地平线

Horizon Robotics

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

Stock Code : 9660

2024
ANNUAL REPORT

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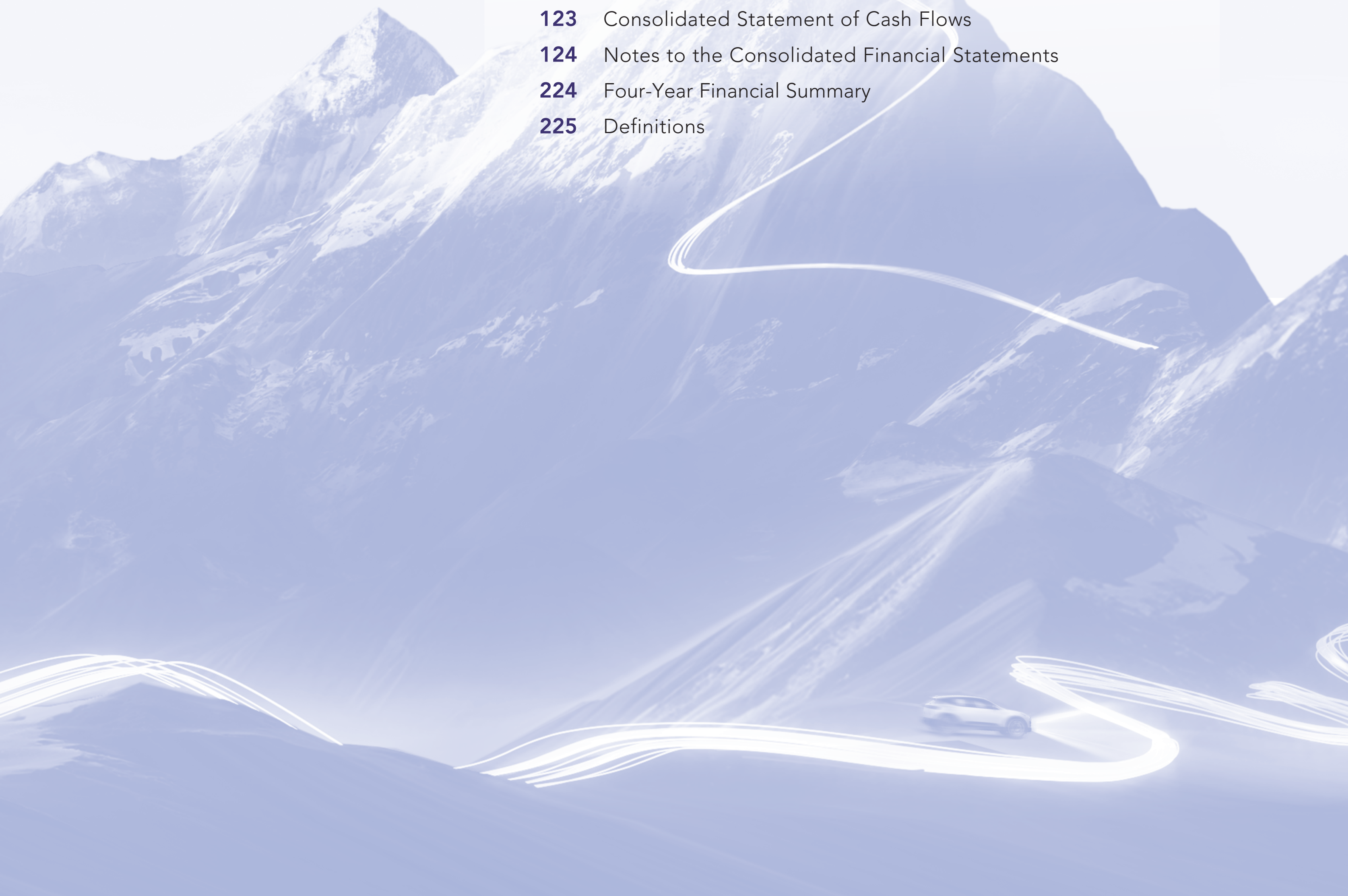


Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Kai Yu (余凱)
(Founder, Chairman and Chief Executive Officer)
Dr. Chang Huang (黃暢)
Ms. Feiwen Tao (陶斐雯)
Dr. Liming Chen (陳黎明)

Non-executive Directors

Mr. Liang Li (李良)
Mr. Qin Liu (劉芹)
Dr. André Stoffels
Dr. Juehui Zhang (張覺慧)

Independent Non-executive Directors

Dr. Jun Pu (浦軍)
Mr. Yingqiu Wu (吳迎秋)
Dr. Katherine Rong XIN
Dr. Ya-Qin Zhang (張亞勤)

AUDIT COMMITTEE

Dr. Jun Pu (浦軍) *(Chairman)*
Dr. Katherine Rong XIN
Dr. Ya-Qin Zhang (張亞勤)

REMUNERATION COMMITTEE

Dr. Ya-Qin Zhang (張亞勤) *(Chairman)*
Dr. Katherine Rong XIN
Dr. Kai Yu (余凱)

NOMINATION COMMITTEE

Mr. Yingqiu Wu (吳迎秋) *(Chairman)*
Dr. Katherine Rong XIN
Dr. Kai Yu (余凱)

CORPORATE GOVERNANCE COMMITTEE

Dr. Ya-Qin Zhang (張亞勤) *(Chairman)*
Dr. Jun Pu (浦軍)
Mr. Yingqiu Wu (吳迎秋)

JOINT COMPANY SECRETARIES

Ms. Qi Zhao (趙奇)
Ms. Ka Man So (蘇嘉敏)

AUTHORISED REPRESENTATIVES

Ms. Feiwen Tao (陶斐雯)
Ms. Ka Man So (蘇嘉敏)

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block A, Building No. 2
No. 9, Fenghao East Road
Haidian District
Beijing
PRC

No.1868, Yunjuan South Road
Lin-gang Special Area
China (Shanghai) Pilot Free Trade Zone
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1928, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited

P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants and Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

LEGAL ADVISER

As to Hong Kong and United States laws:
Davis Polk & Wardwell

10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited

20/F, China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL BANKS

Standard Chartered Bank (China) Limited, Beijing Branch

11/F, Standard Chartered Tower
World Finance Centre
No. 1, East Third Ring Middle Road
Chaoyang District
Beijing
PRC

China Minsheng Bank, Beijing Zhongguancun Branch

No. 5 Haidian Street
Haidian District
Beijing
PRC

China Merchants Bank Co., Ltd., Beijing Haidian huangzhuang Branch

No. 6 Danling Street
Haidian District
Beijing
PRC

STOCK CODE

9660

WEBSITE

https://www.horizon.auto

Financial Performance Highlights

	For the Year Ended December 31,		
	2024	**2023**	Change (%)
	(RMB in thousands, except for percentages)		
Revenue from contracts with customers	**2,383,554**	1,551,607	53.6
Gross profit	**1,841,354**	1,094,310	68.3
Operating loss	**(2,144,240)**	(2,030,522)	5.6
Profit/(Loss) for the year	**2,346,508**	(6,739,053)	(134.8)
Non-IFRS Financial Measures:			
Adjusted operating loss	**(1,495,179)**	(1,686,991)	(11.4)
Adjusted net loss	**(1,681,155)**	(1,635,168)	2.8

Note:

Please refer to section headed "Non-IFRS Measures" in this report for more details.

Business Review and Outlook

BUSINESS REVIEW AND OUTLOOK

Business Review for the Reporting Period

In 2024, we solidified our position as a leading advanced driver assistance systems (ADAS) and autonomous driving (AD) solutions provider for passenger vehicles, achieving significant milestones:

- Dominant ADAS market share: By the end of 2024, we captured over 40% of the Chinese OEM ADAS market, reinforcing our market leadership and underscoring the widespread adoption of ADAS solutions.

- Strong AD business momentum: Amid accelerating AD adoption, we ranked the 2nd among independent third-party AD solution providers in China with increasing market shares, solidifying our competitive edge and positioning us to lead the rapidly expanding sector.

- Record high delivery volume and design-wins: Delivery volumes of our product solutions have reached approximately 2.9 million in 2024, and our accumulative delivery of product solutions has reached approximately 7.7 million. In 2024, we achieved design-wins for over 100 car models, increasing our cumulative total design-wins to more than 310 car models as of December 31, 2024.

We recorded revenue of RMB2,383.6 million in 2024, marking a 53.6% growth year-on-year. We had gross profit of RMB1,841.4 million, representing a 68.3% year-on-year growth. At the same time, we have steadily enhanced our R&D and operational efficiency, narrowing our adjusted operating loss by RMB191.8 million compared to last year. We believe such strong financial performance demonstrates our ability to continue our growth and effectively execute our business strategies in a fast evolving environment.

Products and Solutions

- Horizon Mono: In 2024, we secured the highest market share in the Chinese OEM ADAS market. In addition, we formed a strategic partnership with a leading global tier-one based on next generation Horizon Mono designs, which marked a pivotal step in our globalization.

- Horizon SuperDrive (HSD): In 2024, we unveiled our next-generation full-scenario AD solution, HSD. Our HSD solution is designed to achieve smooth and human-like autonomous driving in all urban, highway and parking scenarios, featuring groundbreaking innovations.

- In 2024, we introduced the Journey 6 series processing hardware, designed to power our ADAS and AD solutions. We started our production of Journey 6 processing hardware in February 2025. Our intelligent driving solutions powered by the Journey 6 series processing hardware are widely welcomed by the market upon launch. By the end of 2024, we have partnered with over 20 OEM brands for adoption, spanning leading Chinese OEMs, global automotive giants, top-tier EV brands, and their affiliate joint ventures.

License and Services

Building on our leadership in ADAS and AD solutions, we empower Chinese and global partners through scalable IP licensing and one-stop shop development services, underpinned by our flexible, customer-centric business model. We enable OEMs and tier-ones to accelerate innovation cycles while reducing upfront R&D costs.

In 2024, we supported customers worldwide through our licensing and services, streamlining their path to production-ready autonomous driving. We had licensing and service revenue of RMB1,647.5 million in 2024, representing a 70.9% growth year-over-year.

