This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire Prospectus before you decide to invest in our Class B Ordinary Shares. There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed "Risk Factors" in this Prospectus. You should read that section carefully before you decide to invest in our Class B Ordinary Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this Prospectus.

OVERVIEW

We are a leading provider of advanced driver assistance systems ("ADAS") and autonomous driving ("AD") solutions for passenger vehicles, empowered by our proprietary software and hardware technologies. Our solutions combine algorithms, purpose-built software and processing hardware, providing the core technologies for assisted and autonomous driving that enhance the safety and experience of drivers and passengers. We are a key enabler for the smart vehicle transformation and commercialization with our integrated solutions deployed on mass scale. We are the first and have consistently been the largest Chinese company providing integrated ADAS and AD solutions in terms of overall solution installation volume since the mass deployment of our solutions in 2021, according to CIC. We ranked the fourth among all global ADAS and AD solution providers in China by overall solution installation volume in 2023 and the first half of 2024, with a market share of 9.3% and 15.4%, respectively. We act as a tier-two supplier and have a large, global customer base of industry-leading OEMs and tier-one suppliers for vehicles manufactured in China. Our business has achieved significant growth at scale over the past three years as we capitalize on the mega industry tailwind as a market leader. As of June 30, 2024, a total of 25 OEMs selected our ADAS and AD solutions for implementation in at least one of their vehicle models, by directly engaging with us or through our tier-one supplier customers.

Smart vehicle transformation is a mega trend that has been reshaping the estimated US$13.0 trillion global automotive, mobility and road freight industries in 2023. ADAS capabilities are increasingly common in cars nowadays, thanks to the rapid technology advancement and higher consumer demand in recent years. This is demonstrated by the ADAS penetration rates of over 50% in both the global and Chinese markets in 2023, according to CIC. Meanwhile, industry participants continue to make ongoing, inexhaustible efforts to march towards broader adoption of AD with increasing level of automation. We believe the demand for driving automation solutions will continue to grow significantly in the years to come. According to CIC, the global ADAS and AD solutions market presents a RMB61.9 billion opportunity in 2023 and is expected to grow at a CAGR of 49.2% through 2030 to reach RMB1,017.1 billion. Despite our rapid growth, we were loss-making during the Track Record Period. See "Financial Information — Path to Profitability" for further details.

However, a few core challenges need to be addressed to realize mass adoption of smart vehicles enabled by ADAS and AD. ADAS and AD systems are highly complex, requiring high processing capacity, high reliability, low latency and low energy consumption, and need to be produced at affordable costs. Therefore, ADAS and AD solutions require the co-design of software and hardware to achieve the necessary system-level performance and reliability of driving functions. Deployment of such solutions on vehicles also requires optimal energy efficiency while guaranteeing application performance. In addition, mass adoption of ADAS and AD needs an open platform approach where value chain participants can all join and continuously leverage the enabling technologies to develop functions and features that suit their needs while reducing time to market.

By architecting our solutions to address these fundamental challenges, we build the core enabling technology for smart vehicle revolution. Our solutions enable the full spectrum of driving automation functions for passenger vehicles from mainstream assisted driving to advanced levels of autonomous driving. Built through nine years of development, testing and iterative improvements, our integrated solutions have been successfully validated, commercialized and deployed on mass scale. With our product maturity, technological advantage and commercial success, we have established ourselves as a clear market leader. The comprehensiveness and uniqueness of our solution matrix, as summarized below, allow us to rapidly penetrate the market, achieve high customer stickiness and capture a significant portion of the value chain.

We offer a comprehensive portfolio of ADAS and AD solutions, namely Horizon Mono, Horizon Pilot and Horizon SuperDrive, to address different customer needs from mainstream assisted driving (Level 2) to advanced level autonomous driving (Level 2+ in China for regulatory compliance). According to CIC, as of the Latest Practicable Date, there is no mass-produced passenger vehicle at autonomous driving Level 3 or above in China.

- ***Horizon Mono.*** Horizon Mono is our active safety ADAS solution designed to improve daily driving safety and comfort. It enables basic functions such as automatic emergency braking (AEB) and intelligent high beam (IHB) to improve passenger and road-user safety, as well as comfort functions such as adaptive cruise control (ACC) and traffic jam assist (TJA) to improve driving experience. We embed Journey 2 or Journey 3 processing hardware in Horizon Mono currently.

- ***Horizon Pilot.*** Horizon Pilot is our highway navigate on autopilot (NOA) solution, categorized as an AD solution, that provides safe and efficient driving experience. In addition to enhanced active safety features, Horizon Pilot performs more advanced tasks such as automatic ramp on/off, autonomous merge-in and exit during traffic congestion, automated lane change, highway autopilot and more. These functions improve driving and riding experience for end users, especially in long-distance commute. At the same time, Horizon Pilot provides advanced parking functions such as auto parking assist (APA) and automated valet parking assist (VPA). We embed Journey 3 or Journey 5 processing hardware in Horizon Pilot currently.

- ***Horizon SuperDrive.*** Horizon SuperDrive is our cutting edge AD solution equipped with our most advanced processing hardware. It is designed to achieve smooth and human-like autonomous driving in all urban, highway and parking scenarios. It is expected to tackle a comprehensive range of complex road conditions with more assertive and interactive driving style, featuring smooth execution of obstacle avoidance, gentle and human-like braking, dynamic speed control, smooth execution of unprotected left turns, and more. We plan to embed Journey 6, our latest processing hardware, in Horizon SuperDrive.

Our ADAS and AD solutions are built on a comprehensive stack of technologies, including algorithms for driving functions, the underlying processing hardware, as well as various tools to facilitate software development and customization.

- ***Algorithm.*** Our algorithms play an important role for our proprietary software-hardware co-designed solution. They are purpose-built and optimized for a wide spectrum of driving scenarios. Our full spectrum of algorithm capabilities range from perception, environmental modeling, planning and control to driving automation functions, fulfilling the development requirement for all levels of ADAS and AD solutions.

- ***Brain Processing Unit (BPU).*** BPU is our proprietary processing architecture tailored for automotive applications, including ADAS and AD functions. We incorporate our deep understanding of advanced software and algorithms into BPU architecture to empower the processing hardware with outstanding performance, high energy efficiency, low latency when running automotive algorithms.

- ***Horizon OpenExplorer.*** Horizon OpenExplorer is our flexible algorithm development toolkit that encompasses a series of ready-to-use modules and reference algorithms. With a user-friendly interface and abundant auxiliary tools, OpenExplorer enables the users to accurately and efficiently deploy algorithms and software on our processing hardware.

- ***Horizon TogetheROS.*** Horizon TogetheROS is a safe, simple and user-friendly autonomous driving embedded middleware. TogetheROS provides standardized automotive grade services and tools to help accelerate development, integration and verification efforts to boost mass production readiness.

- ***Horizon Automotive Intelligence Development Instrument (AIDI).*** Horizon AIDI is our software development platform, designed to accomplish automatic iterative improvements of models with enhanced efficiency. By offering various tools and application interfaces, as well as streamlined workflow, AIDI helps software developers optimize the entire software development process from deployment, training, verification, evaluation, to iteration.

We take a software and hardware co-optimization approach, which we believe is crucial in ensuring optimal processing efficiency at affordable costs, hence the right technological path towards an autonomous driving future. We also believe that by offering flexible collaboration methods and open development tools, we enable our ecosystem partners to accelerate mass adoption of autonomous driving solutions. Such key philosophies underpin our product design and technology architecture, leading to these clear differentiating advantages of our solutions:

- System performance. Our software and hardware are developed and optimized hand-in-hand to ensure optimum system performance when integrated.

- High efficiency at affordable costs. Our solutions are highly efficient due to our co-optimization approach, delivering outstanding processing performance with low power consumption and low latency, which are crucial for automotive-grade deployment. In addition, our solutions are produced at affordable costs, laying the foundation for mass scale adoption.

- Open platform. We make available a series of base models, toolchains, frameworks and reference solutions to enable our customers and ecosystem partners to develop their own software applications catering to specific needs, helping them significantly shorten development cycles and reduce development costs.

