date for the purpose of ascertaining certain information in this interim report prior to its publication
"Listing"	the listing of the Shares on the Stock Exchange
"Listing Date"	April 24, 2024, being the date on which dealings in the Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended. supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"multi-modal"	an ability of a large language model to generate diverse content that incorporates, integrates and encompasses multiple modes and modalities from difference sources, such as texts, audios, images and videos
"paying user"	in any given year/period, a user who makes payment(s) for subscription, renewal and/or other purchases on any of our content creation platforms among our AIGC solutions
"PRC" or "China"	the People's Republic of China, for the purposes of this interim report only, excluding Hong Kong, the Macau Special Administrative Region of PRC and Taiwan

Definitions

"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by our Company on October 19, 2015, the principal terms of which are set out in the section headed "Statutory and General Information — D. Share Incentive Schemes — 1. Pre-IPO Share Option Scheme" in Appendix IV in the Prospectus of the Company
"Prospectus"	the prospectus of the Company dated April 16, 2024
"registered user"	a user account that registered for any of our content creation platforms among our AIGC solutions
"Reporting Period"	six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Sequence Monkey"	an upgraded large language model self-developed by our Company based on UCLAI in 2023, which is equipped with multi-modal generative capability (i.e. being able to generate image, video and speech recognition in addition to text) and possesses natural language understanding, knowledge, logic and reasoning capabilities, and is able to conduct much larger scale of model trainings than UCLAI
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of nominal value of US$0.0000479889 each in the capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"SIG I"	SIG Global China Fund I, LLLP, a limited liability partnership incorporated in State of Delaware
"SIG III"	SIG China Investments Master Fund III, LLLP, a limited liability partnership incorporated in State of Delaware
"Smart Devices and Other Accessories"	comprise hardware-software smart devices such as AI smart watches and AI smart treadmills that are integrated with AI modules, IoT, voice AI interaction technologies and software apps, and other accessories
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"treasury share(s)"	has the meaning ascribed thereto under the Listing Rules
"UCLAI"	a universal Chinese language AI, a large language model self-developed by our Company in 2020
"user-in-the-loop"	enhancing model training and optimizing output through utilization of human-machine interaction data
"%"	per cent.