RECENT DEVELOPMENTS AFTER THE REPORTING PERIOD

Pioneering Partnership in Intelligent Driving

Since early 2025, OEMs have begun integrating AD technology into entry-level vehicle models, making advanced driving capabilities accessible to a broader market. Our latest AD solution for high-way navigate on autopilot (NOA), powered by the cutting edge Journey 6E and Journey 6M processing hardwares, has become the choice of most OEMs to deliver scalable, high-performance AD tailored for mass-market adoption. These partnerships highlight our capacity to deliver on the stringent safety, efficiency, and performance standards set by the world's leading EV manufacturers.

Urban NOA in High-Traffic Environments

HSD is capable of navigating the bustling downtown areas of China's first-tier cities. The solution's maturity is evident in its assertive, human-like driving style, seamless decision-making, smooth obstacle avoidance with minimal driver intervention, and performance on par with seasoned human drivers in scenarios such as unprotected U-turns and complex pedestrian interactions. HSD was honored with the iF Design Award for its HMI design, celebrated for its intuitive interface, lifelike visuals, and minimalist aesthetic that prioritizes clarity and user engagement.

BUSINESS OUTLOOK

Beginning in 2025, our next generation ADAS and AD solutions, supported by the Journey 6 series processing hardware, will power an expanded lineup of vehicle modes. We expect our cumulative shipments of Journey series processing hardware to exceed 10 million units in 2025, establishing ourselves as the first autonomous driving technology company to achieve this milestone in China.

We expect HSD keeps scaling up to tackle more complex driving scenarios with human-like experience and scaling out to enable seamless nationwide deployment. Built on our proprietary processing hardware, HSD has been nominated by multiple leading OEM brands for integration into their strategic models, with mass production on track to begin in the third quarter of 2025.

Smart vehicle transformation is a mega trend that has been reshaping the global automotive industry. We anticipate 2025 will mark a pivotal inflection point for the intelligent driving industry, as technological breakthroughs, regulatory tailwinds, and consumer readiness converge to unlock mass-market adoption of autonomous mobility. We remain committed to democratizing intelligent driving with our ADAS and AD technologies. With HSD now entering mass production, we are uniquely positioned to lead this transformative era – pioneering excellence, and making intelligent driving accessible to all.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

The following table sets forth the comparative figures for the years ended December 31, 2024 and 2023:

	Year ended December 31, 2024	2023
	(in thousands of RMB)	
Revenue from contracts with customers	**2,383,554**	1,551,607
Cost of sales	**(542,200)**	(457,297)
Gross profit	**1,841,354**	1,094,310
Research and development expenses	**(3,156,055)**	(2,366,255)
Administrative expenses	**(637,615)**	(443,366)
Selling and marketing expenses	**(409,853)**	(327,249)
Net impairment losses on financial assets	**(51,249)**	(20,793)
Other income	**195,875**	66,222
Other gains/(losses) – net	**73,303**	(33,391)
Operating loss	**(2,144,240)**	(2,030,522)
Add back:		
Share-based payments	**562,923**	341,751
Listing expenses	**86,138**	1,780
Adjusted operating loss (non-IFRS measure)	**(1,495,179)**	(1,686,991)
Operating loss	**(2,144,240)**	(2,030,522)
Finance income	**383,231**	167,473
Finance costs	**(7,413)**	(8,651)
Finance income – net	**375,818**	158,822
Share of results of investments accounted for using the equity method	**(557,287)**	(112,074)
Fair value changes of preferred shares and other financial liabilities	**4,676,724**	(4,760,354)
Profit/(Loss) before income tax	**2,351,015**	(6,744,128)
Income tax (expense)/benefit	**(4,507)**	5,075
Profit/(Loss) for the year	**2,346,508**	(6,739,053)
Add back:		
Share-based payments	**562,923**	341,751
Listing expenses	**86,138**	1,780
Fair value changes of preferred shares and other financial liabilities	**(4,676,724)**	4,760,354
Adjusted net loss (non-IFRS measure)	**(1,681,155)**	(1,635,168)

Revenues

Revenues increased by 53.6% year-on-year to RMB2,383.6 million for the year ended December 31, 2024. The following table sets forth our revenues by revenue source for the years ended December 31, 2024 and 2023:

	Year ended December 31,			
	2024		2023	
	Amount	**% of total revenues**	Amount	% of total revenues
	(in thousands of RMB, except for percentages)			
Automotive solutions				
Product solutions	**664,237**	**27.9%**	506,386	32.7%
License and services	**1,647,466**	**69.1%**	963,978	62.1%
Subtotal	**2,311,703**	**97.0%**	1,470,364	94.8%
Non-Automotive solutions	**71,851**	**3.0%**	81,243	5.2%
Total revenues	**2,383,554**	**100%**	1,551,607	100%

Revenues from automotive solutions increased by 57.2% year-on-year to RMB2,311.7 million for the year ended December 31, 2024. This growth was driven by:

- Revenues from product solutions increased by 31.2% year-on-year to RMB664.2 million for the year ended December 31, 2024. This growth is mainly driven by increased delivery volumes throughout the year, which reflects strong customer recognition, rising demand for our products, and subsequent gains in market share.

- Revenues from license and services increased by 70.9% year-on-year to RMB1,647.5 million for the year ended December 31, 2024, primarily as a result of the smart vehicle industry's accelerating shift toward intelligence, which has driven broader adoption and technological advancement of ADAS and AD solutions. This trend has spurred significant demand from OEMs and tier-one suppliers for our algorithms, software development tools and customized technical services.

Cost of Sales

Cost of sales was RMB542.2 million for the year ended December 31, 2024, which increased by 18.6% year-on-year. By revenue source, cost of product solutions increased by 27.1%, and cost of license and services increased by 23.0%, respectively. By nature, cost of inventories sold increased by 23.8%, and cost of employee benefit decreased by 13.1%, respectively.

Gross Profit and Gross Profit Margin

Gross profit was RMB1,841.4 million in 2024, which increased by 68.3% year-on-year. Gross profit margin increased to 77.3% in 2024, from 70.5% in 2023. This margin improvement was primarily driven by changes in the revenue mix, specifically the rising proportion of higher-margin license and services revenue. Our license and services typically have higher gross profit margin compared to our product solutions because our license and services incur lower cost of inventories sold as compared to our product solutions.

The following table sets forth our gross profit and gross profit margin by line of business of our automotive solutions for the years ended December 31, 2024 and 2023:

	Year ended December 31,			
	2024		2023	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	(in thousands of RMB, except for percentages)			
Automotive solutions				
Product solutions	**308,059**	**46.4%**	226,226	44.7%
License and services	**1,516,480**	**92.0%**	857,486	89.0%
Total	**1,824,539**	**78.9%**	1,083,712	73.7%

– Gross profit for automotive solutions increased by 68.4% year-on-year to RMB1,824.5 million for the year ended December 31, 2024, and gross profit margin of automotive solutions increased to 78.9% from 73.7% in the previous year. These increases are primarily the results of:

  - Gross profit for product solutions increased by 36.2% year-on-year to RMB308.1 million for the year ended December 31, 2024, and gross profit margin increased to 46.4% from 44.7% in the previous year. The increase in gross profit was primarily driven by the growth in our delivery volume, reflecting strong customer demand and industry growth.

  - Gross profit for license and services increased by 76.9% year-on-year to RMB1,516.5 million for the year ended December 31, 2024, and gross profit margin increased to 92.0% from 89.0% in the previous year. These increases in both gross profit and gross profit margin were primarily attributable to the growth and expanding contribution of revenue from licenses granted, a higher-margin business line compared to the services rendered to customers.

– Gross profit for non-automotive solutions increased by 58.7% year-on-year to RMB16.8 million for the year ended December 31, 2024, and gross profit margin increased to 23.4% from 13.0% last year.

Research and Development Expenses

Research and development expenses increased by 33.4% year-on-year to RMB3,156.1 million for the year ended December 31, 2024, primarily due to increases of (i) our technical service procurement and (ii) R&D related labor expenses, particularly share based compensation for R&D personnel.

Administrative Expenses

Administrative expenses increased by 43.8% year-on-year to RMB637.6 million for the year ended December 31, 2024, primarily due to increases in (i) administrative employee benefit expenses, including share-based compensation and (ii) professional service and other consulting fees related to our Hong Kong IPO and Global Offering.

Selling and Marketing Expenses

Selling and marketing expenses increased by 25.2% year-on-year to RMB409.9 million for the year ended December 31, 2024, primarily driven by increases in (i) marketing, conference and travel expenses, reflecting our increased promotion and marketing efforts (ii) selling and marketing employee benefit expenses, including share-based compensation and (iii) customer and market development related professional service fees.

Net Impairment Losses on Financial Assets

We recorded net impairment losses on financial assets of RMB51.2 million for the year ended December 31, 2024, primarily due to increases in (i) individually impaired trade receivables and (ii) other expected credit loss allowance for increased trade receivables along with our business growth.

Other Income

Other income increased significantly to RMB195.9 million in 2024, driven by financial subsidies correlated to key R&D milestone accomplishments.

Other Gains/(losses) – Net

Other gains/(losses) – net increased significantly to a gain of RMB73.3 million in 2024, driven by gains in wealth management product and foreign exchange gains.

Finance Income – Net

Finance income – net increased significantly to RMB375.8 million in 2024. This increase was driven by interest income.

Share of Results of Investments Accounted for Using the Equity Method

We recorded share of losses of investments accounted for using the equity method of RMB557.3 million for 2024, compared to RMB112.1 million for the previous year. This increase in loss was primarily attributable to our increased shared loss of CARIZON, which was established in November 2023 and is still in its ramping up stage with increased R&D expenses in 2024.

Fair Value Changes of Preferred Shares and Other Financial Liabilities

We recorded gains on fair value changes of preferred shares and other financial liabilities of RMB4,676.7 million in 2024, versus losses on fair value changes of preferred shares and other financial liabilities of RMB4,760.4 million for the previous year. This change was attributable to a downward adjustment in the fair value of the preferred share liability, driven by a decline in the actual conversion price relative to prior preferred share value.

