



Black Sesame International  
Holding Limited  
黑芝麻智能國際控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2533



2024  
INTERIM  
REPORT

\* For identification purposes only



# CONTENTS

- 2** Corporate Information
- 4** Key Highlights
- 5** Management Discussion and Analysis
- 16** Report on Review of Interim Financial Information
- 18** Condensed Consolidated Statement of Comprehensive Income/(Loss)
- 20** Condensed Consolidated Statement of Financial Position
- 22** Condensed Consolidated Statement of Changes in Deficit in Equity
- 24** Condensed Consolidated Statement of Cash Flows
- 25** Notes to the Financial Information
- 71** Other Information
- 84** Definitions



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. SHAN Jizhang (單記章) (*Chairman of the Board*)  
Mr. LIU Weihong (劉衛紅)  
Mr. ZENG Daibing (曾代兵)

### Non-executive Director

Dr. YANG Lei (楊磊)

### Independent Non-executive Directors

Prof. LI Qingyuan (李青原)  
Prof. LONG Wenmao (龍文懋)  
Prof. XU Ming (徐明)

## AUDIT COMMITTEE

Prof. LI Qingyuan (李青原) (*Chairperson*)  
Prof. LONG Wenmao (龍文懋)  
Prof. XU Ming (徐明)

## REMUNERATION COMMITTEE

Prof. LONG Wenmao (龍文懋) (*Chairperson*)  
Prof. XU Ming (徐明)  
Mr. SHAN Jizhang (單記章)

## NOMINATION COMMITTEE

Mr. SHAN Jizhang (單記章) (*Chairperson*)  
Prof. LONG Wenmao (龍文懋)  
Prof. LI Qingyuan (李青原)

## JOINT COMPANY SECRETARIES

Mr. SUN Xiaoxiang (孫曉祥)  
Ms. KWOK Siu Ying Sarah (郭兆瑩) (*ACG, HKACG*)

## AUTHORIZED REPRESENTATIVES

Mr. SHAN Jizhang (單記章)  
Mr. SUN Xiaoxiang (孫曉祥)

## AUDITOR

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

## REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman  
KY1-1205 Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

32nd floor  
Shenzhen State Investment Center  
1278 Heping Avenue  
Qingshan District, Wuhan City  
Hubei Province  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

### **HONG KONG LEGAL ADVISOR**

Clifford Chance  
27/F, Jardine House  
One Connaught Place  
Central  
Hong Kong

### **COMPLIANCE ADVISOR**

Maxa Capital Limited  
Unit 2602, 26/F  
Golden Centre  
188 Des Voeux Road Central  
Sheung Wan  
Hong Kong

### **HONG KONG BRANCH SHARE REGISTRAR**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS**

Tricor Services (Cayman Islands) Limited  
Third Floor, Century Yard  
Cricket Square, P.O. Box 902  
Grand Cayman, KY1-1103  
Cayman Islands

### **PRINCIPAL BANKS**

China Merchants Bank  
Wuhan Qingshan Branch  
Level 1, Yulong Times Centre  
No. 1540 Heping Avenue  
Qingshan District, Wuhan City  
Hubei Province  
China

DBS Bank  
12 Marina Boulevard  
DBS Asia Central  
Marina Bay Financial Centre Tower 3  
Singapore  
018982

### **STOCK CODE**

2533

### **COMPANY'S WEBSITE**

[www.blacksesame.com.cn](http://www.blacksesame.com.cn)

### **LISTING DATE**

August 8, 2024

# KEY HIGHLIGHTS

## FINANCIAL SUMMARY

Six months ended June 30,

	2024		2023		Period-over-period change %
	Amount	% of revenue	Amount	% of revenue	
<i>(RMB in thousands, except for percentages)</i>					
Revenue	180,139	100.0	106,487	100.0	69.2
Gross profit	90,075	50.0	19,358	18.2	365.3
Profit/(loss) for the period	1,104,767	613.3	(3,729,144)	(3,502.0)	(129.6)
<b>Non-IFRS Measures:</b>					
Adjusted net loss	(602,301)	(334.4)	(567,583)	(533.0)	6.1

## BUSINESS REVIEW AND OUTLOOK

We are a leading automotive-grade intelligent vehicle computing SoC and SoC-based intelligent vehicle solution provider. Our proprietary automotive-grade products and technologies equip intelligent vehicles with mission-critical capabilities, including autonomous driving, smart cockpit, advanced imaging and interconnection. We provide full-stack autonomous driving capabilities to meet broad customer needs through our self-developed IP cores, algorithms and software-driven SoC and SoC-based solutions.

In the first half of 2024, we achieved significant advancement in our autonomous driving and intelligent vehicle solutions, with an increase in the number of mass-produced vehicle models, the application of navigate on autopilot (“NoA”) in selected vehicle models and cities, and the continuous optimization of our chips, algorithms, software and toolchains. Our revenue increased by 69.2% in the first half of 2024 compared to the same period in the previous year. We made notable progress in securing orders, continuously accelerating commercialization, and enhancing our core competencies in autonomous driving chips.

### Commercialization

#### Expanding the Commercialized Product Lines and Accelerating the Fulfillment of NoA Functions

Our Huashan Series high-computing power chip A1000 has realized mass production and been installed on vehicles, which can support L2 to L3 autonomous driving functions, including memory parking, valet parking and NoA functions on highways and city expressways. Currently, we have provided NoA functions covering 13 provinces and municipalities in China such as Sichuan, Shanxi and Shandong. As of June 30, 2024, the Huashan A1000 chip was successfully applied to and installed on mass-produced Geely’s Lynk & Co 08 and other Lynk & Co series vehicle models as well as Dongfeng’s eπ007, Dongfeng’s eπ008 and other Dongfeng’s eπ vehicle models. We earned design wins for mass production of SoCs for 23 vehicle models with 16 automotive OEMs and Tier 1 suppliers. With the implementation of solutions and the maturity of algorithms, we also started to commercialize our autonomous driving algorithms, further driving our revenue growth and profit margin improvement.

We have launched the Wudang C1200 series chips, achieving the multi-domain integration such as intelligent driving and cockpit, and meeting the multi-scenario demands. We expect to collaborate with Tier 1 suppliers such as NESINEXT and Banma to launch integrated cockpit-driving solutions based on the C1200 series chips. The cross-domain integrated solution supports intelligent driving, cockpit, control and data exchange functions through a single SoC chip, thereby achieving cost reduction and efficiency improvement in demands for mainstream scenarios. Such solution can reduce system costs, while the fulfillment of cross-domain functions within a single chip can reduce the communication time-delay as well as the difficulty of multifunctional interaction, and bring better user experience to end consumers.

In the intelligent imaging solution field, we continuously strengthen the cooperation with existing customers, and actively expand new industry-leading, high-quality customers. Meanwhile, we actively layout cutting-edge technologies and apply them to various scenarios, so as to expand our business volume and maintain reasonable profit margins.



### **Realizing the Deep Application of Our Products in Fields Such as Vehicle-Road-Cloud Integration**

In recent years, with the release of a series of policy documents such as the “Outline for Building a Strong Transportation Country” (《交通強國建設綱要》), the “Five-Year Plan of Action for Accelerating the Construction of a Strong Transportation Country (2023–2027)” (《加快建設交通強國五年行動計劃(2023–2027年)》) and the “New Energy Vehicle Industry Development Plan” (《新能源汽車產業發展規劃》), the application scenarios of autonomous driving technologies have been significantly expanded in various types of roads and sites. Vehicle-road-cloud integration, as an emerging intelligent driving technology application scenario, enables real-time information exchange among vehicles, roads, and transportation facilities via the deep integration of software and hardware, effectively reducing transportation costs and enhancing safety. Relying on the chip and algorithm advantages accumulated in the process of the installation of A1000 series products on mass-produced passenger vehicles and commercial vehicles, we have conducted precise perception and refined management based on the trajectory analysis of all participants in road traffic including pedestrians and vehicles. We have currently carried out multiple vehicle-road-cloud integration projects in Hubei, Shenzhen, Luoyang and other regions, further expanding our market in the field of intelligent transportation.

### **Making Continuous Efforts in the Field of Commercial Vehicles**

We are expanding our product lines as we explore more diverse application scenarios for our solutions based on A1000 series chips on commercial vehicles. Under the requirements of national and industry standards such as the “Safety Specifications for Motor Vehicle Operation” (GB7258-2017) (《機動車運行安全技術條件》) and the “Safety Specifications for Commercial Bus” (《營運客車安全技術條件》), commercial vehicles shall be equipped with autonomous driving related functions such as pre-warning systems to improve driving safety. As a result, the demand for autonomous driving related systems in the commercial vehicle market has been increasing. In the first half of 2024, we upgraded Patronus 1.0, our self-developed add-on adaptive safety system, to Patronus 2.0. The new version enhanced security features while maintaining and improving the pre-warning and supervision functions. Patronus 2.0 incorporates visual and radar fusion perception, providing both detailed visual information perception and accurate spatial data. The solution adopts our self-developed high-computing power AI models to complete data closed-loop, greatly improving the reliability and efficiency of the models. Our Patronus 2.0 is being recognized among commercial vehicle customers with growing revenue contribution. Our rich product lines for commercial vehicles have helped us attract more customers and will increase the per-vehicle value and further improve our profitability.

### **Research and Development**

We have continued to increase our research and development investment, with research and development expenses in the first half of 2024 accounting for 67% of the total operating expenses for the same period, and the proportion of research and development team members reaching 85%. We are committed to researching and developing more advanced SoC products and expanding our product lines to meet the needs of L3 and above autonomous driving functions. For example, we are in the process of developing the Huashan A2000 SoC with a designed computing power of 250+ TOPS, one of the highest in the world among automotive-grade SoCs, according to Frost & Sullivan.

As of June 30, 2024, we completed full function and performance testing for our C1200 series chips, which fully met design specifications. We also largely finished building the related software and hardware support systems and ecosystems, including hardware reference design, evaluation board, operating system, middleware, and related functional software installation and porting adaptation, being expected to be ready for mass-production soon. Meanwhile, we are developing our next-generation high-computing power autonomous driving chip, the A2000. Our visual perception algorithm for convolutional neural networks is being applied to mass-produced vehicles, enabling NoA functions on highways and city expressways. Our BEV + Transformer visual perception algorithm that we are developing successfully runs on both A1000 and C1200 series chips, achieving expected performance and effects, which lays the foundation for future memory driving and urban NoA functions.

As of June 30, 2024, we owned 58 issued patents in China, 72 issued patents in the United States, 121 patent applications in China and 45 patent applications in the United States, respectively. As of the same date, we had two integrated circuit layout designs and 96 software copyrights registered in China, two software copyrights registered in the United States and 176 registered trademarks globally.

### Financial Performance

For the six months ended June 30, 2024, our revenue reached RMB180.1 million, with a gross profit margin of 50.0%. The increase in our revenue and gross profit was primarily due to the promotion and validation of our chip-based autonomous driving solutions with the installation of A1000 series chips on mass-produced Lynk & Co 08 and Dongfeng series vehicle models. We provided more diversified, intelligent and competitive product options for more OEMs and Tier 1 suppliers. Our efforts in segments such as vehicle-road-cloud integration also contributed to the growth of our revenue and gross profit.

### Environmental, Social and Governance

**Environment.** As an autonomous driving chip design company, we outsource the production of our products. For manufacturing, we require our major suppliers to ensure raw materials and components supplied meet certain safety, health and quality requirements as well as environmental standards. In terms of our operations, we use cloud-based services in all offices to reduce paper consumption. We work to keep our carbon consumption low through various methods including active promotion and regular inspection.

**Social responsibility.** We believe our employees are our most valuable asset. We are dedicated to fostering a positive work environment and providing growth opportunities for our employees. We have implemented a comprehensive human resources management system, offering fair remuneration and benefits, career development trainings and development opportunities. We also prioritize our employees' health and safety by offering commercial insurance coverage.

**Corporate governance.** We have set up a robust governance structure and internal control system to ensure our operations are transparent and compliant. We have implemented strict internal control systems and processes, along with effective oversight mechanisms. These measures help us make scientific and rational decisions. Besides, we have established and improved our processes. We will disclose important information of the Company to our shareholders and the public in a timely manner, and enhance the transparency of our corporate governance.



## **BUSINESS OUTLOOK**

Going forward, we will continuously focus on the field of autonomous driving and intelligent vehicle solutions, and are committed to the development of the following areas:

### **Accelerating the Commercialization and Continuously Expanding the Offerings of Product Lines and Solutions**

We will be committed to accelerating the commercialization process of existing products and solutions as well as products and solution candidates while meeting the ever-changing market demands.

With the further popularization of L2 to L3 autonomous driving, the mass production of vehicle models based on the Huashan A1000 series products is also accelerating. We are also actively expanding our partnerships with leading domestic and international OEMs and Tier 1 suppliers, and we anticipate gradually commencing chip deliveries to leading NEV companies in the second half of this year. Meanwhile, with the strong demand from local supply chains, new vehicle models adopting the A1000 SoCs will continue to be mass produced in the second half of 2024, accelerating the shipment of our Huashan SoCs.

The commercialization of our Wudang Series C1200 product series is also accelerating, and we have conducted system optimization work based on specific customer needs, so as to ensure the excellent performance of chips in practical application scenarios, leveraging our advantages in image processing and artificial intelligence to provide more competitive products for the market. With the rapid popularization of cockpit-driving integration, the marketization of C1200 product series will usher in an explosion.

We will continuously increase our research and development efforts, committed to creating more advanced SoC products. We plan to launch the next-generation chips such as Huashan Series A2000 to support the fulfillment of L3 and above autonomous driving functions. Expected to be launched in the fourth quarter of 2024, A2000 is based on the third-generation NPU DynamAI NN and features a brand-new large core architecture for Transformer which natively supports the application of large models, and the computing power of such chip will effectively support the next-generation autonomous driving.

Our commitment to developing autonomous driving algorithms has led to the successful implementation of our algorithm products in mass-produced vehicle models, including those from Geely and Dongfeng, and the promotion and application to some Tier 1 suppliers. On this basis, the new-generation BEV algorithms based on Transformer structure have been successfully deployed on Wudang and Huashan series chips. Meanwhile, we have started developing end-to-end autonomous driving algorithms and made good progress, and such algorithms will be deployed on Wudang series products and the next-generation Huashan series products.

In terms of intelligent imaging algorithms, we are also actively exploring the application of AIGC and large models in imaging algorithms, and have proposed a specific product and technology roadmap that can be implemented on the terminal side.

We have launched more customized autonomous driving solutions by leveraging our existing SoC product lines. By utilizing our expertise in software and hardware integration accumulated in the process of mass production and autonomous driving of vehicles, we seek to address various application scenarios, including passenger vehicles, commercial vehicles, and robotaxis. Our focus is on developing a vehicle-road-cloud integration solution to enhance the safety, efficiency, and reliability of autonomous driving. Furthermore, we plan to continue refining our Patronus add-on adaptive safety system for commercial vehicles, aiming to provide users with more comprehensive driving assistance and security assurance measures. Additionally, we will explore other intelligent vehicle functions, such as vehicle-to-everything and smart cockpit, with the goal of enhancing users' driving experience in terms of convenience, comfort, and safety.

With the deepening and maturing of the applications of our chips and algorithms in the automotive autonomous driving field and the continuous enhancement of the computing power for chip products, we will not only explore more automotive application scenarios, but also actively expand into emerging fields such as humanoid robots.

In conclusion, our business will achieve a significant growth this year through making progress in aspects such as further commercialization of products and solutions, breakthroughs in new application scenarios, and the expansion of customer base. Meanwhile, we will continuously maintain our industry-leading position in terms of R&D capabilities.