Our distinguishing solutions and open platform approach have won us a growing and loyal base of customers and ecosystem partners. We act as a tier-two supplier and work both with OEMs directly and through tier-one suppliers to install our integrated ADAS and AD solutions into mass-produced vehicles. Our integrated solutions have been selected by 27 OEMs (42 OEM brands) for implementation in over 285 car models, with price range from approximately RMB86,800 to RMB429,800, as of the Latest Practicable Date. All top 10 Chinese OEMs have selected our solutions for mass production into their passenger vehicle models. We have accumulatively obtained design-wins for 44, 101, 210 and 275 car models, net of terminated projects, as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. We obtained more than 100 new design-wins of car models in 2023 alone. The design-win refers to the selection process when our ADAS and AD solutions are adopted in a specific vehicle model by an OEM or tier-one supplier customer. Design-win does not guarantee that our customers will purchase our solutions in large quantities or at all and at a price that will be profitable to us. Preliminary forecast in design-wins may be revised by OEMs, and may not be representative of future production volumes associated with those design-wins. Furthermore, OEMs may take a long time to develop the models relating to those design-wins, or may even delay or cancel such models. As a result, obtaining a design-win is not a guarantee of revenue. In addition, it is possible that OEMs may opt to independently develop specific components for their ADAS and AD solutions. This could have an impact on the selling prices of our solutions, as well as our revenue and profitability. For further implication, please see "Risk Factors — We invest significant effort and resources seeking OEM selection of our solutions, and there can be no assurance that these efforts will result in the selection for production models, nor is there a guarantee that our OEM customers or OEM end customers will purchase our solutions in any certain quantity or at any certain price even after we obtain the design-win, or we will retain or grow our business relations with existing OEM and tier-one suppliers and there may be significant delays between the time we obtain the design-win until we realize revenue from the vehicle model. " In 2021, 2022 and 2023 and for the six months ended June 30, 2024, we had five, four, four and nil terminated projects, respectively. The following table presents selected and publicly announced key OEMs and tier-one suppliers who have adopted our solutions, as well as selected ecosystem partners. These ecosystem partners collaborate with us to address challenges ranging from software development to the integration of our solutions.

Selected OEM / Brand Customers

Selected Tier-one Supplier Customers

Selected Ecosystem Partners

We have a highly flexible and scalable business model. Our customers can choose any solution or any combination of components in our whole stack offerings from algorithms to software and development tools and to processing hardware. Such flexibility has helped us continuously acquire new customers and expand market share. In addition, our business model is highly scalable. We typically scale deployment of our solutions with mass production of our

OEM customers' nominated vehicles. In addition, OEM customers who have found success with our solutions in one of their vehicle models would typically expand collaboration with us to more vehicle models. Furthermore, we have the opportunity to sell more advanced solutions and additional components from our offerings to our customers. These help us build a stable pipeline of contracts in the years to come. See "Business — Our Products and Services." We also provide licenses and services, other automotive solutions and non-automotive solutions to our customers.

Our flexible and scalable business model has led to significant growth of our business in the Track Record Period and lays the foundation for our continued success in the future. Our revenue increased by RMB439.0 million, or 94.1%, from RMB466.7 million in 2021 to RMB905.7 million in 2022, and further increased by RMB645.9 million, or 71.3%, to RMB1,551.6 million in 2023. Our revenue increased by RMB563.1 million, or 151.6%, from RMB371.5 million for the six months ended June 30, 2023 to RMB934.6 million for the six months ended June 30, 2024. Our gross profit increased from RMB331.0 million in 2021 to RMB627.7 million in 2022, and further to RMB1,094.3 million in 2023. Our gross profit increased from RMB226.6 million for the six months ended June 30, 2023 to RMB738.7 million for the six months ended June 30, 2024. We had high and stable gross profit margin of 70.9%, 69.3% and 70.5% in 2021, 2022 and 2023, respectively. Our gross profit margin increased from 61.0% for the six months ended June 30, 2023 to 79.0% for the six months ended June 30, 2024. We have been historically loss-making, and expects to be loss-making going forward. See "Risk Factors — Risks Related to Our Financial Prospects — We have a history of losses and operating cash outflow as well as net current liabilities and negative equity during the Track Record Period, and there is no assurance that we will become or subsequently remain profitable."

We record revenue from sale and delivery of our ADAS and AD solutions ("Solution Delivery Model") and/or providing licensing and related services ("Licensing and Service Model") to our customers. Under the Solution Delivery Model, we generate revenue from the sale and delivery of our solutions, which combine our self-developed processing hardware with proprietary algorithms and software, to OEMs and tier-one suppliers. The price of each product solution depends on the complexity and amount of algorithm and software involved, as well as the type and quantity of processing hardware integrated. Within product solutions, we allow our customers to choose any solution or any combination of components in our whole stack offerings from algorithms, software, processing hardware to development toolkit, with multiple adaptable components usually provided as a package, and customers are charged the package price instead of on a standalone basis. With respect to Licensing and Service model, we generate licensing revenue from our licensing algorithms, software and development toolkit to customers, enabling them to develop their own applications catering to specific needs. We typically charge licensing fees in a pre-determined fixed amount based on the complexity, advancement and variety of algorithms, software and development toolkits involved. In less common cases, we charge recurring royalties referenced to the quantity of mass-produced vehicles based on similar factors. We maintain a large pool of codes of algorithms and software of our ADAS and AD solutions that we can license under an open platform or white box approach. Our customers have the flexibility to select algorithm and/or software of their needs and integrate such intellectual properties into their products to achieve desired ADAS and AD functions. In addition to licensing, we also provide design and technical services to customers for a fee, helping our customers achieve customized ADAS and AD functions. Our service fees are generally set with reference to expertise and number of engineers involved, duration, complexity of work and functionalities developed. See "Business — Licensing and Services" for further details and "Industry Overview — Overview of the ADAS and AD Solutions Market — Open Platform and Close Platform" for features of the open platform approach.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success and differentiated us from our competitors:

- Established Market Leader with Significant Commercial Success and Substantial Barriers;
- Localized Expertise in China Ensuring Our Leading Position Today and in the Future;
- Large, Blue-chip Customer Base with High Stickiness;
- Integrated Solutions with Co-optimized Software and Hardware;
- Open Technology Platform to Foster Thriving Ecosystem;
- Highly Flexible and Scalable Business Model; and
- Visionary and Experienced Management Team, and Talents with Competitive Mindset.

For details, see "Business – Our Competitive Strengths."

OUR GROWTH STRATEGIES

We plan to execute the following strategies to drive our future growth:

- Continue to Invest in Technology and Expand Our Solutions Portfolio to Capitalize on the Industry Tailwind;
- Win Additional Mass Production Contracts with Existing and New Customers;
- Continue to Enrich Our Ecosystem;
- Attract Top Talents and Expand Our Team; and
- Continue to Enable Global Partners.

For details, see "Business – Our Growth Strategies."

TECHNOLOGIES AND INNOVATIONS

Our software-hardware co-optimization approach differentiates us from our competitors. We possess a unique combination of technical capabilities: we not only have proprietary software and algorithm capabilities, including an ADAS and AD algorithm framework, algorithm trend analysis, and a reservoir of effective algorithms, but also possess the ability to design architecture and optimize it for processing hardware. Additionally, we have automotive engineering capabilities and deep industry experience in mass production. This enables us to resolve the challenges and incorporate the requirements of ADAS and AD solutions into mass production, providing tailored services to our customers, helping them achieve optimized product performance and enhance their competitiveness. All of our technology pillars setting forth below are self-developed. For details, please refer "Business – Our Technologies – Software-Hardware Co-optimization Approach."

We are the first in China and one of the first globally to design and develop ADAS and AD solutions and automotive processing hardware. We are also the first in China and one of the first globally to successfully integrate our ADAS and AD solutions into mass-produced vehicles. Our processing hardware is one of the first globally to meet ASIL-B level under ISO 26262. We are global first to launch an 8-megapixel monocular vision-only ADAS solution.

We launched our ADAS solution Horizon Mono in 2019, which started revenue generation in 2021 and mass production in the second quarter of 2021. We launched our highway NOA solution Horizon Pilot in 2021, which started revenue generation in 2022 and mass production in the second quarter of 2022. In April 2024, we launched our AD solution Horizon SuperDrive. We expect Horizon SuperDrive to start revenue generation in 2024 from algorithms and software licensing and initiate mass production in 2026, subject to market conditions.