Profit/(Loss) for the Year

Profit for the year was RMB2,346.5 million in 2024, as compared to loss for the year of RMB6,739.1 million in 2023.

Share-based Payments

Share-based payments increased by 64.7% year-on-year to RMB562.9 million for the year ended December 31, 2024, primarily due to (i) the rise in the fair value per share of the Company's equities at the time of granting share-based awards and (ii) the additional grants of incentive shares under our Share Incentive Plans.

Listing Expenses

We had listing expenses of RMB86.1 million in 2024 in connection with our Hong Kong IPO and Global Offering, as compared to RMB1.8 million in 2023.

Adjusted Operating Loss (non-IFRS measure)

Our adjusted operating loss (non-IFRS measure), by adding back share-based payments and listing expenses, was RMB1,495.2 million in 2024, as compared to RMB1,687.0 million in 2023.

Adjusted Net Loss (non-IFRS measure)

Our adjusted net loss (non-IFRS measure), by adding back share-based payments, listing expenses and fair value changes of preferred shares and other financial liabilities to profit/(loss) for the year, was RMB1,681.2 million in 2024, as compared to RMB1,635.2 million in 2023.

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we use adjusted operating loss and adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with IFRS. We define adjusted operating loss 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 our Hong Kong IPO and Global Offering. We define adjusted net loss 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 our Hong Kong IPO and 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.

We believe that the non-IFRS financial measures help identify underlying trends in our business and enhance the overall understanding of the Company's past performance and future prospects. We also believe that the non-IFRS financial measures allow for greater visibility with respect to key metrics used by the Company's management in its financial and operational decision-making. The non-IFRS financial measures are not presented in accordance with IFRS and may be different from non-IFRS methods of accounting and reporting used by other companies. The non-IFRS financial measures have limitations as analytical tools and when assessing the Company's operating performance, investors should not consider them in isolation, or as a substitute for net loss or other consolidated statements of comprehensive loss data prepared in accordance with IFRS. We encourage investors and others to review its financial information in its entirety and not rely on a single financial measure.

Liquidity and Source of Funding

During the year ended December 31, 2024, we funded our cash requirements principally through cash generated from our operations. Our cash and cash equivalents increased by 35.3% from RMB 11.4 billion as of December 31, 2023 to RMB 15.4 billion as of December 31, 2024.

Significant Investments

The Group did not make or hold any significant investments as of December 31, 2024.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures during the year ended December 31, 2024.

Pledge of Assets

The Group did not pledge any group assets as of December 31, 2024.

Future Plans for Material Investments or Capital Asset

The Group did not have detailed future plans for material investments or capital assets as of December 31, 2024.

Gearing Ratio

As of December 31, 2024, the Company's gearing ratio (equals total liabilities divided by total assets, in percentage) was 41.5% (December 31, 2023: 255.4%).

Foreign Exchange Risk Exposure

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. Our functional currency outside mainland China is USD whereas the functional currency of the subsidiaries operating in mainland China is RMB. We manage our foreign exchange risk by performing regular reviews of our Group's net foreign exchange exposures and trying to minimize these exposures through natural hedges, wherever possible.

Contingent Liabilities

The Company had no material contingent liabilities as of December 31, 2024.

Commitment

As of December 31, 2024, capital expenditure related commitments of the Company was RMB161.8 million (December 31, 2023: RMB72.1 million), mainly related to capital expenditure on intangible assets, property, plant and equipment.

As of December 31, 2024, commitments In respect of associates and joint ventures was RMB1,513.5 million (December 31, 2023: RMB1,730.9 million).

Employees and Remuneration

As of December 31, 2024, the Company had a total of 2,078 full-time employees. The total employee remuneration expenses for the year ended December 31, 2024, including share-based compensation expenses, were RMB2,447.5 million, as compared to RMB2,014.1 million for the year ended December 31, 2023.

Our employees' remuneration mainly comprises salaries, bonuses, social security contributions and other employee benefits. We participate in housing fund and various employee social security schemes organized by applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees. We also purchase commercial health insurance for our employees. During the year ended December 31, 2024, there was no forfeiture of contributions under the defined contribution plans of the Group, and there were no forfeited contributions had been used by the Group to reduce the existing level of contributions.

We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance-based. We have also adopted the 2018 Share Incentive Plan and the Post-IPO Share Incentive Plan.

Directors' Report

The Board is pleased to present this Directors' report together with the consolidated financial statements of the Group for the year ended December 31, 2024.

DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this annual report are:

Executive Directors

Dr. Kai Yu
Dr. Chang Huang
Ms. Feiwen Tao
Dr. Liming Chen

Non-executive Directors

Mr. Liang Li
Mr. Qin Liu
Dr. André Stoffels
Dr. Juehui Zhang

Independent non-executive Directors

Dr. Jun Pu
Mr. Yingqiu Wu
Dr. Katherine Rong XIN
Dr. Ya-Qin Zhang

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 38 to 43 of this annual report.

GENERAL INFORMATION

The Company was incorporated under the laws of the Cayman Islands on July 21, 2015 as an exempted limited liability company. Class B Ordinary Shares were listed on the Main Board of the Stock Exchange on October 24, 2024.

PRINCIPAL ACTIVITIES

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. Analysis of the principal activities of the Group during the year ended December 31, 2024 is set out in Note 6 to the consolidated financial statements.

There was no significant change in the nature of the Group's principal activities during the Reporting Period and up to the date of this annual report. Particulars of the Company's major subsidiaries as of December 31, 2024 are set out in Note 12 to the consolidated financial statements.

BUSINESS REVIEW

A business review of the Group, as required by Schedule 5 to the Companies Ordinance, including a fair review of the Company's business, a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Company that have occurred since the end of the financial year, an indication of likely future developments in the Group's business, an analysis of the Group's financial performance and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "BUSINESS REVIEW AND OUTLOOK" and "MANAGEMENT DISCUSSION AND ANALYSIS" on pages 7 to 12 of this annual report. These discussions form part of this Directors' report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Recent Developments after the Reporting Period" in "BUSINESS REVIEW AND OUTLOOK".

PRINCIPAL RISKS AND UNCERTAINTIES

Our business involves certain risks as set out in the section headed "Risk factors" in the Prospectus. The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control.

- We operate in a competitive market subject to an evolving landscape. Our business is characterized by rapid changes as well as new and disruptive technologies. 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.

- We may not be able to successfully expand our market share given the intense competition, and even if we can, an expansion of market share may not lead to profitability.

- 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.

- Technology companies, OEMs and tier-one suppliers have been self-developing, and may start to self-develop ADAS and AD solutions, or technologies that are similar to ours, which may reduce their demand for our solutions.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. Details of such are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as disclosed in the Prospectus and as may be disclosed in this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group.

CONNECTED TRANSACTIONS

During the year ended December 31, 2024, the Company confirms that it has complied with the requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions. Save for the related party transactions involving remuneration to certain Directors, which constitute fully exempt connected transactions under the Listing Rules, no related party transaction disclosed in Note 34 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Product Solutions Sales Framework Agreement

Principal Terms

On October 10, 2024, the Company (for itself and on behalf of its subsidiaries other than D-Robotics Group (as defined below)) entered into a product solutions sales framework agreement (the "**Product Solutions Sales Framework Agreement**") with D-Robotics (for itself and on behalf of its subsidiaries), pursuant to which D-Robotics and its subsidiaries ("**D-Robotics Group**") agree to purchase product solutions for the development of their non-automotive businesses from our Group (other than D-Robotics Group) for a term commencing on the Listing Date and ending on December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Subject to the terms as provided in the Product Solutions Sales Framework Agreement, we will enter into specific agreements with D-Robotics Group to set out the specific terms and conditions for the product solutions provided by our Group.

Annual Caps and Transaction Amount during the Reporting Period

The annual caps of the transaction fees contemplated under the Product Solutions Sales Framework Agreement are approximately RMB37.1 million, RMB38.0 million and RMB38.6 million for the years ended December 31, 2024, 2025 and 2026, respectively, while the actual transaction amount under the Product Solutions Sales Framework Agreement for the year ended December 31, 2024 is approximately RMB37.1 million. For further details in relation to the Product Solutions Sales Framework Agreement, please refer to the Prospectus.

Reason for and Purpose of the Transactions

D-Robotics was incorporated in September 2023 as one of our subsidiaries, and the business operated by D-Robotics Group was managed by our Group as one of our business departments prior to its incorporation. Since the commencement of its business, we have been working with D-Robotics Group to facilitate its development in order to grow our nonautomotive businesses. The Group (other than D-Robotics Group) has a comprehensive understanding of the business and operational requirements of D-Robotics Group, and has established a long-term and stable business relationship with D-Robotics Group during its development. We believe it is in the best interests of the Group and our Shareholders as a whole to continue to provide product solutions to D-Robotics Group after the Listing.

Pricing Basis

The fees charged for the product solutions under the Product Solutions Sales Framework Agreement are determined on an arm's length basis between our Group (other than D-Robotics Group) and D-Robotics Group with reference to factors including (i) costs incurred by the Group (other than D-Robotics Group) for the development and commercialization of product solutions, including but not limited to R&D, costs of manufacture and administration, and (ii) the fees charged by our Group for similar product solutions from customers who are Independent Third Parties. To ensure fees to be charged by the Group (other than D-Robotics Group) are on normal commercial terms, are fair and reasonable and in the interests of our Shareholders as a whole, for each transactions under the Product Solutions Sales Framework Agreement, the Group will take into account fee quotes offered to Independent Third Parties for product solutions of the same or similar type at least on an annual basis and/or before entering into any definitive agreements to ensure the terms offered to D-Robotics Group are similar to or better than the terms offered to Independent Third Parties in similar circumstances.