### **Ecological System Construction**

We are committed to building an open ecosystem, attracting more partners and customers, and jointly promoting the vigorous development of the intelligent vehicle industry. We will strengthen our close cooperation with Tier 1 suppliers, OEMs, and software and hardware suppliers to jointly research and develop more comprehensive intelligent vehicle solutions and improve technology and service levels.

We will continuously promote the application of autonomous driving solutions with more OEMs and vehicle models, and the A1000 series chips have gradually gained the recognition from leading OEMs in the field of autonomous driving, and will also further increase our shares in the supply chain of leading domestic electric vehicle enterprises to drive business growth in the future. As an independent chip supplier, we collaborate with Tier 1 suppliers, software service providers and other parties to leverage the strong computing power, competitiveness and other advantages of chips to support autonomous driving algorithms in various scenarios, creating a more safe, reliable and user-friendly intelligent vehicle experience.

### **Internationalization Strategies**

We have actively expanded our internationalization strategies, and plan to expand our global influence. We will actively explore overseas markets such as the United States and Europe, establish collaborations with local automakers and Tier 1 suppliers, and promote our products and solutions. Our growing cooperation with domestic and foreign automakers will help integrate SoC products and application solutions into more vehicle models, further expand our market shares, and lead the global development of the intelligent vehicle industry.

## FINANCIAL REVIEW

### Revenue

Our revenue increased by 69.2% from RMB106.5 million for the six months ended June 30, 2023 to RMB180.1 million for the six months ended June 30, 2024, primarily attributable to the increase in the sales of autonomous driving products and solutions.

#### Autonomous Driving Products and Solutions

Our revenue from autonomous driving products and solutions increased by 85.5% from RMB90.2 million for the six months ended June 30, 2023 to RMB167.3 million for the six months ended June 30, 2024, primarily because we diversified our offering portfolio and mass-produced solutions and engaged more customers with large operating scale.

#### Intelligent Imaging Solutions

Our revenue from intelligent imaging solutions decreased by 21.1% from RMB16.3 million for the six months ended June 30, 2023 to RMB12.9 million for the six months ended June 30, 2024, primarily attributable to changes in customer procurement scheduling.

### Cost of Sales

Our cost of sales increased by 3.4% from RMB87.1 million for the six months ended June 30, 2023 to RMB90.1 million for the six months ended June 30, 2024, primarily due to the increase in the cost of sales for autonomous driving products and solutions.

#### Autonomous Driving Products and Solutions

The cost of sales for autonomous driving products and solutions increased by 12.5% from RMB78.6 million for the six months ended June 30, 2023 to RMB88.3 million for the six months ended June 30, 2024, primarily representing the slight increase in the costs relating to hardware components.

#### Intelligent Imaging Solutions

The cost of sales for intelligent imaging solutions decreased by 80% from RMB8.6 million for the six months ended June 30, 2023 to RMB1.7 million for the six months ended June 30, 2024, primarily because we generated an increased percentage of revenue from the licensing of self-developed software and algorithms, which do not require hardware components.

### Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 365.3% from RMB19.4 million for the six months ended June 30, 2023 to RMB90.1 million for the six months ended June 30, 2024. Our gross profit margin for autonomous driving products and solutions increased from 12.9% for the six months ended June 30, 2023 to 47.2% for the six months ended June 30, 2024, as our autonomous driving algorithms integrated in SoC-based solutions, having been refined and verified for mass production during the commercialization process, enabled our customers to choose solutions with fewer hardware components based on their needs. Our gross profit margin for intelligent imaging solutions business increased from 47.5% for the six months ended June 30, 2023 to 86.6% for the six months ended June 30, 2024, primarily attributable to an increased percentage of revenue from the licensing of self-developed software and algorithms, which do not require hardware components and entail higher gross profit margin. As a result of the foregoing, our overall gross profit margin increased from 18.2% for the six months ended June 30, 2023 to 50.0% for the six months ended June 30, 2024.

### Research and Development Expenses

Our research and development expenses increased by 21.8% from RMB564.4 million for the six months ended June 30, 2023 to RMB687.3 million for the six months ended June 30, 2024, primarily because the Company simultaneously promoted the commercial adaptation of C1200 and the ongoing research and development on A2000 chips with higher performance.

### Selling Expenses

Our selling expenses decreased by 4.6% from RMB53.6 million for the six months ended June 30, 2023 to RMB51.2 million for the six months ended June 30, 2024, primarily because we strategically focused our sales efforts on major customers, improving the overall sales efficiency.

### General and Administrative Expenses

Our general and administrative expenses increased by 38.8% from RMB131.5 million for the six months ended June 30, 2023 to RMB182.5 million for the six months ended June 30, 2024, primarily due to an increase in the share-based compensation expenses resulting from the issuance of options to administrative management staff.

### Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets amounted to RMB5.9 million and RMB14.0 million for the six months ended June 30, 2023 and 2024, respectively.

### Other Income

Our other income decreased from RMB13.9 million for the six months ended June 30, 2023 to RMB8.2 million for the six months ended June 30, 2024, primarily due to a decrease in government grants.

### Other Losses – Net

Our other losses decreased from RMB12.4 million for the six months ended June 30, 2023 to RMB3.3 million for the six months ended June 30, 2024, primarily attributable to a decrease in the foreign exchange losses due to fluctuations in exchange rate.

### Finance Income – Net

Our finance income increased by 146.9% from RMB6.3 million for the six months ended June 30, 2023 to RMB15.7 million for the six months ended June 30, 2024, primarily due to increased interest income on bank deposits.

### Fair Value Change in Financial Instruments Issued to Investors

We recorded fair value loss in financial instruments issued to investors of RMB2,999.7 million for the six months ended June 30, 2023 and fair value gain of RMB1,931.8 million for the six months ended June 30, 2024, primarily due to a change in fair value of the equity interests with preferred rights held by our investors.

### Profit for the Period

As a result of the foregoing, we recorded a profit of RMB1,104.8 million for the six months ended June 30, 2024, compared to a loss of RMB3,729.1 million for the six months ended June 30, 2023.



### Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

We believe adjusted net loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following tables reconcile our adjusted net (loss)/profit for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which are net (loss)/profit for the period:

	<b>Six Months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Reconciliation of net profit/(loss) to adjusted net loss (non-IFRS measure):</b>		
Profit/(loss) for the period	<b>1,104,767</b>	(3,729,144)
Add:		
Fair value change in financial instruments issued to investors	<b>(1,931,792)</b>	2,999,708
Share-based compensation expenses	<b>224,724</b>	161,853
<b>Adjusted net loss for the period (non-IFRS measure)</b>	<b>(602,301)</b>	(567,583)

## LIQUIDITY AND FINANCIAL RESOURCES

We have historically funded our cash requirements principally from capital contribution from Shareholders and financing through pre-IPO investments. We had cash and cash equivalents and current financial assets at fair value through profit or loss of RMB920.0 million as of June 30, 2024, compared to the balance of RMB1,306.6 million as of December 31, 2023.

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

	Six months ended June 30,	
	2024 (RMB in thousands) (Unaudited)	2023 (RMB in thousands) (Unaudited)
Net cash used in operating activities	(559,149)	(586,646)
Net cash (used in)/generated from investing activities	(30,250)	393,399
Net cash generated from financing activities	205,175	819,171
Net (decrease)/increase in cash and cash equivalents	(384,224)	625,924
Cash and cash equivalents at beginning of period	1,298,412	982,229
Effects of exchange rate changes on cash and cash equivalents	5,769	33,662
<b>Cash and cash equivalents at end of period</b>	<b>919,957</b>	<b>1,641,815</b>

### Indebtedness

Our indebtedness mainly includes borrowings, financial instruments issued to investors and lease liabilities. The following table sets forth a breakdown of our borrowings, financial instruments issued to investors and lease liabilities as of the dates indicated:

	As of June 30, 2024 (RMB in thousands) (Unaudited)	As of December 31, 2023 (RMB in thousands) (Audited)
Borrowings	232,040	–
Financial instruments issued to investors	10,726,924	12,589,493
Lease liabilities	51,605	52,448
Amounts due to a related party	3,000	3,000
<b>Total</b>	<b>11,013,569</b>	<b>12,644,941</b>

We maintain a prudent approach in our treasury management with interest rate exposure maintained principally on a floating rate basis. We did not use any interest rate swap contracts or other financial instruments to hedge against our interest rate risk. We will continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arises.

### **Exposure to Exchange Rate Fluctuation**

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group's businesses are principally conducted in RMB. The majority of non-RMB assets and liabilities are cash and cash equivalents denominated in USD.

We are primarily exposed to changes in RMB/USD exchange rates in our domestic subsidiaries whose functional currency is RMB. We currently do not engage in hedging activities designed or intended to manage foreign exchange rate risk. However, we will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

### **Employees and Remuneration Policies**

As of June 30, 2024, the Group had 1,001 employees. The number of employees employed by the Group varies from time to time depending on needs.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and bonuses. We have a unified salary management system and employee internal transfer management methods to ensure the fairness of salary and promotion, and the salary and promotion decisions stipulated in the system are based on the employee's position and performance. In addition to salary, employees also receive welfare benefits, including medical insurance, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

### **Use of Proceeds**

With the shares of the Company listed on the Stock Exchange on August 8, 2024, the net proceeds from the Global Offering were approximately HK\$950.8 million after deducting underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering, which will be utilized for the purposes as set out in the Prospectus. Since the Company had not been listed on the Stock Exchange as of June 30, 2024, the net proceeds from the Global Offering had not been utilized by the Company during the Reporting Period. As of the date of this interim report, there was no change in the intended use of net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, we will only deposit the unused net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). For details of the breakdown of the use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

### **Gearing Ratio**

Our gearing ratio, being borrowings divided by total equity and multiplied by 100%, was nil and 2.4% as of December 31, 2023 and June 30, 2024, respectively.

### **Contingent Liabilities**

As of June 30, 2024, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that was likely to have a material and adverse effect on our business, financial condition or results of operations.

### **Significant Investments Held**

As of June 30, 2024, we did not hold any significant investments in the equity interest of other companies.

### **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

During the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

### **Pledge of Assets**

As of June 30, 2024, we did not pledge any of our assets.

### **Future Plans for Material Investments and Capital Assets**

Save as disclosed in the Prospectus, as of June 30, 2024, we have no specific future plan for material investments and acquisition of capital assets. The Group will continue to identify new investment opportunities in companies with principal businesses related to the Group's core business with a view to create synergies with the Group's existing core business and improve the Group's service and products to its customers.



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**To the Board of Directors of Black Sesame International Holding Limited**

*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 70, which comprises the interim condensed consolidated statement of financial position of Black Sesame International Holding Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at June 30, 2024 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in deficit in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “*Interim Financial Reporting*”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “*Interim Financial Reporting*”.

## **OTHER MATTER**

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at December 31, 2023. The comparative information for the interim condensed consolidated statements of comprehensive loss, changes in deficit in equity and cash flows, and related explanatory notes, for the period ended June 30, 2023 has not been audited or reviewed.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, August 28, 2024

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

		Six months ended June 30,	
	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	7	180,139	106,487
Cost of sales	8	(90,064)	(87,129)
<b>Gross profit</b>		<b>90,075</b>	19,358
Selling expenses	8	(51,152)	(53,600)
General and administrative expenses	8	(182,529)	(131,501)
Research and development expenses	8	(687,330)	(564,384)
Net impairment losses on financial assets		(13,979)	(5,888)
Other income	9	8,162	13,885
Other losses – net	10	(3,347)	(12,437)
<b>Operating loss</b>		<b>(840,100)</b>	(734,567)
Finance income	11	19,018	7,831
Finance costs	11	(3,350)	(1,484)
Finance income, net		15,668	6,347
Share of net loss of associates accounted for using the equity method	17	(2,593)	(1,216)
Fair value change in financial instruments issued to investors	28	1,931,792	(2,999,708)
<b>Profit/(loss) before income tax</b>		<b>1,104,767</b>	(3,729,144)
Income tax expense	12	–	–
<b>Profit/(loss) for the period attributable to the equity holders of the Company</b>		<b>1,104,767</b>	(3,729,144)
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value changes of redeemable convertible preferred shares (“Preferred Shares”) due to own credit risk	28	2,821	(4,475)
Change in foreign currency translation of the financial statements of the Company		(35,110)	(368,229)

Condensed Consolidated Statement of Comprehensive Income/(Loss) (continued)

	Note	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Change in foreign currency translation of the financial statements of the subsidiaries of the Company		(28,796)	(46,007)
<b>Other comprehensive income/(loss)</b>		<b>(61,085)</b>	<b>(418,711)</b>
<b>Total comprehensive income/(loss) for the period attributable to the equity holders of the Company</b>		<b>1,043,682</b>	<b>(4,147,855)</b>
<b>Earnings/(loss) per share for income/(loss) attributable to the equity holders of the Company (in RMB)</b>			
Basic	13	15.1	(52.5)
Diluted	13	(1.7)	(52.5)

The above condensed consolidated statement of comprehensive income/(loss) should be read in conjunction with the accompanying notes.



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	<b>96,964</b>	98,589
Right-of-use assets	15	<b>49,227</b>	50,848
Intangible assets	16	<b>57,242</b>	74,795
Investments accounted for using the equity method	17	<b>14,583</b>	17,176
Prepayments and other receivables	21	<b>15,650</b>	17,474
Financial assets at fair value through profit or loss ("FVPL")	20	<b>20,921</b>	20,792
<b>Total non-current assets</b>		<b>254,587</b>	279,674
<b>Current assets</b>			
Inventories	18	<b>94,121</b>	71,423
Trade and notes receivables	22	<b>243,057</b>	164,937
Prepayments and other receivables	21	<b>134,730</b>	97,697
Financial assets at FVPL	20	<b>33</b>	8,197
Cash and cash equivalents	23	<b>919,957</b>	1,298,412
<b>Total current assets</b>		<b>1,391,898</b>	1,640,666
<b>Total assets</b>		<b>1,646,485</b>	1,920,340
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	27	<b>121,267</b>	–
Lease liabilities	15	<b>32,075</b>	33,927
Other payables and accruals	30	<b>13,285</b>	56,925
<b>Total non-current liabilities</b>		<b>166,627</b>	90,852

Condensed Consolidated Statement of Financial Position (continued)

	<i>Note</i>	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
<b>Current liabilities</b>			
Trade payables	29	94,848	68,085
Contract liabilities	7	9,594	7,479
Borrowings	27	110,773	-
Lease liabilities	15	19,530	18,521
Other payables and accruals	30	325,895	239,526
Financial instruments issued to investors	28	10,726,924	12,589,493
<b>Total current liabilities</b>		<b>11,287,564</b>	12,923,104
<b>Total liabilities</b>		<b>11,454,191</b>	13,013,956
<b>DEFICIT IN EQUITY</b>			
<b>Deficit in equity attributable to owners of the Company</b>			
Share capital	24	79	46
Other equity	25	(17)	-
Reserves	26	534,707	353,580
Accumulated losses		(10,342,475)	(11,447,242)
<b>Total deficit in equity</b>		<b>(9,807,706)</b>	(11,093,616)
<b>Total deficit in equity and liabilities</b>		<b>1,646,485</b>	1,920,340