Our solutions are highly competitive, and the following table sets forth selected performance indicators and functional positioning and advantages for each of our current solution offerings:

	Horizon Mono	**Horizon Pilot**	**Horizon SuperDrive**
Positioning	Active safety ADAS	Highway NOA	Urban NOA for all scenarios
Launch time[(1)]	2019	2021	2024
Beginning of revenue generation	2021	2022	2024*
Initial mass production	2021	2022	2026*
Typical sensor set	Up to 8MP front view camera	Cameras and radars[(2)]	Cameras, radars and LiDAR[(3)]

	Horizon Mono	Horizon Pilot	Horizon SuperDrive
Selective functions and highlights	Mainstream ADAS functions, including AEB, IHB, ACC, LCC, ICA, TJA and more Global first to launch an 8MP monocular vision-only ADAS solution	Enhanced active safety and comfort functions, including automatic ramp on/off, autonomous merge in and exit during traffic congestion, automated lane change, highway auto-pilot, APA, VPA and more	Smooth and human-like AD functions in all urban, highway and parking scenarios
Supported safety recognition	Euro-NCAP five star C-NCAP five star	Euro-NCAP five star C-NCAP five star	To be authenticated
Ecosystem synergy . . .	OpenExplorer, TogetheROS, and AIDI	OpenExplorer, TogetheROS, and AIDI	OpenExplorer, TogetheROS, and AIDI
Miles per intervention(9)	N/A(4)	200 km in the average traffic flow	N/A(5)
Image processing capacity (frame per seconds)	174(6)	1,283(7)	N/A(5)
Pixel capacity of vehicle camera	Up to 8MP(8)	8MP(7)	N/A(5)
Power consumption . .	2.5w(8)	30w(7)	N/A(5)

Notes:

* Expected timing, which is subject to change with actual development and production progress.

(1) Refers to the initial release time, which does not indicate the completion of start of production (SOP) or mass production.

(2) Typical sensor set of Horizon Pilot includes 11 camera(s) including front camera(s) of 8.3MP, side camera(s) of 2.5MP, surround camera(s) of 2.9MP, rear camera(s) of 2.5MP; and five millimeter wave radars and 12 ultrasonic radars.

(3) Typical sensor set of Horizon SuperDrive is expected to include 11 camera(s) of 8.3MP, 3.0MP and 2.5MP, three millimeter wave radars, 12 ultrasonic radars and one LiDAR.

(4) According to CIC, it is not common to use miles per intervention (MPI) to evaluate ADAS solution. As an alternative of safety demonstration, Horizon Mono has a false activation rate of less than one time in 200,000 kilometers driven.

(5) No data available as of the Latest Practicable Date, as Horizon SuperDrive was launched in April 2024 and is still under testing.

(6) Tested under scenario created to evaluate performance with industry-standard application models as of launch year representing the parameter of one Journey 3 processing hardware embedded.

(7) Representing the parameter of one Journey 5 processing hardware embedded.

(8) Representing the parameter of one Journey 3 processing hardware embedded.

(9) Mile per intervention or MPI, is a performance metric used to measure the distance a vehicle can travel autonomously before requiring human intervention or driver takeover. According to CIC, the industry level of mile per intervention ranges from 50 km to 250 km in average traffic flow as of December 31, 2023.

CUSTOMERS AND SUPPLIERS

We act as a tier-two supplier in the industry supply chain and generate the vast majority of our revenue from the sale of ADAS and AD solutions as well as the corresponding licensing and services to OEMs and tier-one automotive suppliers.

During the Track Record Period, we derived a majority of our revenues from our automotive solutions. In 2021, 2022 and 2023 and for the six months ended June 30, 2024, the aggregate revenue generated from our five largest customers were RMB283.1 million, RMB482.1 million, RMB1,067.0 million and RMB727.0 million, representing 60.7%, 53.2%, 68.8% and 77.9% of our revenue, respectively. Revenues generated from our largest customer in the same periods were RMB115.2 million, RMB145.3 million, RMB627.3 million, and RMB351.6 million, representing 24.7%, 16.0%, 40.4% and 37.6% of our revenue, respectively. We generated a substantial amount of RMB627.3 million and RMB351.6 million, representing 40.4% and 37.6% of our revenue, from CARIZON in 2023 and for the six months ended June 30, 2024, respectively. Our five largest customers in each year/period during the Track Record Period included OEM and tier-one supplier customers for our automotive solutions and a distributor for our non-automotive solutions. Saving for Volkswagen Group and SAIC, both Shareholders of the Company, to the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest customers were independent third parties. Saving for CARIZON and SAIC, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

In 2021, 2022 and 2023 and for the six months ended June 30, 2024, the aggregate purchase amounts from our five largest suppliers were RMB251.6 million, RMB890.2 million, RMB1,177.9 million and RMB392.4 million, representing 52.0%, 61.8%, 50.2% and 40.8% of our total purchase amount, respectively. The purchase amounts from our largest supplier in the same periods were RMB100.7 million, RMB226.3 million, RMB458.5 million and RMB115.5 million, representing 20.8%, 15.7%, 19.5% and 12.0% of our total purchase amount, respectively. Our five largest suppliers in each year/period during the Track Record Period included manufacturers, assembly and testing service providers, and IP vendors and EDA vendors, among others, during the Track Record Period, we relied on Supplier A and Supplier C for the manufacturing, assembling and testing of our processing hardware. During the Track Record Period, we did not experience any significant fluctuation in prices set by our suppliers or material breach of contract on the part of our suppliers. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

OUR PARTNERSHIP WITH VOLKSWAGEN GROUP

We strategically partner with affiliates of Volkswagen Group ("Volkswagen") through the joint venture Carizon (Beijing) Technology Co., Ltd ("CARIZON"), which was established in 2023, to capture the future opportunities of customized driving automation solutions in China. CARIZON engages in the business of research and development, manufacture of autonomous driving application software and self-driving systems, and it also provides aftersales services, training, consulting, testing and technical services of its products. In the short term, its primary customer will be Volkswagen Group, and its products will be applied towards vehicles Volkswagen sells in China. Volkswagen holds 60% and we hold 40% of the equity interest in CARIZON, respectively. In 2023 and for the six months ended June 30, 2024, we generated revenue of RMB627.3 million and RMB351.6 million, accounting for 40.4% and 37.6% of total revenue, respectively, from automotive solutions provided to CARIZON. For further details, please refer to "Business — Our Partnership with Volkswagen Group — CARIZON — Our Joint Venture with Volkswagen Group." Pursuant to a convertible loan agreement dated November 17, 2022, CARIAD Estonia AS ("CARIAD") as lender agreed to provide the loan in the amount of US$800,000,000 to the Company. On October 11, 2024, an amendment agreement was entered into between the Company and CARIAD to amend arrangement with respect to the conversion mechanism of the convertible loan (among others). For more details, please see the section headed "Risk Factors — Risks Related to the Global Offering and Our Shares — You may experience dilution upon conversion under the Convertible Loan Agreement" and "History, Reorganization and Corporate Structure — Pre-IPO Investments — Convertible Loan" of this prospectus.

WEIGHTED VOTING RIGHTS STRUCTURE

The Company has a weighted voting rights structure. Under our weighted voting rights structure, our share capital comprises Class A Ordinary Shares and Class B Ordinary Shares. Each Class A Ordinary Share entitles the holder to exercise ten votes, and each Class B Ordinary Share entitles the holder to exercise one vote, respectively, on any matters subject to the vote at general meetings of the Company, subject to Rule 8A.24 of the Listing Rules that requires the Reserved Matters to be voted on a one vote per share basis.

The table below sets out the beneficial interests entitled to, and voting rights to be held by, the WVR Beneficiaries through their controlled entities upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised):

	Number of Class A Ordinary Shares held	Approximate percentage of beneficial interests in the issued share capital	Approximate percentage of voting rights[1]
Dr. Yu[2]	1,733,612,127	13.30%	53.92%
Dr. Huang[2]	390,777,143	3.00%	12.16%

Notes:

(1) On the basis that each Class B Ordinary Share entitles the Shareholder to one vote per Share and each Class A Ordinary Share entitles the Shareholder to ten votes per Share.

(2) For details of the shareholding structure of our WVR Beneficiaries, please refer to note 2 and note 3 in the section headed "History, Reorganization and Corporate Structure — Capitalization."

Our Company is adopting the WVR structure to enable the WVR Beneficiaries to exercise voting control over our Company. This will enable our Company to benefit from the continuing vision and leadership of the WVR Beneficiaries who will control our Company with a view to its long-term prospects and strategy. Taking into account the WVR Beneficiaries' contribution to the Group, such arrangement is in the best interests of the Company and its Shareholders as a whole.

Prospective investors are advised to be aware of the potential risks of investing in companies with weighted voting rights structures, in particular that interests of the WVR Beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exercise their higher voting power to influence the affairs of our Company and the outcome of Shareholders' resolutions, irrespective of how other Shareholders vote.