R&D Services Framework Agreement

Principal Terms

On October 10, 2024, the Company (for itself and on behalf of its subsidiaries other than D-Robotics Group) entered into an R&D services framework agreement (the "**R&D Services Framework Agreement**") with D-Robotics (for itself and on behalf of its subsidiaries), pursuant to which the Group agrees to provide R&D services, including but not limited to shared processing resource which will provide D-Robotics Group with necessary processing tools to better conduct its R&D, to facilitate D-Robotics Group's development for a term commencing on the Listing Date and ending on December 31, 2024.

Subject to the terms as provided in the R&D Services Framework Agreement, we will enter into specific agreements with D-Robotics Group to set out the specific terms and conditions for the R&D services provided by our Group.

Annual Caps and Transaction Amount during the Reporting Period

The annual cap of the transaction fees contemplated under the R&D Services Framework Agreement is approximately RMB2.5 million for the year ended December 31, 2024, while the actual transaction amount under the R&D Services Framework Agreement for the year ended December 31, 2024 is approximately RMB1.1 million. For further details in relation to the R&D Services Framework Agreement, please refer to the Prospectus.

As mentioned in the Prospectus, we will cease to provide relevant services to D-Robotics Group at the end of 2024 as we expect D-Robotics Group will be able to carry on its R&D independently at that time.

Reason for and Purpose of the Transactions

As one of our business departments and a subsidiary that is in a ramp up stage, we have been working with D-Robotics Group to facilitate its development and will continue the provision of R&D services for a period after its incorporation. We believe it is in the best interests of the Group and our Shareholders as a whole to continue to provide relevant R&D services to D-Robotics Group for a period after the Listing.

Pricing Basis

The fees charged for the R&D services under the R&D Services Framework Agreement are determined on an arm's length basis between our Group (other than D-Robotics Group) and D-Robotics Group with reference to factors including (i) costs incurred by the Group (other than D-Robotics Group) for the R&D services provided, and (ii) the market rate for similar R&D services. To ensure fees to be charged by the Group (other than D-Robotics Group) are on normal commercial terms, fair and reasonable, and in the interests of our Shareholders as a whole, for each transactions under the R&D Services Framework Agreement, the Group will take into account fee quotes offered to Independent Third Parties for R&D services of the same or similar type before entering into any definitive agreements to ensure the terms offered to D-Robotics Group are similar to or better than the terms offered to Independent Third Parties in similar circumstances.

Listing Rules Implications

D-Robotics is a subsidiary of the Company with an aggregate of more than 10% of voting rights held by Dr. Kai Yu, Dr. Chang Huang, Ms. Feiwen Tao and Mr. Qin Liu, being Directors of the Company. Therefore, D-Robotics is a connected subsidiary of the Company as defined under the Listing Rules, and the transactions under each of the Product Solutions Sales Framework Agreement and the R&D Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

In respect of the continuing connected transactions as described above, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but will not exceed 5% on an annual basis for continuing connected transactions under each of the Product Solutions Sales Framework Agreement and the R&D Services Framework Agreement. Accordingly, the continuing connected transactions under the Product Solutions Sales Framework Agreement and the R&D Services Framework Agreement are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Confirmation from independent non-executive Directors

Our independent non-executive Directors are of the view that all the continuing connected transactions described above have been entered into: (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better, and (iii) that the respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Reporting from the Company's Independent Auditor

The Auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued its unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 15 to 16 of this annual report in accordance with Rule 14A.56 of the Listing Rules.

The Auditor has confirmed in a letter to the Board, with respect to the continuing connected transactions as described above:

(i) nothing has come to the Auditor's attention that causes the Auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to the Auditor's attention that causes the Auditor to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to the Auditor's attention that causes the Auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) nothing has come to the Auditor's attention that causes the Auditor to believe that such continuing connected transactions have exceeded the annual caps as set by the Company.

WEIGHTED VOTING RIGHTS

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 WVR structure enables the WVR Beneficiary to exercise voting control over the Company notwithstanding that the WVR Beneficiary does not hold a majority economic interest in the share capital of the Company. This will enable the Company to benefit from the continuing vision and leadership of the WVR Beneficiary who will control the Company with a view to its long-term prospects and strategy.

Investors are advised to be aware of the potential risks of investing in companies with a WVR structure, in particular that the interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of Shareholders' resolutions. Investors should make the decision to invest in the Company only after due and careful consideration.

The table below sets out the ownership and voting rights held by the WVR Beneficiary as of December 31, 2024:

	Number of Class A Ordinary Shares held	Number of Class B Ordinary Shares held(1)	Approximate percentage of beneficial interests in the issued share capital	Approximate percentage of voting rights(2)
Dr. Kai Yu	1,733,612,127	71,933,093	13.68%	53.64%
Dr. Chang Huang	390,777,143	3,610,633	2.99%	12.09%

(1) As of December 31, 2024, each of Dr. Kai Yu and Dr. Chang Huang was entitled to receive up to 71,933,093 and 3,610,633 Class B Ordinary Shares, respectively, pursuant to the share awards granted to them under the 2018 Share Incentive Plan, subject to the terms and conditions of such share awards.

(2) 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.

Class A Ordinary Shares may be converted into Class B Ordinary Shares on a one to one basis. As of December 31, 2024, assuming the conversion of all the issued and outstanding Class A Ordinary Shares into Class B Ordinary Shares, the Company will issue 2,124,389,270 Class B Ordinary Shares, representing approximately 19.18% of the total number of issued Class B Ordinary Shares.

The weighted voting rights attached to our Class A Ordinary Shares will cease when the WVR Beneficiaries cease to have beneficial ownership of any of our Class A Ordinary Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

(i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rule, in particular where the WVR Beneficiaries are: (1) deceased; (2) no longer a member of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

(ii) when the holders of Class A Ordinary Shares have transferred to another person the beneficial ownership of, or economic interest in, the Class A Ordinary Shares or the control over the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rule;

(iii) where a vehicle holding Class A Ordinary Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rule; or

(iv) when all of the Class A Ordinary Shares have been converted to Class B Ordinary Shares.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

During the year ended December 31, 2024, our top five customers and the largest customer accounted for 71.8% and 31.5% of our total revenues, respectively. During the year ended December 31, 2024, our top five suppliers and the largest supplier accounted for 37.8% and 10.2% of our total purchase amount, respectively.

Save for CARIZON, 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 or suppliers during the year ended December 31, 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in Note 16 to the consolidated financial statements.

None of the Company's properties are held for development and/or sale or for investment purposes.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2024 are set out in consolidated statements of changes in shareholders' equity in the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as of the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

DONATION

During the year ended December 31, 2024, the Group made charitable and other donations of RMB3,038,000. (2023: RMB672,000)

DEBENTURE ISSUED

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 (together with the original convertible loan agreement, the "**Convertible Loan Agreement**") was entered into between the Company and CARIAD to amend the arrangement with respect to the conversion mechanism of the convertible loan (among others). Terms in the amendment agreement superseded the convertible loan agreement dated November 17, 2022.

A summary of the principal terms and conditions of the Convertible Loan Agreement are set out below:

- Date of agreement: November 17, 2022 and October 11, 2024
- Principal amount: US$924,855,491.33
- Amount of consideration paid: US$800,000,000
- Basis of consideration: The consideration represents 86.5% of the principal amount, which was determined based on arms' length negotiations between the Company and CARIAD.
- Payment date of consideration: December 7, 2023
- Issuance date: December 7, 2023
- Interest and interest payment date: The interest shall accrue on the outstanding principal amount which shall be calculated on and from December 7, 2023 at a annual rate of interest equal to (i) 2.67% per annum for the period starting on December 7, 2023 and ending on December 7, 2025, and (ii) 5.67% per annum for the period starting on December 7, 2025 and ending on the date of conversion or repayment (as applicable) of the loan in accordance with the Convertible Loan Agreement. Interest shall accrue and be computed daily on the basis of a year of 365 days for the actual number of days elapsed from and including December 7, 2023 to the maturity date. The interest shall become due on the maturity date.
- Maturity date: December 7, 2026, unless extended pursuant to the terms and conditions of the Convertible Loan Agreement.
- Conversion mechanism: Upon maturity of the loan, all of the principal amount and accrued interest (the "**Accrued Amount**") shall be repaid in full by way of (i) automatic and mandatory conversion into Class B Ordinary Shares at the final Offer Price, subject to a 9.9% shareholding threshold of CARIAD in the Company's then issued share capital, and (ii) cash, if there is any remaining Accrued Amount after conversion of the loan. The aforementioned 9.9% shareholding threshold can be removed only if agreed by the Company and CARIAD. The Company will comply with relevant requirements under the Listing Rules, including but not limited to public float requirement under Rule 8.08 of the Listing Rules, at the time of conversion.
- Conversion price: HKD3.99
- Redemption rights: CARIAD shall have the right to require the Company to redeem the outstanding principal amount of the Convertible Loan Agreement, or any portion thereof, together with all accrued and unpaid interest upon the occurrence of customary events of default under the Convertible Loan Agreement, including but not limited to material breach of representations and warranties given by the Company, bankruptcy or insolvency of the Company and non-performance of payment obligations or delivery of Shares.
- Use of Proceeds under the Convertible Loan Agreement: All of the proceeds from the Convertible Loan Agreement will be utilized for operating the business of the development and manufacturing of processing hardware based on processing algorithms, the development of relevant software and hardware, and the provision of cloud services, capital expenditures and general working capital needs of the Group in accordance with and subject to the loan proceeds utilization plan under the Convertible Loan Agreement. For the year ended December 31, 2024, approximately RMB1,474.0 million of the net proceeds under the Convertible Loan Agreement have been utilized for the intended use, and as of January 1, 2024 and December 31, 2024, all and approximately RMB4,192.2 million of the net proceeds remained unutilized, respectively.

- Strategic benefits of CARIAD brought to our Company: Our Directors were of the view that our Company could benefit from the additional capital under the Convertible Loan Agreement. In addition, we will benefit from the expertise and commitment of CARIAD and the mandatory convertible loan demonstrates its confidence in the operations of and cooperation with our Group.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Debenture Issued" and "Share Incentive Plans" in this annual report, no equity-linked agreements were entered into by the Company, or existed during the year ended December 31, 2024.