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN DEFICIT IN EQUITY

	Note	Attributable to equity holders of the Company				Total RMB'000
		Share capital RMB'000	Other equity RMB'000	Reserves RMB'000	Accumulated losses RMB'000	
<b>(Unaudited)</b>						
<b>As at January 1, 2024</b>		<b>46</b>	<b>-</b>	<b>353,580</b>	<b>(11,447,242)</b>	<b>(11,093,616)</b>
<b>Comprehensive income</b>						
Profit for the period		-	-	-	1,104,767	1,104,767
Foreign currency translation	26	-	-	(63,906)	-	(63,906)
Fair value change on redeemable convertible preferred shares due to own credit risk	28	-	-	2,821	-	2,821
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(61,085)</b>	<b>1,104,767</b>	<b>1,043,682</b>
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation expenses	31	-	-	224,724	-	224,724
Issuance of ordinary shares to employee share scheme trusts	24, 25	17	(17)	-	-	-
Exercise of share options	24, 26	16	-	17,488	-	17,504
<b>Total transactions with owners in their capacity as owners for the period</b>		<b>33</b>	<b>(17)</b>	<b>242,212</b>	<b>-</b>	<b>242,228</b>
<b>As at June 30, 2024</b>		<b>79</b>	<b>(17)</b>	<b>534,707</b>	<b>(10,342,475)</b>	<b>(9,807,706)</b>

Condensed Consolidated Statement of Changes in Deficit in Equity (continued)

	Note	Attributable to equity holders of the Company			Total RMB'000
		Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	
<b>(Unaudited)</b>					
<b>As at January 1, 2023</b>		46	85,900	(6,592,124)	(6,506,178)
<b>Comprehensive loss</b>					
Loss for the period		-	-	(3,729,144)	(3,729,144)
Foreign currency translation	26	-	(414,236)	-	(414,236)
Fair value change on redeemable convertible preferred shares due to own credit risk	28	-	(4,475)	-	(4,475)
<b>Total comprehensive loss for the period</b>		-	(418,711)	(3,729,144)	(4,147,855)
<b>Transactions with owners in their capacity as owners</b>					
Share-based compensation	31	-	161,853	-	161,853
<b>Total transactions with owners in their capacity as owners for the period</b>		-	161,853	-	161,853
<b>As at June 30, 2023</b>		46	(170,958)	(10,321,268)	(10,492,180)

The above condensed consolidated statement of changes in deficit in equity should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended June 30,	
	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash used in operations		(577,900)	(594,223)
Interest received from cash at banks	11	18,751	7,577
<b>Net cash used in operating activities</b>	32(a)	<b>(559,149)</b>	(586,646)
<b>Cash flows from investing activities</b>			
Payments of property, plant and equipment	14	(23,435)	(51,023)
Payments for intangible assets		(15,138)	(34,473)
Payments for financial assets at FVPL	20	-	(20,000)
Proceeds from maturity of financial assets at FVPL		8,323	498,895
<b>Net cash (used in)/generated from investing activities</b>		<b>(30,250)</b>	393,399
<b>Cash flows from financing activities</b>			
Proceeds from issuance of financial instruments to investors	32(d)	-	853,713
Repayment of convertible notes	32(d)	-	(13,634)
Repurchase of warrant	32(d)	-	(4,358)
Proceeds from borrowings	32(d)	234,677	-
Repayment of borrowings	32(d)	-	(6,891)
Interests paid for borrowings	32(d)	(659)	(264)
Payment for financing transaction costs		(23,600)	-
Principal payments of lease liabilities	32(d)	(10,161)	(9,078)
Interest paid for lease liabilities	32(d)	(1,509)	(745)
Payments for listing expenses		(758)	(753)
Proceeds from exercise of stock options		7,185	1,181
<b>Net cash generated from financing activities</b>		<b>205,175</b>	819,171
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(384,224)</b>	625,924
Cash and cash equivalents at beginning of period	23	1,298,412	982,229
Exchange gains on cash and cash equivalents		5,769	33,662
<b>Cash and cash equivalents at end of period</b>	23	<b>919,957</b>	1,641,815

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## 1 GENERAL INFORMATION

Black Sesame International Holding Limited (the “**Company**”) was incorporated in the Cayman Islands on July 15, 2016 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P. O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”), primarily provide autonomous driving system on chip (“**SoC**”) and SoC-based solutions and focus on developing automotive-grade autonomous driving SoCs.

The Company completed the initial public offering (“**IPO**”) and had its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on August 8, 2024.

This condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), rounded to the nearest thousand, unless otherwise stated.

This condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*”.

This condensed consolidated interim financial information does not include all the notes normally included in an annual financial report. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the historical financial information of the Group for the three years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2024 included in Appendix I of the Company’s prospectus dated July 31, 2024 (the “**Historical Financial Information**”) which have been prepared in accordance with IFRS Accounting Standards (“**IFRSs**”), and any public announcements made by Black Sesame International Holding Limited during the interim reporting period.

The Group is in the development phase and has been incurring losses from operations since incorporation. The Group incurred operating losses of RMB840,100 thousand for the six months ended June 30, 2024 (for the six months ended June 30, 2023: operating losses of RMB734,567 thousand). Also, the Group’s net cash used in operating activities was RMB559,149 thousand for the six months ended June 30, 2024 (for the six months ended June 30, 2023: net cash used in operating activities of RMB586,646 thousand), attributable primarily to significant research and development (“**R&D**”) expenditures. As at June 30, 2024, the Group has cash and cash equivalents of RMB919,957 thousand, net current liabilities of RMB9,895,666 thousand and net liabilities of RMB9,807,706 thousand, attributable primarily to the Preferred Shares with a carrying amount of RMB10,726,924 thousand. These adverse events and conditions may cast significant doubt about the Company’s capability to continue as a going concern for at least twelve months from the end of the reporting period as of June 30, 2024. The directors of the Company have carefully considered the future liquidity, the operation performance and the available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from June 30, 2024, taking into consideration the following plans and measures:

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

- (i) The Company completed the IPO with gross proceeds of HKD1.036 billion on August 8, 2024 and the Preferred Shares were automatically converted to ordinary shares of the Company upon the successful listing of the shares of the Company.
- (ii) As disclosed in Note 27 to the financial information, in May 2024, the Group entered into a two-year syndicated loan agreement to provide loans to two subsidiaries with principal amounting to RMB500 million. Out of the total amount, RMB300 million and RMB200 million will be due for repayment by installments in November 2025 and May 2026 respectively. Also, the bank has the right to request the Group to make early repayment of the loans in full if the Company fails to consummate equity financing with the gross proceeds no less than a pre-determined amount by December 31, 2024. Management has evaluated the impacts of such syndicated loans and the potential early repayment on the Group's future liquidity.
- (iii) The Group will continuously make effort to capture market opportunities for revenue growth through (a) fulfilment of letter of intent on hand, (b) enhancement in reliability of its autonomous driving and cross-domain technologies, (c) successful launch and mass production of Huashan and Wudang series SoCs, and (d) achievement of additional design wins with existing or new customers.
- (iv) The Group will also take active measures to control its operating expenditures, monitor its cash position from time to time and may adjust uncommitted expenditure where necessary, including (a) prudently undertaking new major R&D projects in the future, with its resources focused on products and technologies that can quickly achieve commercialization and (b) streamlining its operations to maintain a reasonable size of management, operations and R&D teams.

The directors of the Company have reviewed the Group's cash flow projection prepared by management, which cover a period of not less than twelve months from June 30, 2024. In the opinion of the directors of the Company, taking into account the anticipated cash flows to be generated from the Group's operations as well as reasonable possible improvements to its operation, the Group's financial resources on hand and the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from June 30, 2024. Accordingly, the directors of the Company consider it is appropriate to prepare the financial statements on a going concern basis.



## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### 2.2 Accounting policies

The accounting policies and methods of computations used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the Historical Financial Information.

#### **New and amended standards adopted by the Group**

A number of new and revised IFRSs became applicable for the current reporting period. For the purpose of preparing this condensed consolidated interim financial information, the Group has adopted all applicable new and revised IFRSs except for any new standards or interpretation that are not yet effective for the reporting period ended June 30, 2024.

These amendments did not have significant impact except amendment to IAS 1, 'Classification of Liabilities as Current or Non-current', which has been applied throughout the Relevant Periods. As at June 30, 2024 and December 31, 2023, all the "Redeemable convertible preferred shares" were classified as current liabilities.

#### **New standards, amendments to standards and interpretations not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

IAS 21 (Amendment) 'Lack of exchangeability'	January 1, 2025
IFRS 9 and IFRS 7 (Amendment) 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	January 1, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027
IFRS 10 (Amendment) and IAS 28 (Amendment) 'Sale or contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined

The directors have performed assessment on the new standards and amendments, and has concluded on a preliminary basis that these new standards and amendments would not have a significant impact on the Group's condensed consolidated financial statements when they become effective.

### 3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: mainly market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the financial statements and should be read in conjunction with the Historical Financial Information.

There were no significant changes in any material risk management policies during the six months ended June 30, 2024.

### 4 FAIR VALUE ESTIMATION

#### (a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

- (i) Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- (ii) Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in level 2.
- (iii) Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers among level 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The carrying amounts of the financial assets and liabilities, which are measured at amortised cost, approximated their fair value as at June 30, 2024 and December 31, 2023.

## 4 FAIR VALUE ESTIMATION (CONTINUED)

### (a) Fair value hierarchy (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at June 30, 2024 and December 31, 2023, respectively.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Unaudited)</b>				
<b>As at June 30, 2024</b>				
<b>Assets</b>				
Financial assets at FVPL	33	-	20,921	20,954
<b>Liabilities</b>				
Financial instruments issued to investors				
– Redeemable convertible preferred shares	-	-	10,726,924	10,726,924
<b>(Audited)</b>				
<b>As at December 31, 2023</b>				
<b>Assets</b>				
Financial assets at FVPL	8,197	-	20,792	28,989
<b>Liabilities</b>				
Financial instruments issued to investors				
– Redeemable convertible preferred shares	-	-	12,589,493	12,589,493

### (b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow method, binomial option pricing model and forward pricing model, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the Track Record Period.

### (c) Fair values measurements using significant unobservable inputs (level 3)

More details about the financial instruments issued to investors as at June 30, 2024 have been presented in Note 28.

## 4 FAIR VALUE ESTIMATION (CONTINUED)

### (d) Valuation process

The Company has engaged an independent valuer to determine the fair value of financial instruments issued to investors which including preferred shares, warrants, convertible notes and commitment derivatives.

#### Preferred Shares issued by the Company

The discounted cash flow method was used to determine the total equity value of the Company, the option-pricing method and equity allocation model were adopted to determine the fair value of the redeemable convertible Preferred Shares. Key assumptions included risk-free interest rate, discounted of lack of marketability (“**DLOM**”), discount rate, and expected volatility.

For the Preferred Shares, discount rate was estimated by weighted average cost of capital as of each valuation date. Risk free interest rates are determined based on the yield of USD Treasury Strips with a maturity life equal to the expected time to a liquidation/redemption event as of each of the valuation dates. The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Expected volatility was estimated at the valuation dates based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation/redemption date. In addition to the assumptions adopted above, the Company’s projections of future performance were also factored into the determination of the fair value of the Preferred Shares on each valuation date.

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of the Preferred Shares issued by the Company. The changes in unobservable inputs including risk-free interest rate, DLOM and expected volatility will result in a significantly higher or lower fair value measurement. The increase in the fair value of the Preferred Shares would increase the loss of fair value change in the condensed consolidated statements of comprehensive income/(loss). When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management’s assessment of reasonably possible change to these unobservable inputs.

If the Company’s key valuation assumptions used to determine the fair value of the Preferred Shares had increased/decreased by 10% with all other variables held constant, the estimated fair value changes from carrying amount are listed in below table (assuming the change of key factors would not have significant impact on fair value change attributable to credit risk):

<b>As at June 30, 2024</b>			
<b>Fair value of the Preferred Shares</b>	<b>Expected volatility RMB’000</b>	<b>DLOM RMB’000</b>	<b>Risk free interest rate RMB’000</b>
(Unaudited)			
Increase 10%	<b>431</b>	<b>(41,396)</b>	<b>(659)</b>
Decrease 10%	<b>(850)</b>	<b>41,396</b>	<b>665</b>

## 4 FAIR VALUE ESTIMATION (CONTINUED)

### (d) Valuation process (continued)

#### Preferred Shares issued by the Company (continued)

As at December 31, 2023

Fair value of the Preferred Shares	Expected volatility RMB'000	DLOM RMB'000	Risk free interest rate RMB'000
(Audited)			
Increase 10%	770	(86,021)	(1,989)
Decrease 10%	(2,350)	86,022	2,010

### (e) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Key assumptions	Inputs		Relationship of key assumptions to fair value
		At June 30, 2024 (Unaudited)	At December 31, 2023 (Audited)	
<b>Preferred Shares</b>	Risk-free interest rate	<b>4.84%</b>	4.32%	The higher the risk-free interest rate, the lower the fair value
	DLOM	<b>4%</b>	7%	The higher the DLOM, the lower the fair value
	Discount rate	<b>16%</b>	16%	The higher the discount rate, the lower the fair value
	Expected volatility	<b>54.42%</b>	57.98%	Depends on capital structure of the Group and preferred shareholders' rights

As at June 30, 2024, the following financial instrument with unobservable inputs is not included in the above disclosure:

An equity investment measured at FVPL is valued based on calibration to recent transaction prices or investment cost without adjustment amounted to RMB20.9 million.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Historical Financial Information.

## 6 SEGMENT INFORMATION

The executive directors of the Company has been identified as the chief operating decision maker of the Group who reviews the operating results of the Group's business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one segment which is used to make strategic decisions.

No geographical segment information is presented as the majority of the revenue and operating losses of the Group are derived within PRC and the majority of the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

Revenue from customers contributing over 10% of the total revenue of the Group in the six months ended June 30, 2024 and 2023 is as follows:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Customer A	<b>14%</b>	11%
Customer B	<b>10%</b>	16%
Customer C	-	16%
Customer D	<b>15%</b>	-
Customer E	<b>11%</b>	-
Customer F	-	11%

## 7 REVENUE

### (a) Disaggregation of revenue from contracts with customers

Revenue for the six months ended June 30, 2024 and 2023 are as follows:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue from customers and recognised at point in time</b>		
Autonomous Driving Products and Solutions	167,271	90,169
Intelligent Imaging Solutions	12,868	16,318
	<b>180,139</b>	106,487

### (b) Assets recognised from costs to fulfil a contract

The Group recognised assets in relation to costs to fulfil its provision of services contracts. This is presented within "Prepayments and other receivables" in the condensed consolidated statements of financial position (Note 21).

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Beginning balance	1,083	13,869
Addition	609	3,509
Recognised as cost of sales	(377)	(7,018)
Ending balance	<b>1,315</b>	10,360

### (c) Contract liabilities

During the six months ended June 30, 2024 and 2023, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfilment of performance obligations.



## 7 REVENUE (CONTINUED)

### (c) Contract liabilities (continued)

The following table shows how much of the revenue recognised during the six months ended June 30, 2024 and 2023 is included in the contract liabilities:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue recognised that was included in the contract liability balance at the beginning of the period	2,818	-

## 8 EXPENSES BY NATURE

The detailed analysis of cost of sales, selling expenses, general and administrative expenses, and research and development expenses are as follow:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Employee benefits expenses	634,819	521,017
Design and development expenses	150,974	98,969
Intellectual property ("IP") license expenses	9,086	26,375
Raw materials and consumables used	111,215	99,683
Changes in inventories of work in progress and finished goods (Reversal)/provision for impairment of inventories (Note 18)	(22,580) (118)	(38,127) 16,691
Depreciation of property, plant and equipment (Note 14)	25,036	14,887
Amortization of intangible assets (Note 16)	20,053	12,943
Depreciation of right-of-use assets (Note 15)	11,013	8,917
Outsourcing labor costs	21,820	17,734
Office and travelling expenses	19,367	19,291
Listing expenses	9,044	18,077
Marketing expenses	7,879	10,702
Legal, consulting and other professional fees	7,529	1,578
Short-term lease expenses (Note 15)	3,626	3,015
Recruiting expenses	579	1,840
Others	1,733	3,022
Total cost of sales, selling expenses, general and administrative expenses, and research and development expenses	1,011,075	836,614

## 9 OTHER INCOME

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government grants	8,162	13,885

The government grants mainly represent government subsidies for the Group's research and development expenditures. There are no unfulfilled conditions or other contingencies attaching to the grants recognised.