Prospective investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the WVR structure adopted by the Company, see "Risk Factors — Risks Related to the WVR Structure." Save for the weighted voting rights attached to Class A Ordinary Shares, the rights attached to both classes of Shares are identical. For further information about the rights, preferences, privileges and restrictions of the Class A Ordinary Shares and Class B Ordinary Shares, please see "Summary of the Constitution of our Company and Cayman Islands Company Law — 2 Articles of Association" in Appendix III to this Prospectus for further details.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), 1,733,612,127 Class A Ordinary Shares, representing approximately (i) 53.92% of the voting rights in our issued share capital in general meetings (except for resolutions with respect to the Reserved Matters), and (ii) 12.16% of the voting rights in our issued share capital in general meetings for resolutions with respect to the Reserved Matters, will be held by Everest Robotics Limited, which is held by Bigsur Robotics Limited as to 99% and Horizon Robotics, Inc. as to 1%. Horizon Robotics, Inc. is wholly owned by Dr. Yu. Bigsur Robotics Limited is wholly owned by Trident Trust Company (HK) Limited as the trustee of Rock Street Trust, the family trust established by Dr. Yu (as settlor) for the benefit of Dr. Yu and his family. Accordingly, Dr. Yu, Everest Robotics Limited and Horizon Robotics, Inc. together will constitute a group of Controlling Shareholders of our Company after the Listing.

PRE-IPO INVESTMENTS

We have undertaken several rounds of Pre-IPO Investments. For details of the background of our major Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see "History, Reorganization and Corporate Structure — Pre-IPO Investments."

DILUTIVE EFFECT UNDER THE PRE-IPO EQUITY INCENTIVE PLAN

As of the date of this Prospectus, all Class B Ordinary Shares granted under the 2018 Share Incentive Plan have been issued to employee shareholding platforms set up by our Company with independent professional trustee companies. Accordingly, there will not be any dilution effect on the shareholdings of our Shareholders nor any impact on the earnings per share arising from the full vesting or exercise of the outstanding options and share awards after Listing.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss

The following table sets forth our consolidated statements of profit or loss for the periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2021	2022	2023	2023	2024
				(unaudited)	
	(RMB in thousands)				
Revenue from contracts with customers	466,720	905,676	1,551,607	371,491	934,599
Cost of sales	(135,734)	(277,963)	(457,297)	(144,879)	(195,861)
Gross profit	**330,986**	**627,713**	**1,094,310**	**226,612**	**738,738**
Research and development expenses	(1,143,642)	(1,879,888)	(2,366,255)	(1,048,991)	(1,419,656)
Administrative expenses	(319,003)	(373,909)	(443,366)	(214,997)	(243,144)
Selling and marketing expenses	(211,390)	(298,500)	(327,249)	(142,728)	(198,421)
Net impairment (losses)/gains on financial assets	(5,098)	(13,039)	(20,793)	(7,164)	(53,237)
Other income	14,483	43,662	66,222	13,227	34,109
Other (losses)/gains, net	(1,669)	(238,055)	(33,391)	(63,274)	36,193
Operating loss	**(1,335,333)**	**(2,132,016)**	**(2,030,522)**	**(1,237,315)**	**(1,105,418)**
Finance income	28,239	104,528	167,473	87,268	214,552
Finance costs	(16,592)	(7,548)	(8,651)	(4,585)	(3,789)
Finance income, net	11,647	96,980	158,822	82,683	210,763
Share of results of investments accounted for using the equity method	(2,530)	(34,298)	(112,074)	(16,803)	(181,633)
Fair value changes of preferred shares and other financial liabilities through profit or loss	(763,984)	(6,655,367)	(4,760,354)	(713,566)	(4,012,726)
Loss before income tax	**(2,090,200)**	**(8,724,701)**	**(6,744,128)**	**(1,885,001)**	**(5,089,014)**
Income tax benefit (expense)	26,650	4,273	5,075	(3,490)	(9,091)
Loss for the year/period	**(2,063,550)**	**(8,720,428)**	**(6,739,053)**	**(1,888,491)**	**(5,098,105)**
Loss is attributable to:					
Owners of the Company	(2,061,293)	(8,719,410)	(6,739,021)	(1,888,475)	(5,098,088)
Non-controlling interests	(2,257)	(1,018)	(32)	(16)	(17)

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we use adjusted operating loss (Non-IFRS measure) and adjusted net loss (Non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with IFRS. See "Financial Information — Non-IFRS Measures" for details. We define adjusted operating loss (Non-IFRS measure) as operating loss for the periods adjusted by adding back (i) share-based payments, which are non-cash in nature, and (ii) listing expenses, which relate to the Global Offering. We define adjusted net loss (Non-IFRS measure) as loss for the periods adjusted by adding back (i) share-based payments, which are non-cash in nature, (ii) listing expenses, which relate to the Global Offering, and (iii) fair value changes on preferred shares and other financial liabilities, which are non-cash items. All preferred shares and other financial liabilities will be reclassified to equity upon conversion, and no longer measured at fair value going forward once converted. Our adjusted operating loss (Non-IFRS measure) and adjusted net loss (Non-IFRS measure) as a percentage of revenue significantly narrowed during the Track Record Period.

We believe that Non-IFRS measures facilitate the comparisons of operating performance and provide useful information to investors and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the periods may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile Non-IFRS measures for the periods presented with the nearest measures prepared in accordance with IFRS Accounting Standards:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2021	2022	2023	2023	2024
				(unaudited)	
			(RMB in thousands)		
Reconciliation for adjusted operating loss (Non-IFRS measure):					
Operating loss	**(1,335,333)**	**(2,132,016)**	**(2,030,522)**	**(1,237,315)**	**(1,105,418)**
Add back:					
Share-based payments	196,369	173,698	341,751	178,931	240,600
Listing expenses	–	–	1,780	–	40,838
Adjusted operating loss (Non-IFRS measure)	**(1,138,964)**	**(1,958,318)**	**(1,686,991)**	**(1,058,384)**	**(823,980)**

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2021	2022	2023	2023	2024
				(unaudited)	
	(RMB in thousands)				
Reconciliation for adjusted net loss (Non-IFRS measure):					
Loss for the year/period	**(2,063,550)**	**(8,720,428)**	**(6,739,053)**	**(1,888,491)**	**(5,098,105)**
Add back:					
Share-based payments	196,369	173,698	341,751	178,931	240,600
Listing expenses	–	–	1,780	–	40,838
Fair value changes of preferred shares and other financial liabilities	763,984	6,655,367	4,760,354	713,566	4,012,726
Adjusted net loss (Non-IFRS measure)	**(1,103,197)**	**(1,891,363)**	**(1,635,168)**	**(995,994)**	**(803,941)**

Our adjusted net loss (Non-IFRS measure) amounted to RMB1,103.2 million, RMB1,891.4 million, RMB1,635.2 million, RMB996.0 million and RMB803.9 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. The loss position was primarily due to our continuous investment in research and development. The narrowed adjusted net loss (Non-IFRS measure) in 2023 and for the six months ended June 30, 2024 was primarily resulted from the significant increase in revenue by 71.3% from RMB905.7 million in 2022 to RMB1,551.6 million in 2023 and by 151.6% from RMB371.5 million for the six months ended June 30, 2023 to RMB934.6 million for the six months ended June 30, 2024, respectively.