DIVIDEND

The Board does not recommend the distribution of an annual dividend for the year ended December 31, 2024. There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the Directors is currently and was in force for the year ended December 31, 2024 and up to the date of this annual report.

The Company has also taken out liability insurance to provide additional coverage for the Directors.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2024 are set out in the consolidated statements of changes in shareholders' equity on page 122 and in Note 37(b) to the consolidated financial statements, respectively. The Company did not have any reserves available for distribution as of December 31, 2024.

LOANS AND BORROWINGS

The Group had total borrowings of RMB407,272,000 as of December 31, 2024 (2023: RMB112,844,000). Particulars of bank loans and other borrowings of the Group as of December 31, 2024 are set out in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" in this annual report and Note 29 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service contract with our Company under which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company. The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from the Listing Date. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Partially Exempt Continuing Connected Transactions" of this Directors' report, none of the Directors or any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2024.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

In compliance with the Corporate Governance Code, the Company has established the Remuneration Committee to formulate remuneration policies.

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority.

The Directors and the senior management personnel are eligible participants of 2018 Share Incentive Plan and the Post-IPO Share Incentive Plan, details of which are set out in the Prospectus and Note 26 to the consolidated financial statements.

Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 35 and Note 11(a) to the consolidated financial statements, respectively.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors, past Directors or the five highest paid individuals during the Reporting Period, as an inducement to join, or upon joining the Group, or as compensation for the loss of office.

No loans, quasi-loans, other dealings in favour of Directors, their controlled bodies corporate and their connected entities subsisted at the end of the Reporting Period or at any time during the Reporting Period. No consideration was provided to or received by third parties for making available the services of a person as a Director or in any other capacity while as a Director during the Reporting Period.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions, share-based compensation expenses and discretionary bonus. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

On June 25, 2024, (1) D-Robotics issued (i) certain class A ordinary shares to three entities controlled by the three founders of the Company, and D-GUA Brother LP (with D-GUA Brother, Inc., a company solely owned by Dr. Kai Yu, as the general partner); and (ii) certain series A1 preferred shares to D-Gua International Limited (with Dr. Kai Yu as its sole director); and (2) Horizon Together Holding Ltd.

("**Horizon Together**"), a wholly owned subsidiary of the Company, has entered into an acting-in-concert agreement with D-GUA Brother LP, pursuant to which, D-GUA Brother LP shall act in accordance with the instructions of Horizon Together. For details, please refer to appendix I of the Prospectus.

Save as disclosed in the Prospectus and set out in the section headed "Partially Exempt Continuing Connected Transactions" above, no contract of significance or contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2024.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2024.

AUDITOR

PricewaterhouseCoopers was appointed as the Auditor during the Reporting Period. The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. There has been no change in auditor since the Listing.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended December 31, 2024 was the Company or any of its subsidiaries, fellow subsidiaries or its holdings companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report and except for the interests of the Controlling Shareholders in the Group, during the Reporting Period, neither the Controlling Shareholders nor any of the Directors (other than independent non-executive Directors) had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

NON-COMPETITION ARRANGEMENTS

No non-competition agreements or arrangement has been provided by the substantial shareholders as of December 31, 2024 or at any time during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of December 31, 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Interest in Shares of the Company

Name	Nature of interest[1]	Number of Shares	Approximate percentage of shareholding of relevant class of shares in the Company[2]	Approximate percentage of shareholding in the issued and outstanding share capital of the Company[2]
Class A Ordinary Shares – Dr. Kai Yu				
Dr. Kai Yu	Interest in controlled corporations, founder and beneficiary of a trust[3] (L)	1,733,612,127 Class A Ordinary Shares	81.61%	13.13%
Trident Trust Company (HK) Limited	Trustee[3] (L)	1,733,612,127 Class A Ordinary Shares	81.61%	13.13%
Bigsur Robotics Limited	Interest in controlled corporations[3] (L)	1,733,612,127 Class A Ordinary Shares	81.61%	13.13%
Horizon Robotics, Inc.	Interest in controlled corporations[3] (L)	1,733,612,127 Class A Ordinary Shares	81.61%	13.13%
Everest Robotics Limited	Beneficial owner (L)	1,733,612,127 Class A Ordinary Shares	81.61%	13.13%
Class A Ordinary Shares – Dr. Chang Huang				
Dr. Chang Huang	Interest in controlled corporations, founder and beneficiary of a trust[4] (L)	390,777,143 Class A Ordinary Shares	18.39%	2.96%
Trident Trust Company (HK) Limited	Trustee[4] (L)	390,777,143 Class A Ordinary Shares	18.39%	2.96%
Gravitational Wave Technology Limited	Interest in controlled corporations[4] (L)	390,777,143 Class A Ordinary Shares	18.39%	2.96%
Grace Robotics, Inc.	Interest in controlled corporations[4] (L)	390,777,143 Class A Ordinary Shares	18.39%	2.96%
String Theory Robotics Limited	Beneficial owner (L)	390,777,143 Class A Ordinary Shares	18.39%	2.96%
Class B Ordinary Shares – Dr. Kai Yu				
Dr. Kai Yu	Beneficial owner[3] (L)	71,933,093 Class B Ordinary Shares	0.65%	0.54%
Class B Ordinary Shares – Dr. Chang Huang				
Dr. Chang Huang	Beneficial owner[4] (L)	3,610,633 Class B Ordinary Shares	0.03%	0.03%

Name	Nature of interest[1]	Number of Shares	Approximate percentage of shareholding of relevant class of shares in the Company[2]	Approximate percentage of shareholding in the issued and outstanding share capital of the Company[2]
Class B Ordinary Shares – Ms. Feiwen Tao				
Ms. Feiwen Tao	Interest in controlled corporation, founder and beneficiary of a trust[5] (L)	169,543,255 Class B Ordinary Shares	1.53%	1.28%
Trident Trust Company (HK) Limited	Trustee[5] (L)	169,543,255 Class B Ordinary Shares	1.53%	1.28%
Kai Robotics, Inc.	Interest in controlled corporations[5] (L)	169,543,255 Class B Ordinary Shares	1.53%	1.28%
Venus Robotics Limited	Interest in controlled corporations[5] (L)	169,543,255 Class B Ordinary Shares	1.53%	1.28%
HOPE Robotics Holdings Inc.	Beneficial owner (L)	169,543,255 Class B Ordinary Shares	1.53%	1.28%
Ms. Feiwen Tao	Beneficial owner[5] (L)	1,564,378 Class B Ordinary Shares	0.01%	0.01%
Class B Ordinary Shares – Dr. Liming Chen				
Dr. Liming Chen	Beneficial owner[6] (L)	12,339,416 Class B Ordinary Shares	0.11%	0.09%
Class B Ordinary Shares – Mr. Qin Liu				
Mr. Qin Liu	Interest in controlled corporations[7]	647,537,121 Class B Ordinary Shares	5.85%	4.91%
Class B Ordinary Shares – Dr. Ya-Qin Zhang				
Dr. Ya-Qin Zhang	Beneficial owner[8] (L)	847,236 Class B Ordinary Shares	0.01%	0.01%

Notes:

(1) The letter "L" denotes long position.

(2) As of December 31, 2024, the Company had 13,200,293,682 issued and outstanding share capital in total, comprising 2,124,389,270 Class A Ordinary Shares and 11,075,904,412 Class B Ordinary Shares.

(3) The entire interest of 1,733,612,127 Class A Ordinary Shares was held by Everest Robotics Limited, which was held by Bigsur Robotics Limited as to 99% and Horizon Robotics, Inc. as to 1%. Horizon Robotics, Inc. was wholly-owned by Dr. Kai Yu. Bigsur Robotics Limited was wholly-owned by Trident Trust Company (HK) Limited as trustee of Rock Street Trust, the family trust established by Dr. Kai Yu (as settlor) for the benefit of Dr. Kai Yu and his family. Each of Horizon Robotics, Inc., Bigsur Robotics Limited, Trident Trust Company (HK) Limited and Dr. Kai Yu was deemed to be interested in the Class A Ordinary Shares held by Everest Robotics Limited under the SFO.

Dr. Kai Yu was entitled to receive up to 71,933,093 Class B Ordinary Shares pursuant to the share awards granted to him under the 2018 Share Incentive Plan, subject to the terms and conditions of such share awards.

(4) The entire interest of 390,777,143 Class A Ordinary Shares was held by String Theory Robotics Limited, which was held by Gravitational Wave Technology Limited as to 99% and Grace Robotics, Inc. as to 1%. Grace Robotics, Inc. was wholly-owned by Dr. Chang Huang. Gravitational Wave Technology Limited was wholly-owned by Trident Trust Company (HK) Limited as trustee of Gravitational Wave Trust, the family trust established by Dr. Chang Huang (as settlor) for the benefit of Dr. Chang Huang and his family. Each of Grace Robotics, Inc., Gravitational Wave Technology Limited, Trident Trust Company (HK) Limited and Dr. Chang Huang was deemed to be interested in the Class A Ordinary Shares held by String Theory Robotics Limited under the SFO.

Dr. Chang Huang was entitled to receive up to 3,610,633 Class B Ordinary Shares pursuant to the share awards granted to him under the 2018 Share Incentive Plan, subject to the terms and conditions of such share awards.

(5) The entire interest of 169,543,255 Class B Ordinary Shares was held by HOPE Robotics Holdings Inc., which is held by Venus Robotics Limited as to 99% and Kai Robotics, Inc. as to 1%. Kai Robotics, Inc. was wholly-owned by Ms. Feiwen Tao. Venus Robotics Limited was wholly-owned by Trident Trust Company (HK) Limited as trustee of TAO Trust, the family trust established by Ms. Feiwen Tao (as settlor) for the benefit of Ms. Feiwen Tao and her family. Each of Kai Robotics, Inc., Venus Robotics Limited, Trident Trust Company (HK) Limited and Ms. Feiwen Tao was deemed to be interested in the Class B Ordinary Shares held by HOPE Robotics Holdings Inc. under the SFO.