## 10 OTHER LOSSES – NET

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Gains on financial assets at FVPL <i>(Note 20)</i>	130	10,683
Net foreign exchange losses	(2,211)	(22,108)
Donation	-	(510)
Others	(1,266)	(502)
	<b>(3,347)</b>	<b>(12,437)</b>

The net foreign exchange losses of the Group was primarily resulted from the translation of USD monetary assets into RMB functional currency in its PRC subsidiaries.

## 11 FINANCE INCOME – NET

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Finance income:</b>		
Interest income on cash at bank	18,751	7,577
Others	267	254
	<b>19,018</b>	7,831
<b>Finance costs:</b>		
Interest expenses on bank borrowings	(1,116)	(299)
Interest expenses on lease liabilities (Note 15)	(1,509)	(745)
Others	(725)	(440)
	<b>(3,350)</b>	(1,484)
	<b>15,668</b>	6,347

## 12 INCOME TAX EXPENSE

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending December 31, 2024 is 0% (for the year ended December 31, 2023: 0%).

### 13 EARNINGS/(LOSS) PER SHARE

#### (a) Basic earnings/(loss) per share

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit/(loss) attributable to the equity holders of the Company (RMB'000)	1,104,767	(3,729,144)
Weighted average number of ordinary shares outstanding (thousand shares)	73,369	71,000
Basic earnings/(loss) per share (expressed in RMB per share)	15.1	(52.5)

#### (b) Diluted loss per share

The calculation of the diluted loss per share is based on the profit/(loss) attributable to equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares that would have been outstanding, as appropriate. The weighted average number of ordinary shares used in calculating diluted loss per share is the weighted average number of ordinary shares, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Group incurred losses for the six months ended June 30, 2023, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2023 are the same as basic loss per share of the period.

### 13 EARNINGS/(LOSS) PER SHARE (CONTINUED)

#### (b) Diluted loss per share (continued)

For the six months ended June 30, 2024, the Group has two categories of potential ordinary shares, namely redeemable convertible preferred shares of the Company and share options with vesting schedule granted to the employees. Share options with vesting schedule granted to the employees were anti-dilutive for the six months ended June 30, 2024.

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit/(loss) attributable to the equity holders of the Company	1,104,767	(3,729,144)
Adjustment for fair value change of the Company's redeemable convertible preferred shares through profit or loss	(1,931,792)	-
Net loss attributable to the equity holders of the Company	(827,025)	(3,729,144)
Weighted average number of shares (thousand shares):		
Weighted average number of ordinary shares outstanding (thousand shares)	73,369	71,000
Adjustment for redeemable convertible preferred shares of the Company	414,293	-
Weighted average number of shares for calculation of diluted loss per share	487,662	71,000
Diluted loss per share (expressed in RMB per share)	(1.7)	(52.5)

## 14 PROPERTY, PLANT AND EQUIPMENT

	Electronic devices RMB'000	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Total RMB'000
(Unaudited)					
<b>At January 1, 2024</b>					
Cost	148,577	1,949	11,350	498	162,374
Accumulated depreciation	(56,566)	(1,165)	(5,695)	(359)	(63,785)
Net book amount	92,011	784	5,655	139	98,589
<b>Six months ended June 30, 2024</b>					
Opening net book amount	92,011	784	5,655	139	98,589
Additions	22,730	80	625	–	23,435
Depreciation charge (Note 8)	(23,270)	(181)	(1,523)	(62)	(25,036)
Currency translation differences	6	2	(33)	1	(24)
Closing net book amount	91,477	685	4,724	78	96,964
<b>At June 30, 2024</b>					
Cost	171,334	2,035	11,146	498	185,013
Accumulated depreciation	(79,857)	(1,350)	(6,422)	(420)	(88,049)
Net book amount	91,477	685	4,724	78	96,964

**14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Electronic devices RMB'000	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Total RMB'000
(Unaudited)					
<b>At January 1, 2023</b>					
Cost	74,972	1,448	5,382	1,040	82,842
Accumulated depreciation	(24,994)	(458)	(1,711)	(386)	(27,549)
Net book amount	49,978	990	3,671	654	55,293
<b>Six months ended June 30, 2023</b>					
Opening net book amount	49,978	990	3,671	654	55,293
Additions	47,530	6	3,487	-	51,023
Disposal	(12)	-	-	(345)	(357)
Depreciation charge (Note 8)	(12,545)	(134)	(2,101)	(107)	(14,887)
Currency translation differences	249	18	74	-	341
Closing net book amount	85,200	880	5,131	202	91,413
<b>At June 30, 2023</b>					
Cost	122,998	1,486	8,724	498	133,706
Accumulated depreciation	(37,798)	(606)	(3,593)	(296)	(42,293)
Net book amount	85,200	880	5,131	202	91,413

	<b>Six months ended June 30,</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>
Research and development expenses	<b>19,867</b>	10,892
General and administrative expenses	<b>5,113</b>	3,934
Selling expenses	<b>56</b>	61
	<b>25,036</b>	14,887



## 15 LEASE

### (a) Amounts recognised in the condensed consolidated statement of financial position

The condensed consolidated statement of financial position shows the following amounts relating to leases:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
<b>Right-of-use assets</b>		
Leased buildings	49,227	50,848
<b>Lease liabilities</b>		
Current	19,530	18,521
Non-current	32,075	33,927
	<b>51,605</b>	<b>52,448</b>

Additions to leased buildings during the six months ended June 30, 2024 and 2023 were approximately RMB9.4 million and RMB5.0 million, respectively.

### (b) Amounts recognised in the condensed consolidated statement of comprehensive income/(loss)

The condensed consolidated statement of comprehensive income/(loss) shows the following amounts relating to leases:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets <i>(Note 8)</i>	11,013	8,917
Interest expense (included in finance cost) <i>(Note 11)</i>	1,509	745
Expense relating to short-term leases <i>(Note 8)</i>	3,626	3,015

The total cash outflows for leases during the six months ended June 30, 2024 and 2023 were approximately RMB15.3 million and RMB12.8 million, respectively.

### (c) The Group's leasing activities and how these are accounted for

The Group leases various buildings for operation. Rental contracts are typically made for fixed periods ranging from one year to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

## 16 INTANGIBLE ASSETS

	Software RMB'000
<b>(Unaudited)</b>	
<b>At January 1, 2024</b>	
Cost	113,044
Accumulated amortization	(38,249)
<b>Net book amount</b>	<b>74,795</b>
<b>Six months ended June 30, 2024</b>	
Opening net book amount	74,795
Additions	2,500
Amortisation charge <i>(Note 8)</i>	(20,053)
Closing net book amount	57,242
<b>At June 30, 2024</b>	
Cost	115,545
Accumulated amortization	(58,303)
<b>Net book amount</b>	<b>57,242</b>
<b>(Unaudited)</b>	
<b>At January 1, 2023</b>	
Cost	30,618
Accumulated amortization	(13,201)
<b>Net book amount</b>	<b>17,417</b>
<b>Six months ended June 30, 2023</b>	
Opening net book amount	17,417
Additions	59,161
Amortisation charge <i>(Note 8)</i>	(12,943)
Closing net book amount	63,635
<b>At June 30, 2023</b>	
Cost	89,779
Accumulated amortization	(26,144)
<b>Net book amount</b>	<b>63,635</b>

## 16 INTANGIBLE ASSETS (CONTINUED)

As at June 30, 2024, the intangible assets of the Group are mainly software which included electronic design automation software and office software.

Amortisation of the Group's intangible assets has been recognised as follows:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Research and development expenses	18,728	12,463
General and administrative expenses	1,325	480
	<b>20,053</b>	12,943

## 17 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Investment in associates		
<b>At the beginning of the period</b>	<b>17,176</b>	8,617
Share of net loss of associate accounted for using the equity method	<b>(2,593)</b>	(1,216)
<b>At the end of the period</b>	<b>14,583</b>	7,401

## 17 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Set out below is a list of the associates of the Group as at June 30, 2024 and December 31, 2023. The investments in associates only consist of ordinary shares.

Name	Date of incorporation	Place of incorporation	Percentage of ownership interest attributable to the Group		Principal activities
			As at June 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)	
Mairun Intelligent Technology (Shanghai) Co., Ltd. ("Mairun") (邁潤智能科技(上海)有限公司)	July 6, 2018	PRC	8.84%	8.84%	Intelligent technology
Guoqi Pujin Intelligent Technology (Anqing) Co., Ltd. ("Guoqi") (國汽朴津智能科技(安慶)有限公司)	August 10, 2020	PRC	4.20%	4.20%	Intelligent technology
Lingtong Technology (Shanghai) Co., Ltd. ("Lingtong") (領瞳科技(上海)有限公司)	March 22, 2023	PRC	15%	15%	Intelligent technology

In the opinion of the directors of the Company, none of the associates was material to the Group as of June 30, 2024 and December 31, 2023.

## 17 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

The investments in associates as at June 30, 2024 and December 31, 2023 are as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Investment in associates		
– Mairun	5,753	6,731
– Guoqi	–	1,238
– Lingtong	8,830	9,207
	<b>14,583</b>	17,176

## 18 INVENTORIES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Work in progress	85,286	75,364
Finished goods	26,953	14,295
	<b>112,239</b>	89,659
Less: Provision for impairment of inventories	<b>(18,118)</b>	(18,236)
	<b>94,121</b>	71,423

During the six months ended June 30, 2024, inventories recognised as cost of sales amounted to RMB88.6 million, and reversal of impairment of inventories recognised as cost of sales amounted to RMB0.1 million.

During the six months ended June 30, 2023, inventories recognised as cost of sales amounted to RMB61.6 million, and provision for impairment of inventories recognised as cost of sales amounted to RMB16.7 million.

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
<b>Financial assets</b>		
Financial assets at FVPL <i>(Note 20)</i>	20,954	28,989
Financial assets at amortised cost:		
– Trade and notes receivables <i>(Note 22)</i>	243,057	164,937
– Other receivables (excluded prepayments, contract fulfillment cost, listing expenses to be capitalised and value-added tax recoverable) <i>(Note 21)</i>	18,566	19,049
– Cash and cash equivalents <i>(Note 23)</i>	919,957	1,298,412
	<b>1,181,580</b>	1,511,387
<b>Financial liabilities</b>		
Financial instruments issued to investors <i>(Note 28)</i>	10,726,924	12,589,493
Financial liabilities at amortised cost:		
– Trade payables <i>(Note 29)</i>	94,848	68,085
– Other payables and accruals (excluding government grants, other tax payables, payroll and welfare payables) <i>(Note 30)</i>	79,537	77,170
– Borrowings <i>(Note 27)</i>	232,040	–
– Lease liabilities <i>(Note 15)</i>	51,605	52,448
	<b>11,184,954</b>	12,787,196

## 20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at fair FVPL:

- debt investments that do not qualify for measurement at either amortised cost or at FVOCI;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains or losses through OCI.

Financial assets measured at FVPL include the following:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
<b>Current assets</b>		
– Short-term investments measured at FVPL (a)	33	8,197
<b>Non-current assets</b>		
– Long-term investments measured at FVPL (b)	20,921	20,792
<b>Total financial assets</b>	<b>20,954</b>	28,989

- (a) Short-term investments measured at FVPL represents United States Treasury Bond purchased from Bank of America and money market fund unsecured with variable interest rates. The Group measures the investments at fair value using the quoted subscription or redemption prices published by the banks.

During the six months ended June 30, 2024, the Group received proceeds from the redemption of United States Treasury Bond with the amount of RMB8.3 million upon maturity.

During the six months ended June 30, 2023, the Group received proceeds from the redemption of United States Treasury Bond and money market fund with the amount of RMB498.9 million upon maturity.

- (b) In November 2022, Dark Benne Limited, a wholly owned subsidiary of the Company, entered into an agreement to invest in 4.6% equity interests of a limited partnership fund as a limited partner with a total consideration of USD2.9 million (equivalent to RMB20 million). The consideration was paid in full in April 2023. As a limited partner, the Group has no significant influence over the limited partnership fund. Hence, the investment is accounted for as financial assets at FVPL with changes in the fair value recorded in the condensed consolidated statements of comprehensive income/(loss).



## 20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

During the six months ended June 30, 2024 and 2023, the following net fair value gains were recognised in the condensed consolidated statements of comprehensive income/(loss):

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Gains on financial assets at FVPL recognised in other losses – net	130	10,683

## 21 PREPAYMENTS AND OTHER RECEIVABLES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Non-current:		
Capacity retention fees to packaging and testing services provider	9,903	9,635
Deposits	3,228	4,884
Others	2,519	2,955
	15,650	17,474
Less: loss allowance	–	–
	15,650	17,474
Current:		
Prepayments	39,684	25,340
Value-added tax recoverable	77,869	63,890
Transaction costs of the borrowings	6,906	–
Contract fulfillment cost (Note 7(b))	1,315	1,083
Listing expenses to be capitalized	4,664	2,854
Deposits	3,521	3,862
Others	771	668
	134,730	97,697
Less: loss allowance	–	–
	134,730	97,697

## 21 PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

As at June 30, 2024 and December 31, 2023, the carrying amounts of other receivables were primarily denominated in RMB and approximated their fair values at each period/year end.

Other receivables that are measured at amortised costs included deposits and amounts due from a related party and others were considered to be of low credit risk, and thus the impairment provision recognised during the six months ended June 30, 2024 and 2023 was limited to 12 months expected losses. The expected credit losses were minimal as these receivables had no history of default, certain amount of receivables were subsequently settled, and there was no unfavorable current conditions and forecast future economic conditions identified as at June 30, 2024 and December 31, 2023.

## 22 TRADE AND NOTES RECEIVABLES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Trade and notes receivables	277,598	185,499
Less: provision for impairment	(34,541)	(20,562)
	<b>243,057</b>	164,937

The Group usually grants a credit period of 30 days to 180 days to its customers. As at June 30, 2024 and December 31, 2023, the aging analysis of trade and notes receivables based on recognition date of gross trade and notes receivables are as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Up to 3 months	137,566	103,121
3 to 6 months	3,705	2,459
6 to 9 months	58,622	8,036
9 to 12 months	381	12,876
Over 12 months	77,324	59,007
	<b>277,598</b>	185,499

The majority of the Group's trade and notes receivables were denominated in RMB.

## 23 CASH AND CASH EQUIVALENTS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Cash and cash equivalents <i>(Note 19)</i>	919,957	1,298,412
Cash and cash equivalents are denominated in:		
– USD	827,781	987,304
– RMB	90,337	309,140
– SGD	1,839	1,968
	919,957	1,298,412

As at June 30, 2024 and December 31, 2023, cash and cash equivalents of the Group are mainly denominated in USD.

## 24 SHARE CAPITAL

### Authorized

	Number of shares	Nominal value of shares in USD
Authorized shares as at June 30, 2024 and December 31, 2023 (a)	1,000,000,000	100,000

## 24 SHARE CAPITAL (CONTINUED)

### Issued

	Number of shares	Nominal value of shares in USD	Equivalent nominal value of shares RMB'000
(Unaudited)			
As at January 1, 2024	71,000,000	7,100	46
Exercise of share options (b)	22,689,107	2,269	16
Issuance of ordinary shares to Excellent Ocean Assets Limited ("the Option Trust") (c)	24,187,308	2,419	17
As at June 30, 2024	117,876,415	11,788	79

- (a) The Company was incorporated in the Cayman Islands on July 15, 2016 with an authorized share capital of USD50,000 divided into 500,000,000 ordinary shares of a par value of USD0.0001 each.