The following table sets forth a breakdown of our revenue by revenue source during the periods indicated, both in absolute amounts and as percentages of total revenue.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2021		2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Automotive solutions										
Product solutions	208,083	44.6	319,312	35.3	506,386	32.7	192,298	51.8	222,264	23.8
License and services	202,081	43.3	481,826	53.2	963,978	62.1	152,706	41.1	690,830	73.9
Subtotal	410,164	87.9	801,138	88.5	1,470,364	94.8	345,004	92.9	913,094	97.7
Non-Automotive solutions	56,556	12.1	104,538	11.5	81,243	5.2	26,487	7.1	21,505	2.3
Total Revenue	**466,720**	**100.0**	**905,676**	**100.0**	**1,551,607**	**100.0**	**371,491**	**100.0**	**934,599**	**100.0**

Our revenue increased significantly from RMB466.7 million in 2021, to RMB905.7 million in 2022, and further to RMB1,551.6 million in 2023. Our revenue increased from RMB371.5 million for the six months ended June 30, 2023 to RMB934.6 million for the six months ended June 30, 2024. Revenue generated from our automotive solutions contributed a vast majority of our total revenue, accounting for 87.9%, 88.5%, 94.8%, 92.9% and 97.7% of total revenue in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. The significant increase in revenue from automotive solutions during the Track Record Period was primarily attributable to (i) rapid development and robust growth in the downstream smart vehicles market that drives the demand for our automotive solutions, (ii) expansion of our customer base as well as increased spendings from existing customers for product solutions, (iii) increased penetration from AD solutions that leads to higher dollar content per vehicle and (iv) increasing demand from OEMs and tier-one suppliers for license of algorithms, various development tools and technical services to design and tailor their ADAS and AD solutions. Our revenue generated from license and services increased significantly during the Track Record Period, primarily driven by strong growth in the demand for licenses of various algorithms, development tools and software for ADAS and AD solutions and related services. For instance, we licensed various rights to use our algorithms and software related to ADAS and AD solutions in 2023 to CARIZON, a joint venture we established with an affiliate of Volkswagen Group. As a result, in 2023 and the six months ended June 30, 2024, we recorded revenue from CARIZON of RMB627.3 million and RMB351.6 million, respectively, after the elimination of unrealized profits and losses from the transactions with CARIZON.

Our cost of sales increased significantly from RMB135.7 million in 2021, to RMB278.0 million in 2022, and further to RMB457.3 million in 2023, which is generally in line with our revenue growth. Our cost of sales increased from RMB144.9 million for the six months ended June 30, 2023 to RMB195.9 million for the six months ended June 30, 2024. Cost of sales from our automotive solutions contributed a majority of total cost of sales, representing 60.1%, 64.7%, 84.6%, 84.6% and 91.0% of total cost of sales in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. In terms of cost of sales by nature, cost of inventories sold, primarily bill of materials for processing hardware and peripheral devices, was our largest cost component.

The following table sets forth our gross profit and gross profit margin by revenue source for the periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2021		2022		2023		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Automotive solutions										
Product solutions .	142,589	68.5	198,306	62.1	226,226	44.7	97,036	50.5	92,745	41.7
License and services .	185,976	92.0	423,113	87.8	857,486	89.0	125,472	82.2	642,188	93.0
Subtotal . . .	328,565	80.1	621,419	77.6	1,083,712	73.7	222,508	64.5	734,933	80.5
Non-Automotive solutions . .	2,421	4.3	6,294	6.0	10,598	13.0	4,104	15.5	3,805	17.7
Total	**330,986**	**70.9**	**627,713**	**69.3**	**1,094,310**	**70.5**	**226,612**	**61.0**	**738,738**	**79.0**

Our gross profit increased significantly from RMB331.0 million in 2021, to RMB627.7 million in 2022, and further to RMB1,094.3 million in 2023, which was in line with our revenue growth during the Track Record Period. Our gross profit increased significantly from RMB226.6 million for the six months ended June 30, 2023 to RMB738.7 million for the six months ended June 30, 2024. Our gross profit margin remained relatively stable at 70.9%, 69.3% and 70.5% in 2021, 2022 and 2023, respectively. Our gross profit margin increased from 61.0% for the six months ended June 30, 2023 to 79.0% for the six months ended June 30, 2024. Our gross profit margin during the Track Record Period was affected by our revenue mix. For instance, during the Track Record Period, we recorded an increase in revenue contribution from license and services, which had higher gross profit margin compared to our product solutions due to lower cost of inventories sold for license as well as relatively lower fulfillment costs for our design and technical services rendered to customers due to economies of scale and enhanced expertise. Such an increase was partially offset by a decrease in gross profit margin from product solutions as we incurred higher procurement costs of bill of materials for processing hardware from 2021 to 2023 and adopted a more competitive pricing strategy on our early generation of product solutions to boost market share.

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we incurred research and development expenses of RMB1,143.6 million, RMB1,879.9 million, RMB2,366.3 million, RMB1,049.0 million and RMB1,419.7 million, respectively. Our research and development expenses increased in absolute amounts during the Track Record Period, because we allocated significant resources in order to enhance our research and development capabilities to support the development of algorithms, software and processing hardware. The increased research and development expenses during the Track Record Period was mainly driven by an increase in employee benefit expenses paid to our research and development personnel. Employee benefit expenses remained the single largest component of our research and development expenses during the Track Record Period, representing 65.7%, 62.5%, 60.7%, 65.5% and 59.0% of total research and development expenses in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. Our research and development expenses as a percentage of total revenue decreased from 245.0% in 2021, to 207.6% in 2022 and further to 152.5% in 2023. Our research and development expenses as a percentage of total revenue decreased from 282.4% for the six months ended June 30, 2023 to 151.9% for the six months ended June 30, 2024. The decrease in research and development expenses as a percentage of total revenue during the Track Record Period was primarily due to (i) targeted research and development approach on open platform and flexible business model that allows us to leverage the capabilities of our ecosystem partners to undertake part of the research and development based on our technology pillars; (ii) significant economies of scale as our solutions are mass-produced across different car models for existing and new customers; and (iii) accumulated experience over the years of research and development, which enables us to conduct research and development more efficiently. We expect our research and development expenses to remain a substantial portion of our operating expenses to support our business expansion in the future, but we anticipate that our research and development expenses as a percentage of revenue will continue to decrease.

Our administrative expenses amounted to RMB319.0 million, RMB373.9 million, RMB443.4 million, RMB215.0 million and RMB243.1 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, representing 68.3%, 41.3%, 28.6%, 57.9% and 26.0% of total revenue for the same periods, respectively. Our selling and marketing expenses amounted to RMB211.4 million, RMB298.5 million, RMB327.2 million, RMB142.7 million and RMB198.4 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, representing 45.3%, 33.0%, 21.1%, 38.4% and 21.2% of total revenue for the same periods, respectively. Other than the decrease in employee benefit expenses for administrative personnel from the six months ended June 30, 2023 to the same period in 2024 due to a decrease in share-based payments, the absolute amounts of our administrative expenses and selling and marketing expenses increased during the Track Record Period, which was primarily attributable to our growing employee benefit expenses resulting from an increase in the number of staffs to support our business growth. The decrease in administrative expenses and selling and marketing expenses as a percentage of total revenue during the Track Record Period was primarily due to the revenue increase and economies of scale driven by our business expansion.

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we had operating losses for the periods of RMB1,335.3 million, RMB2,132.0 million, RMB2,030.5 million, RMB1,237.3 million and RMB1,105.4 million, respectively, and net losses for the periods of RMB2,063.6 million, RMB8,720.4 million, RMB6,739.1 million, RMB1,888.5 million and RMB5,098.1 million, respectively. Our net loss positions was primarily due to our significant research and development expenses during the Track Record Period to enhance our key technology pillars as well as the fair value changes of preferred shares and other financial liabilities.

For details, see "Financial Information — Discussion of Results of Operations."

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Total non-current assets	683,445	1,091,548	2,335,798	2,209,015
Total current assets	9,913,442	8,803,680	13,538,075	12,743,749
Total assets	**10,596,887**	**9,895,228**	**15,873,873**	**14,952,764**
Total non-current liabilities	84,836	182,343	287,144	380,461
Total current liabilities	18,905,972	27,151,422	40,252,113	44,387,363
Total liabilities	**18,990,808**	**27,333,765**	**40,539,257**	**44,767,824**
Net current liabilities	**(8,992,530)**	**(18,347,742)**	**(26,714,038)**	**(31,643,614)**
Net liabilities	**(8,393,921)**	**(17,438,537)**	**(24,665,384)**	**(29,815,060)**
Non-controlling interests	250	(75)	(107)	861

We recorded net current liabilities of RMB8,992.5 million, RMB18,347.7 million, RMB26,714.0 million and RMB31,643.6 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. Our net current liabilities increased during the Track Record Period primarily attributable to our increased preferred shares and other financial liabilities at FVPL. The increased of preferred shares and other financial liabilities at FVPL from RMB18,341.2 million as of December 31, 2021 to RMB39,239.6 million as of December 31, 2023, and further to RMB43,782.7 million as of June 30, 2024 was primarily attributable to the changes in the valuations of our Company.