Ms. Feiwen Tao was entitled to receive up to 1,564,378 Class B Ordinary Shares pursuant to the share awards granted to her under the 2018 Share Incentive Plan, subject to the terms and conditions of such share awards.

(6) Dr. Liming Chen was entitled to receive up to 12,339,416 Class B Ordinary Shares pursuant to the share awards granted to him under the 2018 Share Incentive Plan, subject to the terms and conditions of such share awards.

(7) Morningside China TMT Fund IV, L.P. and Morningside China TMT Fund IV Co-Investment, L.P. were controlled by their general partner, Morningside China TMT GP IV, L.P.. Morningside China TMT GP IV, L.P. was controlled by its general partner, TMT General Partner Ltd. Consequently, TMT General Partner Ltd. was deemed to be interest in the Shares in which Morningside China TMT Fund IV, L.P. and Morningside China TMT Fund IV Co-Investment, L.P. had an interest.

Each of Mr. Qin Liu, Mr. Jianming Shi and Morningside Venture (VII) Investments Limited was entitled to exercise or control the exercise of one-third of the voting power of all issued shares in TMT General Partner Ltd. at its general meeting and was therefore deemed to be interested in the Shares in which TMT General Partner Ltd. was interested. Morningside Venture (VII) Investments Limited is indirectly wholly-owned by the Landmark Trust Switzerland SA as trustee of a discretionary trust established by Mdm. Tan Ching Fen Chan for the benefit of certain members of her family and other charitable objects.

Each of Evolution Special Opportunity Fund I, L.P., Evolution Fund I Co-investment, L.P., 5Y Capital Growth Fund I, L.P. and 5Y Capital Growth Fund I Co-Investment, L.P. was controlled by their general partner 5Y Capital GP Limited. Consequently, 5Y Capital GP Limited is deemed to be interest in the Shares in which Evolution Special Opportunity Fund I, L.P., Evolution Fund I Co-investment, L.P., 5Y Capital Growth Fund I, L.P. and 5Y Capital Growth Fund I Co-Investment, L.P. had an interest.

Each of Mr. Qin Liu and Mr. Jianming Shi was entitled to exercise or control the exercise of one-half of the voting power of all issued shares in 5Y Capital GP Limited at its general meeting and was therefore deemed to be interested in the Shares in which 5Y Capital GP Limited is interested.

(8) Dr. Ya-Qin Zhang was entitled to receive up to 847,236 Class B Ordinary Shares, pursuant to the share awards granted to him under the 2018 Share Incentive Plan, subject to the terms and conditions of such share awards.

(b) Interest in associated corporation

Name of director or chief executive	Nature of interest[1]	Associated corporations	Number and class of shares interested in	Approximate percentage of shareholding in the relevant class of shares in associated corporation	Approximate percentage of shareholding in the total issued share capital of associated corporation
Dr. Kai Yu	Interest in controlled entity[2] (L)	D-Robotics	120,707,295 class A ordinary shares	91.83%	14.05%
			600,000,000 class B ordinary shares	100%	69.84%
Dr. Chang Huang	Interest in controlled entity[3] (L)	D-Robotics	7,485,326 class A ordinary shares	5.69%	0.87%
Ms. Feiwen Tao	Interest in controlled entity[4] (L)	D-Robotics	3,247,597 class A ordinary shares	2.47%	0.38%
Mr. Qin Liu	Interest in controlled entity[5] (L)	D-Robotics	14,945,653 series A1 preferred shares	2.05%[6]	1.74%

Notes:

(1) The letter "L" denotes long position.

(2) The entities controlled by Dr. Kai Yu held a total of 120,707,295 class A ordinary shares in D-Robotics. Horizon Together Holding Ltd., a wholly owned subsidiary of the Company, held 600,000,000 class B ordinary shares of D-Robotics. Therefore, Dr. Kai Yu was deemed to be interested in 120,707,295 class A ordinary shares and 600,000,000 class B ordinary shares in D-Robotics under the SFO.

(3) A shareholding vehicle wholly owned by Dr. Chang Huang held 7,485,326 class A ordinary shares and Dr. Chang Huang was therefore deemed to be interested in the 7,485,326 class A ordinary shares in D-Robotics under the SFO.

(4) A shareholding vehicle wholly owned by Ms. Feiwen Tao held 3,247,597 class A ordinary shares and Ms. Feiwen Tao was therefore deemed to be interested in the 3,247,597 class A ordinary shares in D-Robotics under the SFO.

(5) 5Y Capital Evolution Fund II, L.P. and 5Y Capital Evolution Fund II Co-Investment, L.P. held an aggregate of 14,945,653 series A1 preferred shares in D-Robotics. Both 5Y Capital Evolution Fund II, L.P. and 5Y Capital Evolution Fund II Co-Investment, L.P. were controlled by their general partner 5Y Capital GP Limited. Mr. Qin Liu was entitled to exercise or control the exercise of one-half of the voting power of all issued shares in 5Y Capital GP Limited at its general meeting. Therefore, Mr. Qin Liu was deemed to be interested in 14,945,653 series A1 preferred shares in D-Robotics under the SFO.

(6) Assuming each series A1 preferred shares is converted into one class B ordinary shares.

Save as disclosed above, as of December 31, 2024, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives 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 (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were 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

As of December 31, 2024, the following persons (other than the Directors and chief executives whose interests have been disclosed in this annual report), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of interest[(1)]	Number and class of shares held	Approximate percentage of shareholding of relevant class of shares in the Company[(2)]	Approximate percentage of shareholding in the issued and outstanding share capital of the Company[(2)]
Class B Ordinary Shares – CARIAD Estonia AS				
Ferdinand Porsche Familien-Privatstiftung	Interest in controlled corporations[(3)] (L)	269,711,694[(4)] 1,998,875,035[(5)]	2.44% 18.05%	2.04% 15.14%
Ferdinand Porsche Familien-Holding GmbH	Interest in controlled corporations[(3)] (L)	269,711,694[(4)] 1,998,875,035[(5)]	2.44% 18.05%	2.04% 15.14%
Ferdinand Alexander Porsche GmbH	Interest in controlled corporations[(3)] (L)	269,711,694[(4)] 1,998,875,035[(5)]	2.44% 18.05%	2.04% 15.14%
Familie Porsche Beteiligung GmbH	Interest in controlled corporations[(3)] (L)	269,711,694[(4)] 1,998,875,035[(5)]	2.44% 18.05%	2.04% 15.14%
Porsche Automobil Holding SE	Interest in controlled corporations[(3)] (L)	269,711,694[(4)] 1,998,875,035[(5)]	2.44% 18.05%	2.04% 15.14%
Volkswagen AG	Interest in controlled corporations[(3)] (L)	269,711,694[(4)] 1,998,875,035[(5)]	2.44% 18.05%	2.04% 15.14%
Volkswagen Group Beteiligungen GmbH	Interest in controlled corporations[(3)] (L)	269,711,694[(4)] 1,998,875,035[(5)]	2.44% 18.05%	2.04% 15.14%
CARIAD SE	Interest in controlled corporations[(3)] (L)	269,711,694[(4)] 1,998,875,035[(5)]	2.44% 18.05%	2.04% 15.14%
CARIAD Estonia AS	Beneficial owner (L)	269,711,694[(4)] 1,998,875,035[(5)]	2.44% 18.05%	2.04% 15.14%
Class B Ordinary Shares – SAIC QIJUN I Holdings Limited				
Ji Feng	Interest in controlled corporations [(6)] (L)	1,025,310,055	9.26%	7.77%
SAIC Motor	Interest in controlled corporations[(6)] (L)	1,025,310,055	9.26%	7.77%
SAIC Investment	Interest in controlled corporations[(6)] (L)	1,025,310,055	9.26%	7.77%
SAIC Changzhou	Interest in controlled corporations[(6)] (L)	1,025,310,055	9.26%	7.77%
Shanghai Qiyuan	Interest in controlled corporations [(6)] (L)	1,025,310,055	9.26%	7.77%
Shangqi Capital	Interest in controlled corporations[(6)] (L)	1,025,310,055	9.26%	7.77%
Shanghai Qimeng	Interest in controlled corporations[(6)] (L)	1,025,310,055	9.26%	7.77%
SAIC QIJUN I Holdings Limited	Beneficial owner (L)	1,025,310,055	9.26%	7.77%

Name	Nature of interest[(1)]	Number and class of shares held	Approximate percentage of shareholding of relevant class of shares in the Company[(2)]	Approximate percentage of shareholding in the issued and outstanding share capital of the Company[(2)]
Class B Ordinary Shares – Employee Shareholding Platforms				
GIL Trust Limited	Trustee[(7)] (L)	898,632,655	8.11%	6.81%
Pirates Silver Holding Limited	Beneficial owner[(7)] (L)	744,884,919	6.73%	5.64%
Trident Trust Company (HK) Limited	Trustee[(8)]	546,317,561	4.93%	4.14%
Pirates Gold Holding Limited	Beneficial owner[(8)] (L)	546,317,561	4.93%	4.14%
Class B Ordinary Shares – 5Y Shareholders				
Jianming Shi	Interest in controlled corporations[(9)] (L)	647,537,121	5.85%	4.91%
Yiting Lou	Interest of Spouse[(10)] (L)	647,537,121	5.85%	4.91%
Yuanyuan Ni	Interest of Spouse[(11)] (L)	647,537,121	5.85%	4.91%
Class B Ordinary Shares – Baillie Gifford				
Baillie Gifford & Co	Interest in controlled corporations[(12)] (L)	377,768,400	3.14%	2.86%
	Investment manager (L)	236,138,201	2.13%	1.79%

Notes:

(1) The letter "L" denotes long position.

(2) As of December 31, 2024, the Company had 13,200,293,682 issued and outstanding share capital in total, comprising 2,124,389,270 Class A Ordinary Shares and 11,075,904,412 Class B Ordinary Shares.