In September 2019, the Company increased the authorized share capital to USD100,000 divided into 1,000,000,000 shares of a par value of USD0.0001 each.

As at June 30, 2024, the authorized share capital of the Company is USD100,000 divided into 1,000,000,000 shares: (i) 581,215,714 ordinary shares of a par value of USD0.0001 each, (ii) 71,000,000 Series A redeemable convertible Preferred Shares of a par value of USD0.0001 each, (iii) 42,388,282 Series A-1 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (iv) 54,977,656 Series B-1 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (v) 6,000,000 Series B-2 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (vi) 24,557,864 Series B-3 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (vii) 23,959,003 Series B-4 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (viii) 49,315,790 Series B+ redeemable convertible Preferred Shares of a par value of USD0.0001 each, (ix) 75,780,089 Series C redeemable convertible Preferred Shares of a par value of USD0.0001 each, (x) 70,805,602 Series C+ redeemable convertible Preferred Shares of a par value of USD0.0001 each.

- (b) As at December 31, 2023, 17,663,676 options were exercised but not yet registered as ordinary shares of the Company. During the six months ended June 30, 2024, 5,025,431 options were exercised (Note 31). In June 2024, the Company completed the ordinary share registration for these options exercised under the Pre-IPO Incentive Plan in previous periods.
- (c) During the six months ended June 30, 2024, the Company issued 24,187,308 ordinary shares to the Option Trust for the purpose of holding certain ordinary shares under the Company's Pre-IPO Incentive Plan (the "Pre-IPO Plan") on trust for and on behalf of the grantees.

As at June 30, 2024, 24,187,308 shares held in the Option Trust are accounted for as treasury shares of the Company (Note 25).

The Company completed the IPO with the gross proceeds of HKD1.036 billion on August 8, 2024 and the Preferred Shares were automatically converted to 414,292,838 ordinary shares of the Company upon the successful listing of the shares of the Company.

## 25 OTHER EQUITY

	As at June 30, 2024		As at December 31, 2023	
	Shares	RMB'000	Shares	RMB'000
Treasury shares	24,187,308	17	-	-

Details	Number of shares	RMB'000
(Unaudited)		
At January 1, 2024	-	-
Issuance of ordinary shares to the Option Trust (Note 24(c))	24,187,308	17
At June 30, 2024	24,187,308	17

## 26 RESERVES

	Currency translation differences RMB'000	Fair value change on redeemable convertible preferred shares due to own credit risk RMB'000	Share-based Compensation RMB'000	Repurchase and cancellation of ordinary shares RMB'000	Repurchase and cancellation of vested share options RMB'000	Total RMB'000
(Unaudited)						
<b>As at January 1, 2024</b>	(424,026)	(37,075)	920,245	(46,500)	(59,064)	353,580
Fair value change on redeemable convertible preferred shares due to own credit risk (Note 28(a))	-	2,821	-	-	-	2,821
Share-based compensation	-	-	224,724	-	-	224,724
Exercise of share options	-	-	17,488	-	-	17,488
Currency translation differences	(63,906)	-	-	-	-	(63,906)
<b>As at June 30, 2024</b>	(487,932)	(34,254)	1,162,457	(46,500)	(59,064)	534,707
(Unaudited)						
<b>As at January 1, 2023</b>	(275,677)	(32,052)	499,193	(46,500)	(59,064)	85,900
Fair value change on redeemable convertible preferred shares due to own credit risk (Note 28(a))	-	(4,475)	-	-	-	(4,475)
Share-based compensation	-	-	161,853	-	-	161,853
Currency translation differences	(414,236)	-	-	-	-	(414,236)
<b>As at June 30, 2023</b>	(689,913)	(36,527)	661,046	(46,500)	(59,064)	(170,958)

## 27 BORROWINGS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
– Bank borrowings, secured (a)	121,267	–
Borrowings included in current liabilities:		
– Bank borrowings, secured (a)	30,316	–
– Bank borrowings, unsecured (b)(c)	80,000	–
– Interest payables	457	–
	110,773	–
	232,040	–

- (a) In May 2024, Black Sesame Technologies Co., Ltd. (“**Black Sesame Wuhan**”) and Black Sesame Technologies (Shanghai) Co., Ltd. (“**Black Sesame Shanghai**”) entered into a two-year syndicated loan agreement with Shanghai Pudong Development Silicon Valley Bank (“**SSVB**”), acting as the lead and agent bank, and several other banks, which provided Black Sesame Wuhan and Black Sesame Shanghai loans with aggregated principal amount of RMB500 million. The transaction costs of these loans amounted to RMB10 million. The total principal amount can be draw down within the six months period from the date of the loan agreement. Out of the total amount, RMB300 million and RMB200 million will be due for repayment by instalments in November 2025 and May 2026, respectively. Also, the bank has the right to request the Group to make early repayment of the above loans if the Company fails to consummate equity financing with the gross proceeds no less than a pre-determined amount by December 31, 2024. Borrowings under the loan agreement were guaranteed by Black Sesame International Holding Limited. In May and June 2024, Black Sesame Wuhan drew down borrowings with an aggregate amount of RMB95.6 million and Black Sesame Shanghai drew down borrowings with an aggregate amount of RMB59.0 million under the loan agreement with interest rates of 3.7% per annum. The Company expects to draw down the remaining RMB345.4 million by November 2024.

Subsequently in August 2024, the Company completed its IPO with the gross proceeds less than the pre-determined amount which may trigger the banks’ rights to request early repayment of the above loans since January 1, 2025. Given such covenant shall be complied by the Group after the reporting date, the directors of the Company consider the covenant does not affect the classification of the loans as of June 30, 2024 in accordance with the requirements under IAS 1.

## 27 BORROWINGS (CONTINUED)

- (b) In April 2023, Black Sesame Wuhan entered into a one-year loan facility agreement with China Merchants Bank Company Limited Wuhan Branch which provided Black Sesame Wuhan a credit limit in an aggregate principal amount of RMB50 million. In March 2024, Black Sesame Wuhan drew down borrowings with the amount of RMB50 million under the facility with an interest rate of 3.2% per annum, and the borrowing shall be due for repayment by March 2025.
- (c) In April 2023, Black Sesame Shanghai entered into a one-year loan facility agreement with China Merchants Bank Company Limited Shanghai Branch which provided Black Sesame Shanghai a credit limit in an aggregate principal amount of RMB30 million. In March and April 2024, Black Sesame Shanghai drew down borrowings with the amount of RMB17.8 million and RMB12.2 million under the facility with an interest rate of 3.2% per annum which shall be due for repayment by October 2024.
- (d) The weighted average interest rates for the six months ended June 30, 2024 and 2023 were 4.75% and 6.12%, respectively per annum.

## 28 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Redeemable convertible preferred shares (a)	10,726,924	12,589,493

## 28 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

### (a) Redeemable convertible preferred shares

Since the date of incorporation, the Company has completed several rounds of financing by issuing Preferred Shares to investors, namely, Series A Preferred Shares, Series A-1 Preferred Shares, Series B-1 Preferred Shares, Series B-2 Preferred Shares, Series B-3 Preferred Shares, Series B-4 Preferred Shares, Series B+ Preferred Shares, Series C Preferred Shares and Series C+ Preferred Shares.

The particulars of the Preferred Shares issuance are set out in the table below:

Series	Date of issuance	Purchase Price (USD/Share)	Number of Shares	Total consideration USD'000
Series A Preferred Shares	September 2016, November 2016, December 2016, January 2017, February 2017, July 2017	0.1000	71,000,000	7,100
Series A-1 Preferred Shares	December 2017, January 2018, March 2018, April 2018, May 2018, June 2021	0.3360	42,388,282	14,242
Series B-1 Preferred Shares	February 2019, March 2019	0.7276	54,977,656	40,002
Series B-2 Preferred Shares	April 2019	0.8003	6,000,000	4,802
Series B-3 Preferred Shares	September 2019	1.0913	24,557,864	26,800
Series B-4 Preferred Shares	August 2020, January 2022, June 2023	1.2132	23,959,003	29,067
Series B+ Preferred Shares	April 2021, July 2021, September 2021, January 2022, June 2023	2.3972	49,315,790	118,220
Series C Preferred Shares	May 2021, June 2021, July 2021, September 2021, June 2022	3.0655	75,780,089	232,304
Series C+ Preferred Shares	December 2021, January 2022, June 2023	3.4733	66,314,154	230,329
			414,292,838	702,866



## 28 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

### (a) Redeemable convertible preferred shares (continued)

The key terms of the Preferred Shares are summarized as follows:

#### **Dividend rights**

Holders of Preferred Shares of later series have preference to receive any declaration or payment of any cash or non-cash dividends in the following sequence: Series C+ Preferred Shares, Series C Preferred Shares, Series B+ Preferred Shares, Series B-4 Preferred Shares, Series B-3 Preferred Shares, Series B-2 Preferred Shares, Series B-1 Preferred Shares, Series A-1 Preferred Shares, Series A Preferred Shares and ordinary shares, cumulative dividends at a simple rate of six percent (6%) per annum of the original issue price of such Preferred Shares on each such Preferred Share held by such holder, payable when, as and if declared by the board of directors.

#### **Liquidation preference**

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders shall, by reason of the shareholders' ownership of the shares, be distributed as follows:

First, the holders of the Preferred Shares shall be entitled to receive for each outstanding Preferred Share held and fully paid, as applicable, the amount equal to one hundred percent of the applicable Preferred Share's issue price, plus all declared but unpaid dividends on such Preferred Shares. If the assets and funds are insufficient for the full payment to such holders of such Preferred Shares, then the entire assets and funds legally available for distribution shall be distributed ratably among such holders in proportion. Upon the liquidation, in order of preference, first to the holders of Series C+ Preferred Shares, then to the holders of Series C Preferred Shares, Series B+ Preferred Shares, Series B-4 Preferred Shares, Series B-3 Preferred Shares, Series B-2 and B-1 Preferred Shares, Series A-1 Preferred Shares, and last to the holders of Series A Preferred Shares and ordinary shares.

Second, if there are any assets or funds remaining after the aggregate amount have been distributed or paid in full to the applicable holders of Preferred Shares as above, the remaining assets and funds legally available for distribution shall be distributed ratably among the holders of ordinary shares and holders of Preferred Shares according to the relative number of ordinary shares on an as-converted basis. Except for the holders of Series C+ Preferred Shares, Series C Preferred Shares and Series B+ Preferred Shares, the total amount that may be distributed to each holder of Preferred Shares shall not exceed three times of the applicable issue price.

Deemed Liquidation Events shall be treated as a liquidation event. Deemed Liquidation Events includes (a) any consolidation, amalgamation, scheme of arrangement or merger of any Group Company (means each subsidiary of the Company and the Group) with or into any other person or other reorganization in which the shareholders of such Group Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than 50% of such Group Company's voting power in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which such Group Company is a party in which in excess of 50% of such Group Company's voting power is transferred; (b) a sale, transfer, lease or other disposition of all or substantially all of the assets of any Group Company (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of such Group Company); or (c) the transfer or exclusive licensing, in a single transaction or a series of related transactions, of all or substantially all of any Group Company's IP to a third party.

## 28 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

### (a) Redeemable convertible preferred shares (continued)

#### Redemption rights

The Company shall redeem, at the option of any holder of outstanding Preferred Shares, all of the outstanding Preferred Shares (other than the unpaid shares) held by the requesting holder, at any time after the failure by the Company to complete a Qualified IPO as of March 31, 2026. The redemption price for each fully paid Preferred Share (other than the unpaid shares) shall be equal to one hundred percent of the Preferred Share's purchase price, plus an annual compounded interest rate of 8% accrued for the period from the Preferred Share's deemed issue date up to and until the date when such Preferred Share is redeemed, plus all declared but unpaid dividends.

Upon the redemption, in order of preference, first to the holders of Series C+ Preferred Shares, then to the holders of Series C Preferred Shares, Series B+ Preferred Shares and all Series B Preferred Shares.

#### Voting rights

Each Preferred Share (except for these held by the Company's founder Shan Jizhang) shall be entitled to the number of votes equal to the number of ordinary shares into which such Preferred Shares could be converted. Shan Jizhang shall have ten votes in respect of each ordinary share held, and shall be entitled to such number of votes as equals ten times the number of ordinary shares into which such Shan Jizhang's collective Preferred Shares are convertible in respect of each ordinary share held. Such right is not transferable and may be exercised only by Shan Jizhang. Preferred Shares could vote separately as a class with respect to any matters. As at June 30, 2024, the number of ordinary shares and Preferred Shares held by Shan Jizhang were 42,100,000 and 2,000,000, respectively.

#### Conversion

Each Preferred Share shall be convertible into such number of fully-paid and non-assessable ordinary shares at the Preferred Share-to-ordinary share conversion ratio equal to Preferred Share Purchase Price divided by the then effective conversion price for such Preferred Share. The conversion price for each Preferred Share shall initially be the applicable Preferred Share purchase price for such Preferred Share, resulting in an initial conversion ratio for the Preferred Shares of 1:1, and shall be subject to adjustment and readjustment for dilution from time to time included but not limited to stock splits, stock dividends and reorganization. Each Preferred Share may, at the option of the holders thereof, be converted at any time after the date of issuance of such Preferred Shares into ordinary shares based on the then-effective applicable Conversion Price.

#### Subsequent amendments to the key terms of the Preferred Shares

According to the written resolutions passed by the Shareholders on July 26, 2024, it is resolved unanimously that each shareholder of the Company expressly and irrevocably (a) acknowledges and recognises the proposed global offering does not meet the "Qualified IPO" as defined in the existing memorandum and articles of association of the Company; (b) consents to the automatic conversion of Preferred Shares on a 1:1 ratio at the time immediately upon the closing of the proposed global offering; and (c) waives any rights, entitlement or claims against the Company, whether arising at contract or in law, whether such rights, entitlement or claims are provided for under any contract to which that such shareholder is a party or under the existing memorandum and articles of association of the Company (including the redemption rights), provided that (i) the final offer price shall not be less than the cost per share for Series C+ Preferred Shares; and (ii) the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited shall take place on or before September 30, 2024.

The Company completed the IPO on August 8, 2024 and the Preferred Shares were automatically converted to ordinary shares of the Company upon the successful listing of the shares of the Company.

## 28 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

### (a) Redeemable convertible preferred shares (continued)

#### Accounting for the Preferred Shares

The Preferred Shares are classified as financial liabilities. In addition, the Group measures the Preferred Shares on a fair value basis and does not bifurcate any embedded derivatives from the host instruments and designates entire instruments as a financial liability at fair value through profit or loss with the changes in the fair value recorded in the condensed consolidated statements of comprehensive income/(loss), except for the gains or losses arising from the Company's own credit risk which are presented in OCI with no subsequent reclassification to the statement of profit or loss.

As at June 30, 2024 and December 31, 2023, all the Preferred Shares were classified as current liabilities as the preferred shares may be converted into ordinary shares at the option of the preferred shareholders at any time and the conversion feature does not meet "fixed for fixed" criteria.

If the Company's own credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognizing in profit or loss for loan commitments or financial guarantee contracts.