We also recorded net liabilities of RMB8,393.9 million, RMB17,438.5 million, RMB24,665.4 million and RMB29,815.1 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. Our net liabilities were primarily attributable to the preferred shares and other financial liabilities at FVPL of RMB18,341.2 million, RMB26,451.3 million, RMB39,239.6 million and RMB43,782.7 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The fluctuations across periods for net liabilities were primarily due to the loss for the periods incurred, which was RMB2,063.6 million in 2021, RMB8,720.4 million in 2022, RMB6,739.1 million in 2023 and RMB5,098.1 million for the six months ended June 30, 2024. The increases in net liabilities during the Track Record Period were also attributable to effects of changes in credit risk for financial liabilities designated as fair value through profit or loss, foreign currency translation and share-based payments. For details, see the Accountant's Report set out in Appendix I to this Prospectus for a detailed description of our statements of changes in equity. We expect to achieve a net assets position upon the Global Offering, as the preferred shares will be reclassified from financial liabilities to equity as a result of the automatic conversion into ordinary shares. For details, see "Financial information — Discussion of Selected Items from Our Consolidated Statements of Financial Position — Current Assets and Liabilities."

SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table sets forth our cash flows for the periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2021	2022	2023	2023	2024
				(unaudited)	
	(RMB in thousands)				
Net cash used in operating activities	(1,111,016)	(1,557,285)	(1,744,508)	(1,165,996)	(725,954)
Net cash generated from/(used in) investing activities	(1,384,168)	(214,506)	(667,286)	20,486	(526,129)
Net cash generated from/(used in) financing activities	6,299,413	212,412	7,218,868	(18,334)	284,734
Net increase/(decrease) in cash and cash equivalents	3,804,229	(1,559,379)	4,807,074	(1,163,844)	(967,349)
Cash and cash equivalents at the beginning of the year/period	4,296,055	8,050,034	6,608,657	6,608,657	11,359,641
Effects of exchange rate changes on cash and cash equivalents	(50,250)	118,002	(56,090)	(4,675)	60,157
Cash and cash equivalents at the end of the period	**8,050,034**	**6,608,657**	**11,359,641**	**5,440,138**	**10,452,449**

We had net operating cash outflow of RMB1,111.0 million, RMB1,557.3 million, RMB1,744.5 million, RMB1,166.0 million and RMB726.0 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, which was primarily due to our losses before income tax as we incurred significant research and development expenses.

KEY OPERATING DATA

The following tables set forth our key operating data as of the dates or for the periods indicated.

	As of December 31,			As of June 30,	
	2021	2022	2023	2023	2024
OEM customer base(1)	14	20	23	20	25
Cumulative number of OEM customers(2), of which:	9	12	12	12	12
Product solutions	4	5	6	6	6
License and services	7	9	10	10	10
Cumulative number of tier-one supplier customers(3), of which:	76	98	124	113	133
Product solutions	68	89	108	100	117
License and services	20	40	61	54	64
Cumulative number of design-wins for car models, net of terminated projects(4)	44	101	210	151	275
Cumulative number of car models for which we achieved SOP(5)	27	56	109	71	131
OEM customers who contributed revenue for the year/period:	6	9	9	9	5
Product solutions	1	2	4	4	4
License and services	6	8	8	7	5
Tier-one supplier customers who contributed revenue for the year/period:	61	60	68	52	46
Product solutions	53	52	48	35	35
License and services	15	28	43	33	24

Notes:

(1) OEM customer base includes OEMs who select our product solutions directly and those who select our product solutions through tier-one supplier customers. Amongst these OEM customer base, we recognize OEMs who directly engage us for businesses as our OEM customers. Nonetheless, the number of OEM customer base is a key operating metric in guiding our operations as OEMs typically have the ultimately discretion in selecting providers of ADAS and AD solutions.

(2) Represents the number of our OEM customers that directly select our product solutions and contributed revenue as of the dates indicated; and "product solutions" and "license and services" lines represent the number of OEM customers that we cooperated with and contributed revenue under the corresponding model as of the dates indicated. An OEM customer may procure our solutions through both models, for better solution performance or other reasons.

(3) Represents the number of our tier-one supplier customers as of the dates indicated; and "product solutions" and "license and services" lines represent the number of tier-one supplier customer that we cooperated with under the corresponding model as of the dates indicated. A tier-one supplier customer may procure our solutions through both models, for better solution performance or other reasons.

(4) We obtained 16, 56, 145 and 199 design-wins for new energy vehicles (NEVs, comprising battery electric vehicles, plug-in hybrid electric vehicles and fuel cell electric vehicles) accumulatively, and 28, 45, 65 and 76 design-wins for non-NEVs accumulatively, as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. We target all passenger vehicles, irrespective of whether they are NEVs or non-NEVs, that can be equipped with ADAS and AD solutions.

(5) SOP refers to start of production, which indicates a project has progressed from contract stage to mass production stage.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands, except as indicated otherwise)				
Revenue from OEM customers[1], of which:					
Product solutions	88	48,074	221,182	74,945	94,109
License and services	148,709	258,585	747,572	52,793	424,397
Revenue from tier-one supplier[1] customers, of which:					
Product solutions	158,887	266,964	283,442	115,929	127,508
License and services	42,348	178,803	209,197	94,530	260,874
Average OEM customer value[2][3], of which:					
Product solutions	88	24,037	55,295	18,736	23,527
License and services	24,785	32,323	93,447	7,542	84,879
Average tier-one supplier customer value[3][4], of which:					
Product solutions	2,998	5,134	5,905	3,312	3,643
License and services	2,823	6,386	4,865	2,865	10,870
Delivery volume of processing hardware for the period (million units)	1.0	1.5	2.1	0.7	1.0
Automotive product solutions average selling price[5] (RMB/unit)	208	213	239	256	231
Number of license and services contracts with revenue recorded for the period	53	66	83	59	41

Notes:

(1) Revenue derived from OEM and tier-one supplier customers includes revenue derived from such customers from mass-produced projects. During the Track Record Period, we also generated revenue from (i) pre-mass-produced projects of OEM and tier-one supplier customers, (ii) projects with customers who are neither OEMs nor tier-one suppliers but primarily focus on the automotive industry (such as ecosystem partners, see "Business — Our Customers — Our Ecosystem Partners"), and (iii) projects with customers who are neither OEMs nor tier-one suppliers and whose primary focus is not automotive industry.

(2) Average OEM customer value refers to revenue generated from OEM customers during the year/period divided by the number of OEM customers that directly engage us and contributed revenue during the respective year/period. A total of one, two, four, four and four OEM customers directly engage us and contributed revenue for product solutions and a total of six, eight, eight, seven and five OEM customers directly engage us and contributed revenue for license and services in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

(3) The contract amount of license and services as well as the corresponding revenue recognized during the year/period vary significantly, depending on multiple factors such as, among others, the complexity and variety of license and service provided, the specific demands of customers, the number of personnel and amount of required and length of services. Similarly, the contract amount of our automotive product solutions as well as the corresponding revenue recognized during the year/period also vary significantly depending on OEMs' and tier-one suppliers' own production schedule as well as downstream demand of the underlying vehicle models. This wide variation causes the average customer value to fluctuate significantly from period to period because average customer value is heavily influenced by outliers or extreme values, making the results anomalous. Therefore, the calculation is presented here for indication only.

(4) Average tier-one supplier customer value refers to revenue generated from tier-one supplier customers during the year/period divided by the number of tier-one supplier customers that directly engage us and contributed revenue during the respective year/period. A total of 53, 52, 48, 35 and 35 tier-one supplier customers directly engage us and contributed revenue for product solutions and a total of 15, 28, 43, 33 and 24 tier-one supplier customers directly engage us and contributed revenue for license and services in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

(5) Automotive product solutions average selling price for the period equals revenues derived from product solutions divided by the delivery volume of processing hardware integrated with algorithms and software during the respective period.

For the analysis and trends of the operating data, please see "Financial Information — Key Operating Data" for details.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratios as of the dates or for the periods indicated.

	For the Year Ended/As of December 31,			For the Six Months Ended/As of June 30,
	2021	2022	2023	2024
Revenue growth	N/A[1]	94.1%	71.3%	151.6%
Gross profit growth	N/A[1]	89.6%	74.3%	226.0%
Gross margin	70.9%	69.3%	70.5%	79.0%
Net loss margin	(442.1%)	(962.9%)	(434.3%)	(545.5%)
Adjusted net loss margin (non-IFRS measure)	(236.4%)	(208.8%)	(105.4%)	(86.0%)
Return on assets	(19.5%)	(88.1%)	(42.5%)	(34.1%)
Current ratio	52.4%	32.4%	33.6%	28.7%
Quick ratio	51.8%	31.1%	31.7%	27.1%

Note:

(1) Labeled as "N/A" as the financial information for the year ended December 31, 2020 was not within the Track Record Period.