(3) CARIAD Estonia AS was wholly-owned by CARIAD SE, which was in turn wholly-owned by Volkswagen Group Beteiligungen GmbH ("VGB"), a wholly-owned subsidiary of Volkswagen AG, a company listed on a number of stock exchanges including the Frankfurt Stock Exchange (ticker symbol: VOW and VOW3). Porsche Automobil Holding SE ("PSE") held approximately 53.35% voting interest in Volkswagen AG, and Familie Porsche Beteiligung GmbH ("FPB") held approximately 55.46% voting interest in PSE. FPB was wholly-owned by Ferdinand Alexander Porsche GmbH ("FAPD"), which was in turn wholly-owned by Ferdinand Porsche Familien-Holding GmbH ("FPFH"). Ferdinand Porsche Familien-Privatstiftung ("PoPS"), a private foundation established in Austria, holds 90% of FPFH.

By virtue of the SFO, each of CARIAD SE, VGB, Volkswagen AG, PSE, FPB, FAPD, FPFH and PoPS was deemed to have an interest in the Class B Ordinary Shares directly held by CARIAD Estonia AS and the Class B Ordinary Shares to be issued to CARIAD Estonia AS, as the lender of a convertible loan which, upon maturity, shall be automatically and mandatorily converted into Class B Ordinary Shares. For further details of the convertible loan and the conversion mechanism, please refer to "History, Reorganization and Corporate Structure" in the Prospectus.

(4) This refers to the number of Class B Ordinary Shares as of December 31, 2024.

(5) This refers to the number of Class B Ordinary Shares to be issued to CARIAD Estonia AS upon conversion of the convertible loan at maturity pursuant to the Convertible Loan Agreement. Please refer to the Prospectus for details.

(6) SAIC QIJUN I Holdings Limited was wholly-owned by Shanghai Qimeng Management Partnership (Limited Partnership) (上海頎盟企業管理合夥企業(有限合夥)) ("Shanghai Qimeng"), of which the general partner was Shangqi Capital (上海尚頎投資管理合夥企業(有限合夥)), whose general partner was Shanghai Qiyuan Business Consulting Co., Limited (上海頎元商務諮詢有限公司) ("Shanghai Qiyuan"), which was ultimately controlled by Ji Feng (馮戟) ("Mr. Feng").

Shanghai Qimeng was owned as to approximately 99.95% by its limited partner SAIC (Changzhou) Innovation and Development Investment Fund Co., Ltd. (上汽(常州)創新發展投資基金有限公司) ("SAIC Changzhou"), which was held as to 99.5% by Shanghai Automobile Group Investment Management Co., Ltd. (上海汽車集團投資管理有限公司) ("SAIC Investment"), which was wholly-owned by SAIC Motor Corporation Limited (上海汽車集團股份有限公司) ("SAIC Motor").

Therefore, each of Shanghai Qimeng, Shangqi Capital, Shanghai Qiyuan, Mr. Feng, SAIC Changzhou, SAIC Investment and SAIC Motor is deemed to be interested in the 1,025,310,055 Class B Ordinary Shares directly held by SAIC QIJUN I Holdings Limited under the SFO.

(7) Pirates Silver Holding Limited and Pirates Bronze Holding Limited were held by Pirates X Trust with GIL Trust Limited, an independent professional trust company, as its trustee. As such, GIL Trust Limited was deemed to be interested in the 744,884,919 and 153,747,736 Class B Ordinary Shares held by Pirates Silver Holding Limited and Pirates Bronze Holding Limited, respectively, under the SFO.

(8) Pirates Gold Holding Limited is held by The Pirates Trust with Trident Trust Company (HK) Limited, an independent professional trust company, as its trustee. As such, Trident Trust Company (HK) Limited is deemed to be interested in the 546,317,561 Class B Ordinary Shares held by Pirates Gold Holding Limited under the SFO.

(9) Morningside China TMT Fund IV, L.P. and Morningside China TMT Fund IV Co-Investment, L.P. were controlled by their general partner, Morningside China TMT GP IV, L.P.. Morningside China TMT GP IV, L.P. was controlled by its general partner, TMT General Partner Ltd. Consequently, TMT General Partner Ltd. was deemed to be interest in the Shares in which Morningside China TMT Fund IV, L.P. and Morningside China TMT Fund IV Co-Investment, L.P. had an interest.

Each of Mr. Qin Liu, Mr. Jianming Shi and Morningside Venture (VII) Investments Limited was entitled to exercise or control the exercise of one-third of the voting power of all issued shares in TMT General Partner Ltd. at its general meeting and was therefore deemed to be interested in the Shares in which TMT General Partner Ltd. was interested. Morningside Venture (VII) Investments Limited was indirectly wholly-owned by the Landmark Trust Switzerland SA as trustee of a discretionary trust established by Mdm. Tan Ching Fen Chan for the benefit of certain members of her family and other charitable objects.

Each of Evolution Special Opportunity Fund I, L.P., Evolution Fund I Co-investment, L.P., 5Y Capital Growth Fund I, L.P. and 5Y Capital Growth Fund I Co-Investment, L.P. was controlled by their general partner 5Y Capital GP Limited. Consequently, 5Y Capital GP Limited was deemed to be interest in the Shares in which Evolution Special Opportunity Fund I, L.P., Evolution Fund I Co-investment, L.P., 5Y Capital Growth Fund I, L.P. and 5Y Capital Growth Fund I Co-Investment, L.P. had an interest.

Each of Mr. Qin Liu and Mr. Jianming Shi was entitled to exercise or control the exercise of one-half of the voting power of all issued shares in 5Y Capital GP Limited at its general meeting and was therefore deemed to be interested in the Shares in which 5Y Capital GP Limited is interested.

(10) Ms. Yiting Lou is the spouse of Mr. Jianming Shi. She was deemed to be interested in the Shares in which Mr. Jianming Shi was interested.

(11) Ms. Yuanyuan Ni is the spouse of Mr. Qin Liu. She was deemed to be interested in the Shares in which Mr. Qin Liu was interested.

(12) 53,801,400 Class B Ordinary Shares were directly held by Baillie Gifford Investment Management Europe Ltd, which was wholly-owned by Baillie Gifford Overseas Limited. 296,027,400 and 27,939,600 Class B Ordinary Shares were directly held by Baillie Gifford Overseas Limited and Baillie Gifford & Co Limited respectively. Each of Baillie Gifford Overseas Limited and Baillie Gifford & Co Limited was wholly-owned by Baillie Gifford & Co.

Save as disclosed above, as of December 31, 2024, no person, other than the Directors whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or any of its Associated Corporations" had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE INCENTIVE PLANS

2018 Share Incentive Plan

The 2018 Share Incentive Plan was adopted by the Company in November 2018. As no further grant of awards will be made by the Company after the Listing, the 2018 Share Incentive Plan is not subject to Chapter 17 of the Listing Rules.

As disclosed in the 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 nor any impact on the earnings per share arising from the full vesting or exercise of the outstanding options and share awards after Listing.

The following is a summary of the principal terms of the 2018 Share Incentive Plan.

Purpose

The purposes of the 2018 Share Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, Directors and consultants and to promote the success of the Company's business by offering these individuals or entities an opportunity to acquire a proprietary interest in the success of the Company, or to increase this interest by permitting them to acquire Shares of the Company.

Eligible Participants

Only employees, Directors, and consultants, or trusts or companies established in connection with any employee benefit plan of the Company for the benefit of an employee, Director or consultant, shall be eligible for the grant of awards. Options may be granted to employees only. Awards other than options may be granted to employees, Directors and consultants.

Restricted Period

The Restricted Period shall commence on the grant date and end at the time or times set forth on a schedule established by the Administrator in the applicable award agreement (the "**Restricted Period**"); provided, however, that notwithstanding any such vesting dates, the Administrator may in its sole discretion accelerate the vesting of any restricted award at any time and for any reason.

Options

(i) Exercise price

Each option agreement shall specify the exercise price. The exercise price of an option shall be determined by the Administrator in its sole discretion which may be a fixed or variable price related to the fair market value of the shares on the date of grant, provided, however, that the exercise price may be not less than the fair market value on the date of grant, without compliance with Section 409A of the U.S. Internal Revenue Code of 1986 (the "Code"), or the optionee's consent; provided further, that the exercise price of any option granted to any individual who, upon the date of grant, owns shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company may not be less than one-hundred and ten percent (110%) of fair market value on the date of grant. Notwithstanding anything to the contrary in the foregoing, in the event of a transaction described in Section 424(a) of the Code, options may be issued at an exercise price other than as required by the foregoing.

(ii) ***Vesting schedule***

Fifty percent (50%) of the optioned shares shall vest on the first vesting date (such day to be deemed to be the last day of the month, when necessary), and remaining 50% optioned shares shall vest in equal annual installments over the following two (2) years, subject to the optionee's continuing to be an employee, Director, or consultant through these dates. Before or after execution of the option agreement, the vesting schedule may be modified or changed by the Administrator in its sole discretion as it deems necessary or appropriate where new agreement between the Company and the optionee shall be entered into regarding the said modification or change.

(iii) ***Term of Option***

The option agreement shall specify the term of the option; provided, however, that the term shall not exceed ten (10) years from the date of grant; and further provided that any option shall not be exercisable for more than five (5) years from the date of grant if such option are granted to certain individual who, upon the date of grant, owns shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company. Subject to the preceding sentence, the Administrator in its sole discretion shall determine when an option is to expire.

Restricted Share Units ("RSUs")

(i) ***General***

The terms and conditions of a grant of RSUs shall be reflected in an award agreement. No Shares shall be issued at the time a RSU is granted, and the Company will not be required to set aside funds for the payment of any such award. A participant shall have no voting rights with respect to any RSU granted hereunder. To the extent provided in an award agreement, the holder of RSUs shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on Shares) either in cash or, at the sole discretion of the Administrator, in Shares having a fair market value equal to the amount of such dividends (and interest may, at the sole discretion of the Administrator, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as provided by the Administrator), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable to the participant upon the release of restrictions on such RSUs, and if such RSUs are forfeited, the participant shall have no right to such dividend equivalent payments.