The movements of the Preferred Shares during the six months ended June 30, 2024 and 2023 are set out as below:

	RMB'000
(Unaudited)	
<b>At January 1, 2024</b>	<b>12,589,493</b>
Change in fair value through profit or loss	<b>(1,931,792)</b>
Change in fair value due to own credit risk	<b>(2,821)</b>
Currency translation differences	<b>72,044</b>
<b>At June 30, 2024</b>	<b>10,726,924</b>
(Unaudited)	
<b>At January 1, 2023</b>	<b>8,279,244</b>
Conversion of 2020 Convertible Note for Series B-4 Preferred Shares <i>(Note 28(b))</i>	47,403
Issuance of Series B+ Preferred Shares	161,579
Issuance of Series C+ Preferred Shares	1,046,269
Change in fair value through profit or loss	2,686,970
Change in fair value due to own credit risk	4,475
Currency translation differences	479,502
<b>At June 30, 2023</b>	<b>12,705,442</b>

The Company applied the discount cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the Preferred Shares. Key assumptions are discussed in Note 4.

## 28 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

### (b) Warrants

In November 2020, the Group entered into a loan facility agreement with SSVB which provided the Group a credit limit in an aggregate principal amount of RMB34.5 million with a floating interest per annum (1.65% above the loan prime rate). In conjunction with the loan facility agreement, the Group issued China Equities, a related party of SSVB, a warrant with a consideration of USD458 to subscribe 247,280 ordinary shares of the Company at the purchase price of USD1.2132 per share within a term of 7 years from the issuance date (“**2020 Ordinary Share Warrant**”). The purchase price shall be subject to adjustment for dilution from time to time, included but not limited to stock splits and stock dividends. Proceeds drawn down under the loan facility together with the warrant purchase price were allocated between the borrowings and the 2020 Ordinary Share Warrant. The 2020 Ordinary Share Warrant was subsequently recorded at fair value with changes in fair value recorded in profit or loss.

The Group repurchased the 2020 Ordinary Share Warrant in June 2023 with a consideration of USD618,834 (equivalent to RMB4.4 million) which is approximate to the fair market value of the warrant.

As at June 30, 2024 and 2023, the Group did not have any warrants.

The Company’s warrant liabilities activities during the six months ended June 30, 2023 are summarized below:

	RMB'000
(Unaudited)	
<b>At January 1, 2023</b>	3,804
Repurchase of 2020 Ordinary Share Warrant	(4,358)
Change in fair value	573
Currency translation differences	(19)
<b>At June 30, 2023</b>	-

## 28 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

### (c) 2020 Convertible Notes

In September 2020, Black Sesame Shanghai issued convertible notes with the principal amount of RMB68.6 million to three third party investors (“**2020 Convertible Notes**”). The convertible notes have a repayment term of 21 months and an interest rate of 8% per annum.

Pursuant to the agreement, at any time after the date of issuance of this note and prior to the repayment in full, investors of the 2020 Convertible Notes have the option to convert the principal amount to 2.2% equity interests in Black Sesame Shanghai.

In June 2021, the Group entered into a supplementary agreement with the above investors, pursuant to which, the investors are entitled to convert the principal amount into 8,298,417 Series B-4 Preferred Shares of the Company after their outbound investment registration completed, and the investors have the right to require the Company to repay the principal amounts plus 8% interest if the outbound investment registration not completed before September 30, 2021.

In January 2022, Black Sesame Shanghai repaid RMB55 million to two holders of 2020 Convertible Notes and these two holders then purchased 6,649,935 Series B-4 Preferred Shares with the purchase price equivalent to RMB55 million, which was accounted as conversion of 2020 Convertible Notes into Series B-4 Preferred Shares.

In June 2023, Black Sesame Shanghai repaid RMB13.6 million to the remaining holder of 2020 Convertible Notes and the holder then purchased 1,648,482 Series B-4 Preferred Shares with the purchase price equivalent to RMB13.6 million, which was accounted as conversion of 2020 Convertible Notes into Series B-4 Preferred Shares.

The Group designated the entire hybrid contract of convertible notes as a financial liability at fair value through profit or loss with the changes in the fair value recorded in the condensed consolidated statements of comprehensive income/(loss).

As at June 30, 2024 and 2023, the Group did not have any convertible notes.

The movement of the Group’s convertible notes during the six months ended June 30, 2023 is set out as below:

	RMB'000
(Unaudited)	
<b>At January 1, 2023</b>	35,413
Change in fair value	11,990
Conversion of 2020 Convertible Notes	(47,403)
<b>At June 30, 2023</b>	-

## 28 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

### (d) Commitment derivatives

The issuance of Preferred Shares to certain investors would not be consummated before they complete their registrations for overseas direct investment. The Group's commitments to its Preferred Share investors to purchase its Preferred Shares at a predetermined price commence from sign-off of corresponding investment agreements till the investors settle the applicable considerations and the register of members of the Company is correspondingly updated. Therefore, such commitments were accounted for as derivatives and recorded as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the condensed consolidated statements of comprehensive loss. As at June 30, 2023, other than the investors who terminated their commitment agreements with the Company, all the rest of investors completed their registrations for overseas direct investment and consummated the purchase of the Preferred Shares. Hence, all the commitment derivatives were either converted to Preferred Shares or terminated as at June 30, 2023.

As at June 30, 2024 and 2023, the Group did not have any commitment derivatives.

The movement of the Group's commitment derivatives during the six months ended June 30, 2023 is set out as below:

	RMB'000
(Unaudited)	
<b>At January 1, 2023</b>	<u>67,941</u>
Issuance of Series B+ Preferred Shares	(71,500)
Issuance of Series C+ Preferred Shares	(296,269)
Termination of commitment	(31,020)
Change in fair value	331,195
Currency translation differences	<u>(347)</u>
<b>At June 30, 2023</b>	<u>-</u>

## 29 TRADE PAYABLES

As at June 30, 2024 and December 31, 2023, the aging analysis of the trade payables based on transaction date are as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Up to 6 months	65,872	43,439
6 to 12 months	7,064	6,347
Over 12 months	21,912	18,299
	<b>94,848</b>	<b>68,085</b>

## 30 OTHER PAYABLES AND ACCRUALS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Non-current:		
Government grants (a)	2,681	34,146
Payables for purchase of software	6,150	18,548
Others	4,454	4,231
	<b>13,285</b>	<b>56,925</b>
Current:		
Payroll and welfare payables	195,485	138,231
Government grants (a)	45,382	25,632
Other taxes payable	10,535	15,577
Government grants refund	12,760	–
Exercise price received for stock options (Note 31(b))	–	10,268
Payables for listing expenses	10,994	11,838
Payables for purchase of software	20,041	19,556
Payables for technical services	25,327	10,245
Amount due to a related party (Note 34(b))	3,000	3,000
Others	2,371	5,179
	<b>325,895</b>	<b>239,526</b>
	<b>339,180</b>	<b>296,451</b>

### 30 OTHER PAYABLES AND ACCRUALS (CONTINUED)

- (a) Government grants provided to the Group mainly related to the financial assistance received from local governments in the PRC. When attached conditions are expected to be satisfied within one year, the Group recorded the government grants as current liabilities upon cash receipts. For government grants of which the attached conditions are expected to be satisfied over one year, the Group recorded the government grants as non-current liabilities upon cash receipts.

### 31 SHARE-BASED COMPENSATION

In September 2016, the Company adopted its Pre-IPO Plan, which permits the grant of stock options and restricted shares to the employees and directors of the Group. Under the plan, a total of no more than 156,847,868 ordinary shares of the Company were initially reserved for issuance. The stock options under the Pre-IPO Plan have a contractual term of ten years from the grant date.

During the six months ended June 30, 2024, the Company granted 2,267,001 stock options (six months ended June 30, 2023: 34,755,100), to the Group's employees under the Pre-IPO Plan. Provided that the personnel's service with the Company has not terminated prior to each vesting date, the vesting schedules of the share options granted are as below:

- Type (i) 25% of the total granted share options shall become vested one year from the Vesting Commencement Date and the remaining 75% vested on each month thereafter over the next three years;
- Type (ii) 1/3 of the total granted share options shall become vested one year from the Vesting Commencement Date and the remaining 2/3 vested on each month thereafter over the next two years;
- Type (iii) 50% of the total granted share options shall become vested two years from the Vesting Commencement Date and the remaining 50% vested on each year thereafter over the next two years;
- Type (iv) 50% of the total granted share options shall become vested one year from the Vesting Commencement Date and the remaining 50% vested on each month thereafter over the next year;
- Type (v) 100% of the total granted share options shall become vested one year from the Vesting Commencement Date;
- Type (vi) 100% of the total granted share options shall become vested on the Vesting Commencement Date.



### 31 SHARE-BASED COMPENSATION (CONTINUED)

The following table summarizes the Group's stock option activities:

	Number of share options	Weighted average exercise price USD
(Unaudited) <b>Outstanding at January 1, 2024</b>	<b>139,054,958</b>	<b>0.35</b>
Granted	2,267,001	0.70
Forfeited	(1,882,217)	0.49
Cancelled	(360,000)	0.59
Exercised	(5,025,431)	0.10
<b>Outstanding at June 30, 2024</b>	<b>134,054,311</b>	<b>0.37</b>
<b>Vested and exercisable as at June 30, 2024</b>	<b>60,745,713</b>	<b>0.21</b>
(Unaudited) <b>Outstanding at January 1, 2023</b>	110,157,090	0.27
Granted	34,755,100	0.59
Forfeited	(1,090,218)	0.26
Exercised	(6,203,033)	0.14
<b>Outstanding at June 30, 2023</b>	137,618,939	0.35
<b>Vested and exercisable as at June 30, 2023</b>	58,867,326	0.20

The weighted-average remaining contractual life for outstanding share options was 7.3 years as at June 30, 2024 [December 31, 2023: 7.7 years].

The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as projections of future performance, are determined by the Group with best estimate.

### 31 SHARE-BASED COMPENSATION (CONTINUED)

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Fair value per ordinary share (USD)	2.88-3.04	3.95-4.10
Risk-free interest rates	4.32%-4.51%	3.63%-3.98%
Dividend yield	0%	0%
Expected volatility	54.88%-54.96%	55.4%-56.2%
Expected terms	10 years	10 years

The weighted-average fair value of granted share options was RMB21.18 per share for the six months ended June 30, 2024 (For the six months ended June 30, 2023: RMB25.45).

The Group has to estimate the expected retention rate at the end of the vesting periods of the share options in order to determine the amount of share-based compensation expenses charged to the condensed consolidated statement of comprehensive income/(loss). As at June 30, 2024, the expected retention rate of the Group had been assessed to be no lower than 90% (December 31, 2023: 90%).

The share-based payment expenses have been charged to the condensed consolidated statements of comprehensive income/(loss) for the six months ended June 30, 2024 and 2023 as follows:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Research and development expenses	105,121	91,285
Selling and marketing expenses	25,095	21,078
General and administrative expenses	94,508	49,490
	<b>224,724</b>	161,853

**32 CASH FLOW INFORMATION****(a) Net cash used in operating activities**

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit/(loss) before income tax	1,104,767	(3,729,144)
Adjustment for:		
Depreciation of property, plant and equipment <i>(Note 14)</i>	25,036	14,887
Depreciation of right-of-use assets <i>(Note 15)</i>	11,013	8,917
Amortisation of intangible assets <i>(Note 16)</i>	20,053	12,943
(Reversal)/provision for impairment of inventories <i>(Note 18)</i>	(118)	16,691
Loss on disposal of property, plant and equipment <i>(Note 14)</i>	–	357
Termination loss on right-of-use assets	–	195
Fair value (gain)/loss on financial instrument issued to investors <i>(Note 28)</i>	(1,931,792)	2,999,708
Gains on other financial assets at FVPL <i>(Note 20)</i>	(130)	(10,683)
Share-based payment expenses <i>(Notes 31)</i>	224,724	161,853
Interest income <i>(Note 11)</i>	(267)	(254)
Interest expenses <i>(Note 11)</i>	3,350	1,484
Foreign exchange losses – net <i>(Note 10)</i>	2,211	22,108
Net impairment losses on financial assets	13,979	5,888
Share of net loss of associates accounted for using the equity method <i>(Note 17)</i>	2,593	1,216
Changes in working capital:		
Increase in inventories	(22,580)	(38,127)
Increase in trade and notes receivables	(92,099)	(29,221)
Increase in prepayments, deposits and other assets	(13,769)	(29,920)
Increase in contract liabilities	2,115	5,359
Increase/(decrease) in trade payables	26,763	(18,061)
Increase in other payables and accruals	65,002	17,158
Net cash used in operating activities	<b>(559,149)</b>	<b>(586,646)</b>

## 32 CASH FLOW INFORMATION (CONTINUED)

### (b) Non-cash investing and financing activities

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Acquisition of right-of-use assets <i>(Note 15)</i>	9,411	5,009
Conversion of 2020 Convertible Notes <i>(Note 28)</i>	–	47,403
Registration for share options exercised in previous periods	10,319	–

### (c) Net debt

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
	Cash and cash equivalents <i>(Note 23)</i>	919,957
Financial assets at fair value through profit or loss <i>(Note 20)</i>	20,954	28,989
Financial instruments issued to investors <i>(Note 28)</i>	(10,726,924)	(12,589,493)
Lease liabilities <i>(Note 15)</i>	(51,605)	(52,448)
Borrowings <i>(Note 27)</i>	(232,040)	–
Net debt	(10,069,658)	(11,314,540)

## 32 CASH FLOW INFORMATION (CONTINUED)

### (d) Reconciliation of liabilities from financing activities

	Financial instruments issued to investors (Note 28) RMB'000	Lease liabilities (Note 15) RMB'000	Borrowings (Note 27) RMB'000	Total RMB'000
(Unaudited)				
<b>As at January 1, 2024</b>	<b>12,589,493</b>	<b>52,448</b>	<b>–</b>	<b>12,641,941</b>
Cash flows	–	(11,670)	230,924	219,254
New leases	–	9,411	–	9,411
Fair value changes	(1,934,613)	–	–	(1,934,613)
Interest expenses	–	1,509	1,116	2,625
Foreign exchange	72,044	(93)	–	71,951
<b>As at June 30, 2024</b>	<b>10,726,924</b>	<b>51,605</b>	<b>232,040</b>	<b>11,010,569</b>
(Unaudited)				
<b>As at January 1, 2023</b>	8,386,402	34,635	12,581	8,433,618
Cash flows	835,721	(9,823)	(7,155)	818,743
New leases	–	5,009	–	5,009
Fair value changes	3,035,203	–	–	3,035,203
Interest expenses	–	745	299	1,044
Lease Disposal	–	(1,052)	–	(1,052)
Termination of commitment	(31,020)	–	–	(31,020)
Foreign exchange	479,136	169	–	479,305
<b>As at June 30, 2023</b>	<b>12,705,442</b>	<b>29,683</b>	<b>5,725</b>	<b>12,740,850</b>

## 33 COMMITMENTS

The Group did not have any material commitments as at June 30, 2024.

### 34 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related party during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

#### (a) Name and relationship of related parties

Name of related parties	Relationship with the Group
Mairun Intelligent Technology (Shanghai) Co., Ltd.	Associate
Guoqi Pujin Intelligent Technology (Anqing) Co., Ltd.	Associate
Lingtong Technology (Shanghai) Co., Ltd.	Associate

#### (b) Transactions with related parties

##### (i) Revenue from a related party (Trade nature)

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Autonomous Driving Products and Solutions – Guoqi	–	119

##### (ii) Research and development expenses from a related party (Non-trade nature)

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Design and development expenses – Lingtong	1,063	–

**34 RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Year end balances with related parties****(i) Amounts due to a related party (Non-trade nature)**

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Other payables and accruals for technical services provided by Lingtong	3,000	3,000

**(d) Key management personnel compensation**

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Wages, salaries and bonuses	2,831	2,604
Share-based compensation expenses	113,749	74,166
Pension obligations, housing funds, medical insurances and other social insurances	329	325
	<b>116,909</b>	<b>77,095</b>

**35 CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at June 30, 2024.

**36 DIVIDEND**

No dividend has been paid or declared by the Company or subsidiaries of the Company during the six months ended June 30, 2024 and 2023 and up to date of this report.