PATH TO PROFITABILITY

Despite our rapid growth, we were loss-making during the Track Record Period. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we incurred losses for the period of RMB2,063.6 million, RMB8,720.4 million, RMB6,739.1 million, RMB1,888.5 million and RMB5,098.1 million, respectively, and adjusted net loss (Non-IFRS measure) of RMB1,103.2 million, RMB1,891.4 million, RMB1,635.2 million, RMB996.0 million and RMB803.9 million, respectively. Our revenue increased significantly during the Track Record Period and amounted to RMB466.7 million, RMB905.7 million, RMB1,551.6 million, RMB371.5 million and RMB934.6 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. Our adjusted net loss (Non-IFRS measure) as a percentage of revenue significantly narrowed during the Track Record Period. In the coming years, we plan to break-even and realize profitability by implementing business initiatives of expanding revenue scale, maintaining gross margin profile, enhancing operating leverage and improving operations of CARIZON. Our losses during the Track Record Period were primarily due to:

- Substantial upfront investment required;
- Economies of scale are still materializing;
- Share of results of investments accounted for using the equity method; and
- Fair value change of preferred shares and other financial liabilities.

Expanding Our Revenue Scale

We are a company under rapid growth. Our revenue increased significantly during the Track Record Period and amounted to RMB466.7 million, RMB905.7 million, RMB1,551.6 million, RMB371.5 million and RMB934.6 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, representing year-over-year/period-over-period revenue growth rates of 94.1% in 2022, 71.3% in 2023, and 151.6% for the six months ended June 30, 2024, respectively. We expect that our revenue will grow further due to the following factors:

- *Leverage positive industry tailwind.* Benefiting from the consumer acceptance and preferences for smart vehicles, enhanced driving safety standards and robust technology development, the smart vehicle markets in China and globally are expected to maintain significant growth momentum in the future. Looking ahead, benefiting from our industry leading position, unique software-hardware co-optimization approach, research and development capabilities, comprehensive product portfolio and open platform with thriving ecosystem, we are poised to maintain this momentum and continue our revenue growth trajectory.

- *Capitalize on robust backlogs.* We have secured robust backlogs of orders for vehicles not yet mass-produced. As of June 30, 2024, vehicle models that have yet to achieve mass production represented more than 50% of all vehicle models of which we have obtained design-wins. As of the Latest Practicable Date, among our total design-wins, over 135 car models were under development process towards mass production, representing our backlogs of potential orders for vehicles not yet mass-produced. Future commercialization of vehicle models that have yet to achieve mass production can further support our future revenue growth in the years to come. Even before a car model reaching mass production, we usually generate revenue from development and engineering services, licenses or potential delivery of product solutions.

- *Attract new customers.* We plan to further grow the size of our customer base, leveraging our current flexible business model and industry-leading open platform.

- *Expand collaboration with existing customers.* Our future growth is dependent on our ability to maintain and deepen relationships with our existing customers. By committing to expand and deepen such relationships, we can scale deployments of our solution in tandem with our customers' increasing production volumes of vehicles equipped with our solutions. Moreover, OEMs who have found success with our solutions in one of their vehicle models would typically expand collaboration with us to more vehicle models. Furthermore, we have the opportunity to offer more advanced solutions and more components from our offerings to our customers.

- *Expand to new geographies.* We aim to extend our reach beyond markets in China and bring our solutions to enable global partners. We intend to enhance our international presence through partnering with global OEMs and tier-one suppliers to explore global markets, particularly in Japan, South Korea and Europe.

- *Introduce new solutions with higher price meeting the surging demand for smart vehicles.* We plan to introduce new solutions with more advanced technologies. We believe more advanced driving automation technologies allow us to charge a higher price, which can further boost our revenue growth.

Maintaining Our Gross Margin Profile

Our future profitability also depends on our ability to sustain the current level of margin profile and introduce new solutions with high margin profile. Specifically, we expect to optimize our gross margin profiles by implementing (i) continuous innovation, (ii) supply chain management and improvement and (iii) business mix optimization.

Enhancing Operating Leverage

During the Track Record Period, we incurred significant operating expenses, including research and development expenses, administrative expenses and selling and marketing expenses, to develop, manage and promote our automotive solutions. In the future, we will continue optimizing our research and development as well as sales and administrative functions to support our long-term business growth.

Improving Operations of CARIZON

We strategically partner with Volkswagen Group, a global industry giant through CARIZON, to capture the future opportunities of customized driving automation solutions in China. CARIZON was established in November 2023 and is still in ramping up stage with no revenue generated yet. We have picked up CARIZON's losses as share of losses of investments accounted for using the equity method since its establishment. As CARIZON is still ramping up, we expect to continue to pick up such share of losses. Benefiting from synergies with Volkswagen Group (CARIZON's largest shareholder and customer), CARIZON has a clear go-to-market strategy of providing tailored products and services towards vehicles Volkswagen Group sells in China and can effectively drive revenue growth by fulfilling orders from Volkswagen Group. Therefore, we believe CARIZON will be able to continuously deploy its products to mass-produced vehicles, especially the ones of Volkswagen Group. In addition, we, as a shareholder of CARIZON, will also actively participate in its business operation by bringing agile research and development process and local insights.

We believe the implementation of the aforesaid approaches can positively affect our profitability. Specifically, expanding revenue scale has the potential of boosting profit while increasing profit margins, particularly when accompanied by our efforts to maintain profit margin profiles through continuous innovation, supply chain management and improvement and business mix optimization. Furthermore, enhancing operating leverage through continuous optimization of our research and development as well as sales and administrative functions further refines our operating expenses to support long-term business growth. As a result of such efforts, we witnessed an increase in revenue and gross profit as well as a decrease in operating expenses as a percentage of total revenue during the Track Record Period. We will further implement initiatives to boost the operating performance and efficiency of CARIZON to minimize the impact of share of losses of CARIZON on our businesses. We believe these efforts can collectively influence our performance and financial position, reinforcing our competitive advantage in the market, which may further drive delivery volumes and attract more design-wins and OEM customers to drive sustainable growth.

During the Track Record Period, we had funded our cash requirements primarily with capital contribution from shareholders and financing through the Pre-IPO Investments. See "History, Reorganization and Corporate Structure – Pre-IPO Investments." We had net operating cash outflow of RMB1,111.0 million, RMB1,557.3 million, RMB1,744.5 million, RMB1,166.0 million and RMB726.0 million in 2021, 2022 and 2023, and for the six months ended June 30, 2023 and 2024, respectively, cash at banks of RMB9,352.7 million, RMB7,821.6 million, RMB12,077.5 million and RMB11,187.4 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, and cash and cash equivalents of RMB8,050.0 million, RMB6,608.7 million, RMB11,359.6 million and RMB10,452.4 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. Our total cash balance is sufficient to cover our cash needs for operating activities and provides adequate liquidity for our expansion and growth strategies. As such, we believe that we possess sufficient working capital to finance our operations, after taking into account the financial resources available to us.

Based on the foregoing, our Directors believe that our business is sustainable. For more details, see also "Financial Information — Path to Profitability."

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors" in this Prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- We operate in a competitive market subject to an evolving landscape. If we fail to meet evolving customer needs or the pace of industry innovation by improving our existing solutions and introducing new solutions in a timely and cost-effective manner, our competitive position would be impacted and our business, results of operations and financial condition may be materially adversely affected;

- We have been and intend to continue investing significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations and financial condition would be adversely affected;

- We cannot ensure that there will be sufficient future market adoption of ADAS and AD solutions to drive our growth, nor can we ensure that industry developments as well as market acceptance of ADAS and AD solutions will develop in our favor. If the markets toward smart vehicles and ADAS and AD solutions falter, or if these trends do not grow as rapidly or as positively as expected, our business, results of operations and financial condition may be adversely affected;

- The interruption of requisite services from third-party partners may expose us to supply chain risk that could harm our business;

- We depend on a limited number of third-party business partners for certain essential materials, equipment and services;

- We face risks related to heightened regulatory and public scrutiny on our third-party service providers. If such parties, their associates and/or network members are subject to regulatory or public scrutiny, such as investigations and negative publicity, our reputation, business and results of operations may be adversely affected.