**37 SUBSEQUENT EVENTS**

Save as disclosed in Note 27(a) and Note 28(a), there were no other significant events that might adversely affect the Group after June 30, 2024 and up to the date of this report.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

The Company was listed on the Main Board of the Stock Exchange on August 8, 2024, hence, the provisions of Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable to the Directors and the chief executive of the Company during the Reporting Period.

As of the date of this interim report, so far as the Directors are aware, the interests or short positions of the Directors and chief executive of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, have been recorded in the register to be kept by the Company or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Interests in Shares of the Company

Name	Nature of interest <sup>(1)</sup>	Number of Shares held	Approximate percentage of shareholding in the total issued share capital of the Company <sup>(2)</sup>
Mr. Shan	Beneficial interest <sup>(3)</sup>	45,000,000	7.91%
	Beneficial interest <sup>(4)</sup>	44,100,000	7.75%
	Others <sup>(5)(6)(7)</sup>	70,976,255	12.47%
	Deemed interest <sup>(5)(8)</sup>	8,300,160	1.46%
Mr. Liu Weihong	Beneficial interest <sup>(9)</sup>	9,891,667	1.74%
	Interest in controlled corporations <sup>(10)</sup>	14,700,000	2.58%
Mr. Zeng Daibing	Beneficial interest <sup>(11)</sup>	6,460,000	1.13%



## Other Information (continued)

### Notes:

- (1) All interests stated are long position.
- (2) The Company was listed after the end of the Reporting Period. The calculations of the percentage of shareholding are based on the number of total Shares in issue as of the date of this interim report, comprising 569,169,253 Shares.
- (3) The interests comprise underlying Shares in respect of the options granted to Mr. Shan pursuant to the Pre-IPO Share Plan.
- (4) Mr. Shan directly holds 44,100,000 Shares in the Company.
- (5) Pursuant to the respective voting trust agreements entered into by and among Mr. Shan, Mr. Liu, Ms. Pan, Ms. Wang, Mr. Xiong Chengyu and Mr. Gu Qun dated September 19, 2016, August 24, 2020, January 31, 2023 and January 29, 2024 (“**Voting Trust Agreements**”), Mr. Shan is entitled to exercise voting rights attached to all Shares held by Ruby Wealth, New Key Trade, Ms. Pan, Mr. Xiong Chengyu, Mr. Gu Qun and Marvel Stars. The Voting Trust Agreements continue to be effective following completion of the Global Offering. Mr. Shan is Ms. Pan’s spouse and is hence also deemed to be interested in the 8,300,160 Shares of the Company held by Ms. Pan. Mr. Shan is therefore deemed to be interested in the total of 32,400,000 Shares held by Ruby Wealth, New Key Trade, Ms. Pan, Mr. Xiong Chengyu, Mr. Gu Qun and Marvel Stars pursuant to the Voting Trust Agreements (including the 8,300,160 Shares held by Ms. Pan in which Mr. Shan is deemed to be interested as Ms. Pan’s spouse).
- (6) Excellent Ocean Trust is a trust with an independent professional trustee to manage the options granted to 12 grantees under the Pre-IPO Share Plan. Mr. Shan is entitled to exercise the voting rights attached to all Shares held by Excellent Ocean Trust at his sole discretion.
- (7) Mr. Shan is entitled to exercise the voting rights attached to the 22,689,107 Shares held by the 88 employees of the Group at his sole discretion.
- (8) Ms. Pan directly holds 8,300,160 Shares in the Company. Mr. Shan is the spouse of Ms. Pan. Under the SFO, Mr. Shan is deemed to be interested in Ms. Pan’s interest in the Shares.
- (9) The interests comprise underlying Shares in respect of the options granted to Mr. Liu pursuant to the Pre-IPO Share Plan.
- (10) Ruby Wealth and New Key Trade are controlled by Mr. Liu. Mr. Liu is therefore deemed to be interested in the 14,700,000 Shares held through Ruby Wealth and New Key Trade.
- (11) The interests comprise underlying Shares in respect of the options granted to Mr. Zeng Daibing pursuant to the Pre-IPO Share Plan.

Save as disclosed above, as of the date of this interim report, so far as the Directors or chief executive of the Company are aware, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which 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 are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be recorded into the register referred to therein, or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The Company was listed on the Main Board of the Stock Exchange on August 8, 2024. As of the date of this interim report, so far as the Directors are aware, other than the Directors and chief executive of the Company, the following persons had or were taken or deemed to have interests and/or short positions (as applicable) in the shares or underlying shares of the Company that fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and as recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Interests in Shares of the Company

Name	Nature of interest <sup>(1)</sup>	Number of Shares held	Approximate percentage of shareholding in the total issued share capital of the Company <sup>(2)</sup>
Ms. Pan	Beneficial interest <sup>(3)</sup>	8,300,160	1.46%
	Deemed interest <sup>(4)</sup>	160,076,255	28.12%
Northern Light Venture Capital IV, Ltd.	Interest in controlled corporations <sup>(5)</sup>	55,700,778	9.79%
Northern Light Venture Fund IV, L.P.	Beneficial interest <sup>(5)</sup>	50,815,819	8.93%
Northern Light Partners IV L.P.	Interest in controlled corporations <sup>(5)</sup>	55,700,778	9.79%
The D&H Family Trust dated December 7, 2001	Interest in controlled corporations <sup>(6)</sup>	55,700,778	9.79%
SummitView Capital (M&A)	Interest in controlled corporations <sup>(7)</sup>	37,226,922	6.54%
Shanghai Jixin Enterprise Management Limited Partnership (上海極芯企業管理合夥企業(有限合夥)) ["Shanghai Jixin"]	Beneficial interest <sup>(7)</sup>	22,519,968	3.96%
Jiaxing Xincan Equity Investment Partnership (Limited Partnership) (嘉興信燦股權投資合夥企業(有限合夥)) ["Jiaxing Xincan"]	Beneficial interest <sup>(7)</sup>	14,706,954	2.58%

## Other Information (continued)

### Notes:

- (1) All interests stated are long position.
- (2) The Company was listed after the end of the Reporting Period. The calculations of the percentage of shareholding are based on the number of total Shares in issue as of the date of this interim report, comprising 569,169,253 Shares.
- (3) Ms. Pan directly holds 8,300,160 Shares in the Company.
- (4) Ms. Pan is the spouse of Mr. Shan. Under the SFO, Ms. Pan is deemed to be interested in all of Mr. Shan's interests in the Shares, i.e., a total of the 168,376,415 Shares, including the 8,300,160 Shares held by Ms. Pan (already set out in footnote 3 above).
- (5) Northern Light Venture Capital IV, Ltd. is the general partner of Northern Light Partners IV L.P.. Northern Light Partners IV L.P. is the general partner of Northern Light Venture Fund IV, L.P., Northern Light Strategic Fund IV, L.P. and Northern Light Partners Fund IV, L.P., holding 50,815,819 Shares, 4,177,559 Shares and 707,400 Shares, respectively, as of the date of this interim report.
- (6) Deng Feng is a settlor of The D&H Family Trust dated December 7, 2001.
- (7) The respective general partner of Shanghai Jixin and Jiaying Xincan, being Shanghai Youxin Investment Management Co., Ltd. (上海由芯投資管理有限公司) and Shanghai Jixin Enterprise Management Partnership (Limited Partnership) (上海霽信企業管理合夥企業(有限合夥)), are ultimately managed by SummitView Capital (M&A).

Save as disclosed above, from the Listing Date and up to the date of this interim report, so far as the Directors are aware, no other person (other than the Directors and chief executives of the Company) or corporation had any interests or short positions in the shares or underlying Shares of the Company which fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## LOCK-UP PERIODS

The table below sets out the list of persons who are, together with their respective close associates, subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules:

Name	Capacity	Aggregate number of Shares held at the date of this interim report	Approximate percentage of shareholding in the total issued share capital of the Company at the date of this interim report <sup>(1)</sup>	Lock-up period	
<b>Key persons</b>					
<b>Mr. Shan and his close associates</b>					
Mr. Shan	Founder, chairman of the Board, executive Director and chief executive officer	44,100,000	7.75%	The period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on the date which is 12 months from the Listing Date, i.e. August 7, 2025.	
Ms. Pan	Mr. Shan's close associate	8,300,160	1.46%		
Ruby Wealth	} others <sup>(3)(4)(5)</sup>	100	0.00002%		
New Key Trade		14,699,900	2.58%		
Marvel Stars		4,600,000	0.81%		
Mr. Xiong Chengyu <sup>(2)</sup>		3,200,330	0.56%		
Mr. Gu Qun		1,599,510	0.28%		
Excellent Ocean Trust		24,187,308	4.25%		
88 employees of the Group who exercised the options		22,689,107	3.99%		
<b>Mr. Liu and his close associates</b>					
Mr. Liu	Founder, executive Director and president	14,700,000	2.58%		
Ruby Wealth	} Mr. Liu's close associate	100	0.00002%		
New Key Trade <sup>(3)</sup>		14,699,900	2.58%		
<b>The Northern Light Sophisticated Independent Investors</b>					
Northern Light Venture Fund IV, L.P.	} Pathfinder Sophisticated Independent Investors	50,815,819	8.93%	The period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on the date which is six months from the Listing Date, i.e. February 7, 2025.	
Northern Light Strategic Fund IV, L.P.		4,177,559	0.73%		
Northern Light Partners Fund IV, L.P.		707,400	0.12%		
<b>The Oceanpine Sophisticated Independent Investors</b>					
Oceanpine Investment Fund II LP	} Pathfinder Sophisticated Independent Investors	10,632,714	1.87%		
Bright Sapphire Holding Inc		18,326,766	3.22%		

## Other Information (continued)

### Notes:

- (1) The Company was listed after the end of the Reporting Period. The calculations of the percentage of shareholding are based on the number of total Shares in issue as of the date of this interim report, comprising 569,169,253 Shares.
- (2) Mr. Xiong Chengyu, the Company's vice president for ASIC design, is a key personnel responsible for technical operations and/or the research and development of Specialist Technology Products who is subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules.
- (3) Ruby Wealth is wholly owned by Mr. Liu while New Key Trade is ultimately owned by Mr. Liu's trusts with its beneficiaries being Mr. Liu and Ruby Wealth. Pursuant to the Voting Trust Agreements, Mr. Shan is, at his sole discretion, entitled to exercise the voting rights attached to all Shares held by Ms. Pan, Ruby Wealth, New Key Trade, Marvel Stars, Mr. Xiong Chengyu and Mr. Gu Qun.
- (4) Mr. Shan is entitled to exercise the voting rights attached to all Shares held by Excellent Ocean Trust at its sole discretion.
- (5) Mr. Shan is entitled to exercise the voting rights attached to the 22,689,107 Shares held by the 88 employees of the Group at its sole discretion. One out of the 88 employees, namely Mr. Xiong Chengyu, the Company's vice president for ASIC design, in addition to the 3,200,330 Shares he held directly, held 524,332 Shares, representing 0.09% of the total issued share capital of the Company as of the date of this interim report. Mr. Xiong Chengyu is a key personnel responsible for technical operations and/or the research and development of Specialist Technology Products who is subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules.

## SHARE INCENTIVE SCHEMES

The Company has adopted two share incentive schemes, namely the Pre-IPO Share Plan and the Post-IPO Share Plan.

### 1. Pre-IPO Share Plan

The following is a summary of the principal terms of the Pre-IPO Share Plan of the Company as approved by the Board on September 7, 2016 and amended on December 31, 2021 and from time to time. For further details of the Pre-IPO Share Plan, please refer to the section headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Plan" in Appendix IV to the Prospectus.

#### (a) Purpose

The purpose of the Pre-IPO Share Plan is to offer persons selected by the Company an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by acquiring Shares.

#### (b) Administration

The Pre-IPO Share Plan may be administered by one or more committees of the Board (the "**Committee**"). Each Committee shall consist, as required by applicable law, of one or more members of the Board who have been appointed by the Board. Each Committee shall have such authority and be responsible for such functions as the Board has assigned to it. If no Committee has been appointed, the entire Board shall administer the Pre-IPO Share Plan.

Subject to the provisions of the Pre-IPO Share Plan, the Board shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Pre-IPO Share Plan.

All decisions, interpretations and other actions of the Board shall be final and binding on all persons to whom the Board has offered the right to purchase Shares under the Pre-IPO Share Plan (“**Purchasers**”, each a “**Purchaser**”), all persons who holds an option that qualifies as an incentive stock option (“**ISO**”) as described in Section 422(b) of U.S. Internal Revenue Code of 1986, as amended (“**Code**”) or an option that does not qualify as an incentive stock option as described in Code Section 422(b) or 423(b) (“**Non-statutory Option**”, together with ISO, “**Pre-IPO Option**”) granted under the Pre-IPO Share Plan and entitling the holder to purchase Shares (“**Optionees**”, each an “**Optionee**”) and all persons deriving their rights from a Purchaser or Optionee.

**(c) Eligibility**

Only (i) individuals who are common-law employees of the Group (“**Employees**” each an “**Employee**”), (ii) members of the Board who are not an Employee (“**Outside Directors**”) and (iii) a person, excluding Employees and Outside Directors, who performs bona fide services for the Group as a consultant or advisor (“**Consultants**”) shall be eligible for the grant of Non-statutory Options, bookkeeping entries representing the equivalent of Shares (“**Restricted Share Units**”) or the direct award or sale of Shares. Only Employees shall be eligible for the grant of ISOs.

**(d) Shares Subject to the Pre-IPO Share Plan**

Not more than 156,847,868 Shares may be issued under the Pre-IPO Share Plan, representing approximately 27.56% of the issued share capital of the Company as of the date of this interim report, subject to any adjust of Shares pursuant to the Pre-IPO Share Plan.

**(e) Term of the Pre-IPO Share Plan**

The Pre-IPO Share Plan shall become effective on the date of its adoption by the Board, subject to approval of the Company’s shareholders. The Pre-IPO Share Plan shall terminate automatically 10 years after the later of (i) the date when the Board adopted the Pre-IPO Share Plan or (ii) the date when the Board approved the most recent increase in the number of Shares reserved under the Pre-IPO Share Plan that was also approved by the Company’s shareholders. The Pre-IPO Share Plan may be terminated on any earlier date pursuant to the right of the Board.

**(f) Details of the Shares, Options and Restricted Share Units awarded or granted under the Pre-IPO Share Plan**

As of the Listing Date, no Shares were awarded or agreed to be awarded by the Company pursuant to the Pre-IPO Share Plan.

As of the Listing Date, Pre-IPO Options (excluding any Pre-IPO Options which have been forfeited, expired or cancelled pursuant to the Pre-IPO Share Plan) to subscribe for an aggregate of 156,847,868 Shares (i.e., all Shares reserved for the Pre-IPO Share Plan) had been granted to the Directors, senior management and employees of our Group. Within such 156,847,868 Shares, (i) 24,187,308 Shares were issued to Excellent Ocean Trust which was set up with an independent professional trustee to manage the Pre-IPO Options granted to 12 grantees under the Pre-IPO Share Plan, (ii) 22,689,107 Shares were issued to a total of 88 employees of the Group who exercised their Pre-IPO Options granted pursuant to the Pre-IPO Share Plan of the Company, and (iii) 109,971,453 Shares may be further issued for outstanding Pre-IPO Options held by the grantees under the Pre-IPO Share Plan, representing approximately 19.32% of the total issued share capital of the Company as of the date of this interim report.