- Our customer concentration has been high and we currently generate a significant share of our revenue from a limited number of customers. There still exists a risk of customer concentration, and our revenue could be adversely affected if we lose or are prevented from selling to any of our top customers;

- We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations on smart vehicles and related technologies, and our business, financial condition and results of operations could be adversely affected; and

- We have a history of losses and operating cash outflow as well as net current liabilities and negative equity during the Track Record Period, and there is no assurance that we will become or subsequently remain profitable.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to us , including (i) cash and cash equivalents, (ii) available equity financing and bank facilities and (iii) the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirement and for at least the next 12 months from the date of this Prospectus.

After making reasonable inquiries of our management about our working capital, nothing has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to cast doubt on the Directors' view.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 1,355,106,600 Class B Ordinary Shares are issued pursuant to the Global Offering (excluding any Class B Ordinary Shares which may be issued pursuant to the exercise of the Over-allotment Option), (ii) 2,124,389,270 Class A Ordinary Shares in issue, and (iii) 9,550,370,212 Class B Ordinary Shares in issue (including the Class B Ordinary Shares on conversion of the Preferred Shares and Class A Ordinary Shares before Listing), without taking into account any Class B Ordinary Shares that may be issued pursuant to the Post-IPO Share Incentive Plan.

	Based on the Offer Price of HK$3.73 per Offer Share	Based on the Offer Price of HK$3.99 per Offer Share
Market capitalization of our Shares(i)	HK$48,601.4 million	HK$51,989.2 million
Unaudited pro forma adjusted net tangible assets per Share(ii)	HK$1.02	HK$1.04

Notes:

(i) The calculation of market capitalization is based on 13,029,866,082 Class B Ordinary Shares expected to be in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(ii) The unaudited pro forma adjusted net tangible asset attributable to the equity holder of our Company per Share is based on the consolidated statement of financial position as of June 30, 2024 after certain pro forma adjustments without taking into account the conversion of convertible loan issued to CARIAD Estonia AS. For further details, see "Appendix II — Unaudited Pro Forma Financial Information."

DIVIDENDS

We have never declared or paid regular cash dividends on our Shares. Any declaration and payment as well as the amount of dividends will be subject to our Articles and the Cayman Companies Act. We currently do not have any dividend policy to guide our dividends declaration or payments. Our board of directors has the discretion to pay interim dividends and to recommend to Shareholders to pay final dividends, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. We may by ordinary resolution resolve to declare dividends in any currency and authorize payment of the dividends out of the funds of the Company that are lawfully available, provided that (i) no dividends shall exceed the amount recommended by our Board and (ii) no dividends shall be paid except out of the realized or unrealized profits of the Company, out of the share premium account or as otherwise permitted by law. As advised by our Cayman Islands legal advisors, we are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of net liabilities does not prohibit us from declaring and paying dividends to our Shareholders. Dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our memorandum and articles of association do not prohibit such payment and our Company is able to pay its debts as they fall due in the ordinary course of business immediately after such payment.

If we pay dividends in the future, in order for us to distribute dividends to our Shareholders, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. See "Financial Information — Dividends."

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

According to our PRC Legal Adviser, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$4,972.1 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK$3.86 per Offer Share, being the mid-point of the indicative Offer Price range stated in the Prospectus, resulting in the gross proceeds of HK$5,230.7 million and listing expenses of HK$258.7 million.

We intend to use the net proceeds for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately 70%, or approximately HK$3,480.4 million, of the net proceeds will be allocated over the next five years for research and development purposes;

- Approximately 10%, or approximately HK$497.2 million, of the net proceeds will be allocated for sales and marketing related expenses;

- Approximately 10%, or approximately HK$497.2 million, of the net proceeds will be allocated for future strategic investment into our joint ventures, particularly CARIZON, thus broadening and strengthening our technology capabilities; and

- Approximately 10%, or approximately HK$497.2 million, will be allocated for general corporate purposes and working capital needs.

For details, please see "Future Plans and Use of Proceeds."

LISTING EXPENSES

The total listing expenses payable by our Company are estimated to be approximately HK$258.7 million (or approximately RMB235.5 million) assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$3.86 (being the mid-point of our Offer Price range of HK$3.73 to HK$3.99 per Offer Share), accounting for approximately 4.94% of gross IPO proceeds. Among such estimated total listing expenses, (i) underwriting-related expenses, including underwriting commission, are expected to be approximately HK$171.4 million, and (ii) non-underwriting-related expenses of approximately HK$87.2 million, comprising (a) fees and expenses of legal advisers and Reporting Accountant of approximately HK$46.0 million and (b) other fees and expenses of approximately HK$41.2 million.

Among the total listing expenses payable of HK$258.7 million, HK$78.9 million is expected to be expensed through the statement of profit or loss and the remaining amount of HK$179.8 million is directly attributable to the issue of shares and deducted from equity. As of June 30, 2024, we incurred listing expenses of HK$46.8 million expensed through the statement of profit or loss and expected HK$32.1 million to be charged to the statement of profit or loss after the Track Record Period.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the listing of, and permission to deal in (a) the Class B Ordinary Shares in issue (including the Class B Ordinary Shares on conversion of the Preferred Shares and the Class A Ordinary Shares before Listing) and to be issued pursuant to the Global Offering (including any Class B Ordinary Shares which may be issued pursuant to the exercise of the Over-allotment Option), (b) the Class B Ordinary Shares that may be issued upon conversion of the Class A Ordinary Shares on a one-to-one basis, (c) the Class B Ordinary Shares which may be issued under the Post-IPO Share Incentive Plan, and (d) the Class B Ordinary Shares which may be issued under the convertible loan issued to CARIAD Estonia AS taking into account the 9.9% threshold as disclosed in the section headed "History, Reorganization and Corporate Structure — Convertible Loan", assuming the exchange rates as disclosed in the section headed "Information about this Prospectus and the Global Offering — Exchange Rate Conversion" being adopted and the conversion price setting at the low-end of the indicative Offer Price range. We satisfy the market capitalization/revenue test under Rule 8.05(3) and Rule 8A.06 of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2023, which exceeds HK$1 billion, and (ii) our expected market capitalization at the time of Listing, which exceeds HK$40 billion based on the low-end of the indicative Offer Price range.

RECENT DEVELOPMENTS

As of September 30, 2024, we have obtained 290 design-wins of car model and 152 car models achieved SOP accumulatively. As of August 31, 2024, we had cash and cash equivalent of RMB7,374.7 million and unutilized banking facilities of RMB579.1 million.

We expect a significant increase in loss for the year ending December 31, 2024 primarily due to (i) our continuous investment in research and development. We have recorded increased research and development expenses for the eight months ended August 31, 2024, compared to the same period in 2023; (ii) fluctuations in fair value changes of our preferred shares and convertible loans as a result of changes in our valuation and (iii) share of net losses of investments accounted for using the equity method driven by expected net loss of CARIZON, our joint venture initiative with Volkswagen Group. As CARIZON was established on November 20, 2023 and is still in ramp-up stage with no revenue, we expect to continuously pick up share of losses of investments in CARIZON for the year ending December 31, 2024.

Impact of COVID-19

The outbreak of COVID-19 pandemic had caused temporary disruption to our operations since December 2020 and adversely affected OEMs, as our business activities including research and development, manufacturing and sales generally slowed down due to temporarily restrictive measures implemented, as well as the global supply shortage of auto parts such as raw materials and components. In addition, due to COVID-19 and related restrictive measures, some of our customers have delayed their launch of new car models. According to CIC, the COVID-19 pandemic has led to disruptions in the auto-part supply-chain, such as production halts, decreased output and extended delivery, among other issues. As the market demand for auto-parts remained strong, such disruptions resulted in varying degrees of auto-parts shortages globally, including the automotive semiconductors. As a result, the global average price of automotive semiconductors hiked approximately 10.4% in 2022. Starting from the second half of 2023, the impact of automotive semiconductor shortages on the global automotive industry and our operations have started to subside, and the global supply of automotive semiconductors is gradually returning to normal, as evidenced by the growth rate of global average price of automotive semiconductors decelerating to approximately 5.0% in 2023, which is expected to turn negative in 2024, according to CIC. Given that restrictions related to COVID-19 have been substantially lifted and business activities are normalizing globally, our Directors are of the view that COVID-19 did not have any material adverse impact on our business during the Track Record Period and up to the Latest Practicable Date.

No Material Adverse Change

Our Directors confirm that, up to the date of Prospectus, there has been no material adverse change in our financial, operational or trading position since June 30, 2024, being the date on which the latest audited consolidated financial information of our Group was prepared in Appendix I in this Prospectus, and there had been no event since June 30, 2024 that would materially affect the information shown in the Accountant's Report set out in Appendix I to this Prospectus.