Other Information (continued)

As of the Listing Date, Pre-IPO Options (excluding any Pre-IPO Options which have been forfeited, expired or cancelled pursuant to the Pre-IPO Share Plan) to subscribe for an aggregate of 78,807,545 Shares had been granted to nine grantees who are Directors, senior management, members of our core R&D team or other connected persons of the Company. Details of the movements in the outstanding and exercised Options granted pursuant to the Pre-IPO Share Plan from the Listing Date to the date of this interim report (the “**Period**”) to our Directors, senior management, members of our core R&D team and other connected persons of the Company are set out below:

Category and name of grantee	Date of grant	Exercise period	Exercise price (US\$)	Vesting period <sup>(1)</sup>	Number of Shares underlying the exercised Options as of the Listing Date	Number of Shares underlying and unexercised Options as of the Listing Date	Number of Shares underlying the Options exercised during the Period	Number of Shares underlying the Options cancelled/lapsed during the Period	Number of Shares underlying the Options as of the date immediately before the date of grant of Options <sup>(2)</sup>	Share closing price immediately before the exercise dates	Weighted average closing price of the Shares immediately before the exercise dates
<b>Directors</b>											
Mr. Shan	March 22, 2018	10 years from the date of grant	0.09	A	-	5,000,000	-	-	5,000,000	N/A	N/A
	July 20, 2021		0.19	D	-	25,000,000	-	-	25,000,000	N/A	N/A
	June 11, 2023		0.59	D	-	15,000,000	-	-	15,000,000	N/A	N/A
Mr. Liu	March 22, 2018	10 years from the date of grant	0.09	A	-	2,291,667	-	-	2,291,667	N/A	N/A
	July 20, 2021		0.19	D	-	4,800,000	-	-	4,800,000	N/A	N/A
	September 26, 2022		0.56	D	-	1,000,000	-	-	1,000,000	N/A	N/A
	June 11, 2023		0.59	D	-	1,800,000	-	-	1,800,000	N/A	N/A
Mr. Zeng Daibing	September 29, 2018	10 years from the date of grant	0.09	A	-	1,300,000	-	-	1,300,000	N/A	N/A
	September 25, 2019		0.18	A	-	240,000	-	-	240,000	N/A	N/A
	September 28, 2020		0.19	A	-	500,000	-	-	500,000	N/A	N/A
	July 20, 2021		0.19	D	-	1,480,000	-	-	1,480,000	N/A	N/A
	July 20, 2021		0.19	D	-	1,480,000	-	-	1,480,000	N/A	N/A
	September 26, 2022		0.56	D	-	750,000	-	-	750,000	N/A	N/A
	June 11, 2023		0.59	D	-	710,000	-	-	710,000	N/A	N/A

Category and name of grantee	Date of grant	Exercise period	Exercise price (US\$)	Vesting period <sup>(1)</sup>	Number of Shares underlying the exercised Options as of the Listing Date	Number of Shares underlying and unexercised Options as of the Listing Date	Number of Shares underlying the Options exercised during the Period	Number of Shares underlying the Options cancelled/lapsed during the Period	Number of Shares underlying the unexercised Options as of the date immediately before the date of grant of Options <sup>(2)</sup>	Share closing price of the Shares immediately before the exercise dates	Weighted average closing price of the Shares immediately before the exercise dates
<b>Senior management</b>											
Mr. Yang Yuxin	March 18, 2020	10 years from the date of grant	0.18	A	-	3,500,000	-	-	3,500,000	N/A	N/A
	July 20, 2021		0.19	D	-	1,000,000	-	-	1,000,000	N/A	N/A
	September 26, 2022		0.56	D	-	1,000,000	-	-	1,000,000	N/A	N/A
	June 11, 2023		0.59	D	-	450,000	-	-	450,000	N/A	N/A
<b>Core R&amp;D team members</b>											
4 grantees	December 15, 2017 to June 11, 2023	10 years from the date of grant	0.035 to 0.59	A; D; F	524,332	9,528,166	-	-	9,528,166	N/A	N/A
<b>Connected person</b>											
Mr. Pan Hui	December 15, 2017	10 years from the date of grant	0.035	A	500,000	-	-	-	-	N/A	N/A
	September 29, 2018		0.09	A	80,000	-	-	-	-	N/A	N/A
	September 25, 2019		0.18	A	50,000	-	-	-	-	N/A	N/A
	September 28, 2020		0.19	A	-	123,380	-	-	123,380	N/A	N/A
	July 20, 2021		0.19	D	-	200,000	-	-	200,000	N/A	N/A
	September 26, 2022		0.56	D	-	250,000	-	-	250,000	N/A	N/A
June 11, 2023		0.59	D	-	250,000	-	-	250,000	N/A	N/A	
<b>Subtotal</b>					<b>1,154,332</b>	<b>77,653,213</b>	<b>-</b>	<b>-</b>	<b>77,653,213</b>		
Other grantees	December 15, 2017 to July 14, 2024	10 years from the date of grant	0.035 to 0.70	A; B; C; D; E; F	21,534,775	56,505,548	-	-	56,505,548	N/A	N/A
<b>Total</b>					<b>22,689,107</b>	<b>134,158,761</b>	<b>-</b>	<b>-</b>	<b>134,158,761</b>		



## Other Information (continued)

Notes:

(1) Please refer to different categories of vesting schedules below:

Category	Vesting schedule
A	25% of the total granted share options shall vest one year from the vesting commencement date and the remaining 75% shall vest on each month thereafter over the next three years in equal portion
B	1/3 of the total granted share options shall vest one year from the vesting commencement date and the remaining 2/3 shall vest on each month thereafter over the next two years in equal portion
C	50% of the total granted share options shall vest one year from the vesting commencement date and the remaining 50% shall vest each month thereafter over the next year in equal portion
D	50% of the total granted share options shall vest two years from the vesting commencement date and the remaining 50% shall vest each year thereafter over the next two years in equal portion
E	100% of the total granted share options shall vest one year from the vesting commencement date
F	100% of the total granted share options shall vest on the vesting commencement date

(2) Such options were granted before the Listing Date and therefore the share closing price immediately before the date of grant of the Options is not applicable.

## 2. Post-IPO Share Plan

The following is a summary of the key terms of the Post-IPO Share Plan as conditionally adopted and approved by the Shareholders on July 26, 2024. For further details of the Post-IPO Share Plan, please refer to the section headed "Statutory and General Information – D. Share Incentive Schemes – 2. Post – IPO Share Plan" in Appendix IV to the Prospectus.

### (a) Purpose

The purposes of the Post-IPO Share Plan are to recognise, motivate and provide incentives to those who make contributions to the Group, to attract and retain the best available personnel, to provide additional incentive to employees or directors of the Group, and to promote the success of the business of the Group. The Post-IPO Share Plan will give the participants an opportunity to have a personal stake in the Company and will help achieve the following objectives: (i) motivate the participants to optimise their performance and efficiency; and (ii) attract and retain the participants whose contributions are important to the long-term growth and profitability of the Group.

### (b) Types of awards

The Post-IPO Share Plan provides for an award of (i) an option to subscribe for Shares (the "**Post-IPO Option**"), or (ii) an award to subscribe for Shares (the "**Post-IPO Awards**") pursuant to the terms of the Post-IPO Share Plan.

**(c) Administration**

Subject to compliance with the requirements of the Listing Rules and the provisions of the Post-IPO Share Plan, the Board shall have the power, among other matters, to (i) interpret and construe the provisions of the Post-IPO Share Plan; (ii) determine the Participants who will be offered Post-IPO Options and/or Post-IPO Awards under the Post-IPO Share Plan, and with respect to each participant, the amount of Post-IPO Options to be granted and the exercise price (in the case of Post-IPO Options), and the amount of Post-IPO Awards to be granted and the purchase price (in the case of Post-IPO Awards); (iii) make such appropriate and equitable adjustments to the terms of Post-IPO Options and Post-IPO Awards granted under the Post-IPO Share Plan as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the Post-IPO Share Plan.

The Board has the power to delegate purely administrative matters in connection with the Post-IPO Share Plan to authorised agent(s) as deemed appropriate at the sole discretion of the Board.

**(d) Effectiveness and Duration**

The Post-IPO Share Plan shall be valid and effective for a period of ten years commencing on the Listing Date.

**(e) Participants**

Persons eligible to participate in the Post-IPO Share Plan include a director or employee (whether full time or part time) of any member of the Group (including any person who is granted Post-IPO Option(s) or Post-IPO Award(s) as an inducement to enter into employment contract with any member of the Group).

**(f) Maximum number of Shares**

The maximum aggregate number of Shares which may be issued pursuant to all Post-IPO Awards (including Post-IPO Options) is 56,916,925 Shares, representing 10% of the total number of the Shares in issue as at the Listing Date.

In addition, the maximum number of Shares issuable upon exercise of Post-IPO Options or vesting of any Post-IPO Awards granted under the Post-IPO Share Plan and any grants made under any other share schemes of the Company shall not exceed 10% of the total number of Shares in issue as at the Listing Date (excluding, for this purpose, Shares issuable upon exercise of options or vesting of awards which have been granted but lapsed in accordance with the terms of the Post-IPO Share Plan or any other share schemes of the Company).

**(g) Grant of Post-IPO Options and Post-IPO Awards**

As of the date of this interim report, the Board has not granted any Post-IPO Options and/or any Post-IPO Awards to any participant.

Other Information (continued)

### **Purchase, Sale or Redemption of the Company's Listed Securities**

The shares of the Company were first listed on the Main Board of the Stock Exchange on August 8, 2024. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange from the Listing Date up to the date of this interim report. As of the date of this interim report, there are no treasury shares held by the Company. Treasury shares presented in notes to the financial information includes shares held by Excellent Ocean Trust in connection with the Pre-IPO Share Plan, and does not fall within the meaning of "treasury shares" under the Listing Rules.

### **Events After the Reporting Period**

The shares of the Company were listed on the Main Board of the Stock Exchange on August 8, 2024. In connection with the Global Offering, 37,000,000 shares of the Company were issued and allotted at the offer price of HK\$28.0 per Offer Share (as defined in the Prospectus).

Save as otherwise disclosed in this interim report, there was no other significant events that may affect the Group since the end of the Reporting Period and up to the date of this interim report.

### **Interim Dividend**

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: Nil).

### **Corporate Governance Practices**

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures, to enhance transparency of the work of the Board, and to strengthen accountability to all the Shareholders.

Since the shares of the Company were listed on the Main Board of the Stock Exchange on August 8, 2024, the Corporate Governance Code was not applicable to the Company during the Reporting Period.

Save as disclosed below, the Company has complied with all applicable code provisions set out in the Corporate Governance Code throughout the period from the Listing Date up to the date of this interim report.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman of the Board and the chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. Shan currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and the chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning for the Group, and (iii) facilitating the flow of information between management and the Board. The Board currently comprises three executive Directors (including Mr. Shan), one non-executive Director and three independent non-executive Directors, and therefore has a strong independent element in its composition. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

### **Model Code for Securities Transactions by Directors**

The Board has adopted the Model Code as its own code of conduct regulating dealings in securities of the Company by the Directors. In response to specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code since the Listing Date and up to the date of this interim report.

### **Audit Committee**

The Audit Committee (comprising three independent non-executive Directors, Prof. Li Qingyuan (being the chairperson of the Audit Committee), Prof. Long Wenmao and Prof. Xu Ming), together with senior management members and the Auditor, has considered and reviewed the unaudited interim financial information of the Group for the Reporting Period and this interim report, discussed matters in relation to the accounting policies and practices adopted by the Company, risk management, internal control and financial reporting and is of the view that these interim results have been prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

### **Other Board Committees**

In addition to the Audit Committee, the Company has also established a nomination committee and a remuneration committee.

### **Changes in Directors' Information**

From the Listing Date to the date of this interim report, there was no change in the Board and the information of Directors which was required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules.

### **Continuing Disclosure Obligations Pursuant to the Listing Rules**

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## DEFINITIONS

In this interim report, unless the context otherwise requires, the following expression shall have the meanings set out below:

“Articles” or “Articles of Association”	the fifteenth amended and restated articles of association of the Company, adopted by special resolutions of the shareholders of the Company dated July 26, 2024 as amended from time to time
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“BVI”	the British Virgin Islands
“Company” or “our Company”	Black Sesame International Holding Limited, an exempted company incorporated under the laws of Cayman Islands with limited liability on July 15, 2016, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2533)
“Corporate Governance Code”	the Corporate Governance Code, as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company or any one of them
“Excellent Ocean Trust”	a trust set up by the Company as the settlor with Trident Trust Company (HK) Limited as the trustee for the purposes of managing certain options granted under the Pre-IPO Share Plan, and with Excellent Ocean Assets Limited, a company incorporated under the laws of the BVI and a wholly-owned subsidiary of Trident Trust Company (HK) Limited, holding the relevant options and Shares involved in the capacity as the trustee
“Global Offering”	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
“Group”, “our Group”, “our”, “we” or “us”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	individual(s) or company(ies) who or which, to the best of the Director’s knowledge having made all due and careful enquiries, is/are independent from and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates

"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	August 8, 2024, being the date on which the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Marvel Stars"	Marvel Stars Ventures Limited, a limited liability company incorporated under the laws of the BVI and wholly owned by Ms. Wang
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company, adopted by special resolutions of the Shareholders of the Company dated July 26, 2024 as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules
"Mr. Liu"	Mr. Liu Weihong (劉衛紅), one of our founders, our executive Director and the president of our Company
"Mr. Shan"	Mr. Shan Jizhang (單記章), the Company's co-founder, chairman of its Board, executive Director and chief executive officer
"Ms. Pan"	Ms. Pan Dan, the spouse of Mr. Shan
"Ms. Wang"	Ms. Wang Qi, the sole shareholder of Marvel Stars and an Independent Third Party
"New Key Trade"	New Key Trade Company Limited, a limited liability company incorporated under the laws of the BVI and ultimately owned by Mr. Liu's trust, the beneficiaries of which are Mr. Liu and Ruby Wealth
"OEM" or "automotive OEM"	the original equipment manufacturer which assembles and installs automotive parts during the construction of a new vehicle
"Offer Share"	has the meaning defined in the Prospectus
"Pathfinder Sophisticated Independent Investor(s)"	has the meaning ascribed to it in Chapter 2.5 of the Guide for New Listing Applicants issued by the Stock Exchange
"Post-IPO Share Plan"	the post-IPO share plan approved by the Shareholders on July 26, 2024 as amended from time to time

## Definitions (continued)

"PRC" or "China"	the People's Republic of China, which, for the purpose of this interim report and for geographical reference only, references to the "PRC" and "China" do not apply to Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC, except where the context indicates or requires otherwise
"Pre-IPO Share Plan"	the pre-IPO share plan approved by the Company on September 7, 2016 as amended from time to time
"Prospectus"	the prospectus of the Company dated July 31, 2024
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Ruby Wealth"	Ruby Wealth International Limited, a limited liability company incorporated under the laws of the BVI and wholly owned by Mr. Liu
"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)"	the ordinary share(s) with nominal value of US\$0.0001 each in the share capital of our Company
"Shareholder(s)"	the holder(s) of Share(s)
"SoC"	system-on-chips, an integrated circuit that integrates most or all components of a computer or other electronic system
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"TOPS"	tera operations per second, a measurement of the overall performance of a supercomputer or a high-end circuit board containing multiple processors or SoCs
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US\$" or "USD"	United States Dollars, the lawful currency of the United States
"%"	per cent