(ii) ***Restrictions***

RSUs awarded to a participant shall be subject to (a) forfeiture until the expiration of the Restricted Period and satisfaction of any applicable performance goals during such period, to the extent provided in the applicable award agreement, and to the extent such RSUs are forfeited, all rights of the participant to such RSUs shall terminate without further obligation on the part of the Company and (b) such other terms and conditions as may be set forth in the applicable award agreement.

(iii) ***Settlement of RSUs***

Upon the expiration of the Restricted Period with respect to any outstanding RSUs, the Company shall deliver to the Participant, or his or her beneficiary, without charge, one Share for each outstanding RSU and any dividend equivalent payments credited to the participant's account with respect to such RSUs and the interest thereon, if any; provided, however, that if explicitly provided in the award agreement, the Administrator may, in its sole discretion, elect to pay part cash or part cash and part Shares in lieu of delivering only Shares for vested RSUs. If a cash payment is made in lieu of delivering Shares, the amount of such payment shall be equal to the fair market value of the Shares as of the date on which the Restricted Period lapsed.

Duration

The term of the 2018 Share Incentive Plan shall be ten years commencing on the date of its adoption. As of the date of this annual report, the remaining life of the 2018 Share Incentive Plan was approximately three years and seven months.

Outstanding Share Options Granted under the 2018 Share Incentive Plan

The table below shows the details of movements of share options granted under the 2018 Share Incentive Plan during the Reporting Period:

Participant	Date of Grant	Exercise price (US$/Share)	Vesting period	Exercise period	Outstanding as of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2024
Directors and former Directors										
Yufeng Zhang (Note 1)	April 11, 2017 to January 15, 2021	$0.0625-$0.3777	4 years	10 years from the date of grant	11,000,000	–	–	–	–	11,000,000
Employee participants	June 11, 2015 to July 15, 2024	$0.000025-$0.4677	1 year or 4 years	10 years from the date of grant	388,534,475	300,000	–	–	1,150,000	387,684,475
Total					**399,534,475**	**300,000**	**–**	**–**	**1,150,000**	**398,684,475**

Note 1: Mr. Yufeng Zhang served as a director of the Company from May 2020 to March 2024.

Note 2: All of the share options granted under the 2018 Share Incentive Plan were granted prior to the Listing Date. No further grant under the 2018 Share Incentive Plan has been or will be made by the Company after the Listing.

Outstanding RSUs Granted under the 2018 Share Incentive Plan

The table below shows the details of movements of RSUs granted under the 2018 Share Incentive Plan during the Reporting Period:

Participant	Date of Grant	Purchase price of the awards granted	Vesting period	Outstanding as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2024
Directors and former Directors									
Kai Yu	July 26, 2024	Nil	4 years	–	71,933,093	–	–	–	71,933,093
Chang Huang	July 26, 2024	Nil	4 years	–	3,610,633	–	–	–	3,610,633
Feiwen Tao	July 26, 2024	Nil	4 years	–	1,564,378	–	–	–	1,564,378
Liming Chen	December 25, 2021 to July 15, 2024	Nil	1 year or 4 years	10,171,440	2,167,976	–	–	–	12,339,416
Ya-Qin Zhang	January 23, 2020	Nil	4 years	847,236	–	–	–	–	847,236
Yufeng Zhang (Note 1)	April 15, 2019 to July 15, 2024	Nil	1 year or 4 years	15,474,860	3,700,000	–	–	–	19,174,860
Feng Zhou (Note 2)	April 15, 2020 to January 15, 2022	Nil	1 year or 4 years	22,305,190	–	–	–	–	22,305,190
Employee participants	April 5, 2016 to July 26, 2024	Nil	1 year or 4 years	611,763,050	244,177,665	–	–	54,588,668	801,352,047
Total				**660,561,776**	**327,153,745**	**–**	**–**	**54,588,668**	**933,126,853**

Note 1: Mr. Yufeng Zhang served as a director of the Company from May 2020 to March 2024.

Note 2: Mr. Feng Zhou served as a director of the Company from August 2018 to March 2023.

Note 3: All of the RSUs granted under the 2018 Share Incentive Plan were granted prior to the Listing Date. No further grant under the 2018 Share Incentive Plan has been or will be made by the Company after the Listing.

Post-IPO Share Incentive Plan

The Post-IPO Share Incentive Plan was adopted by the Company in compliance with Chapter 17 of the Listing Rules by an extraordinary general meeting of our Shareholders on October 8, 2024.

The following is a summary of the principal terms of the Post-IPO Share Incentive Plan.

Purpose

The purpose of the Post-IPO Share Incentive Plan is to incentivize and reward the Eligible Participants (as defined below) for their contribution to the Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

Eligible Participants

The Board (which expression shall, for the purpose of this paragraph, include the Board or such duly authorized person(s) by the Board) may, at its absolute discretion, offer to grant an option or a share award to subscribe for such number of Class B Ordinary Shares as the Board may determine to (a) an employee (whether full time or part-time) or a director of our Company or any of its subsidiaries (the "**Eligible Employee(s)**") and (b) a consultant who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group ("**Service Provider(s)**"), and (c) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (together with the Eligible Employees and Service Providers hereinafter referred as the "**Eligible Participant(s)**").

Service Providers shall exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and any professional service providers such as auditors or valuers.

Maximum Number of Shares

Plan Mandate Limit	the total number of Class B Ordinary Shares which may be issued upon exercise of all options and share awards to be granted under the Post-IPO Share Incentive Plan shall not in aggregate exceed 5.0% of the total number of Shares in issue (but excluding any treasury shares) on the Listing Date, being October 24, 2024.
Service Providers Sublimit	the total number of Class B Ordinary Shares which may be issued upon exercise of all options and share awards to be granted to Service Providers shall not exceed 1.0% of the total number of Shares in issue (but excluding any treasury shares) on the Listing Date, being October 24, 2024.

The Plan Mandate Limit and the Service Providers Sublimit may be refreshed by Shareholders at general meeting in accordance with Rule 17.03C and the relevant requirements of the Listing Rules.

As no grants have been made from the Listing Date to December 31, 2024, a total of 651,493,304 and 130,298,660 of options and awards will be available for grant under the Plan Mandate Limit and Service Providers Sublimit as of both of October 24, 2024 and December 31, 2024, respectively.

Individual Limit

Where any grant of options or share awards to a participant would result in the Class B Ordinary Shares issued and to be issued upon exercise of all options and/or share awards granted and to be granted to such participant (excluding any options and share awards lapsed in accordance with the terms of the Post-IPO Share Incentive Plan) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (but excluding any treasury shares), such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options and/or share awards to be granted to such participant must be fixed before Shareholders' approval.

Amount Payable on Application or Acceptance of the Option or Award

An option or a share award shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the option or share award duly signed by the grantee together with a payment to our Company and/or any of its subsidiaries of HK$1 (or the equivalent of HK$1 in the local currency of any jurisdiction where our Company and/or its subsidiaries operate, as the Board or such duly authorized person(s) by the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by our Company within the time period specified in the offer of the grant of the option or share award.

Exercise Period

An option may be exercised in accordance with the terms of the Post-IPO Share Incentive Plan at any time during a period to be determined and notified by the Board to each grantee, which period may commence on a day falling at least 12 months after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date on which an option is offered to a participant, subject to the provisions for early termination under the Post-IPO Share Incentive Plan.

Vesting Period

The minimum period for which an option or a share award must be held before it can be vested or exercised (if applicable) shall be 12 months from the date of grant of such option or share award, except that any options or share awards granted to an Eligible Employee may be subject to a short vesting period as specified under the Post-IPO Share Incentive Plan.

Exercise Price of Option and Purchase Price of Awards

The amount payable for each Class B Ordinary Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Board or such duly authorized person(s) by the Board at its absolute discretion, which shall be not less than the highest of: (i) the nominal value of a Class B Ordinary Share; (ii) the closing price of the Class B Ordinary Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (iii) the average closing price of the Class B Ordinary Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

The amount payable for each Class B Ordinary Share to be subscribed for under a share award shall be determined by the Board or such duly authorized person(s) by the Board at its absolute discretion, based on considerations such as the prevailing closing price of the Class B Ordinary Shares, the purpose of the share award and the contribution of the Eligible Participant.

Duration

The term of the Post-IPO Share Incentive Plan shall be ten years commencing on the Listing Date. As of the date of this annual report, the remaining life of the Post-IPO Share Incentive Plan was approximately nine years and seven months.

Outstanding Options and Awards Granted under the Post-IPO Share Incentive Plan

As of the Listing Date and December 31, 2024, there was no outstanding option or award granted under the Post-IPO Share Incentive Plan. From the Listing Date to December 31, 2024, no options or awards were granted, vested, cancelled or lapsed under the Post-IPO Share Incentive Plan.

As of the date of this annual report, the total number of Shares available for issue under the Post-IPO Share Incentive Plan is 651,493,304, representing approximately 5% of the total number of issued Shares (excluding treasury shares (as defined under the Listing Rules), if any).

As no grants have been made from the Listing Date to December 31, 2024 under the Post-IPO Share Incentive Plan, the Rule 17.07(3) of the Listing Rules is not applicable.

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

During the period from the Listing Date to December 31, 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange or sold any treasury Shares (as defined under the Listing Rules). As of December 31, 2024, the Company did not hold any treasury Shares (as defined under the Listing Rules).

USE OF PROCEEDS

On October 24, 2024, the Class B Ordinary Shares were listed on the Main Board of the Stock Exchange. The net proceeds received by the Company from the Global Offering were approximately HK$5,217 million (after deducting the listing expenses). In addition, following the partial exercise of the over-allotment option, the Company received the additional net proceeds of approximately HK$656 million (after deducting the underwriting fees, commissions and expenses). As of the date of this annual report, there had been 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.

As of December 31, 2024, the Group had utilized the net proceeds as set out in the table below:

Intended use of net proceeds	Net proceeds from the Global Offering (including the proceeds from the partial exercise of the over-allotment option) (HK$ million)	Percentage of net proceeds as stated in the Prospectus	Utilized net proceeds during the year ended December 31, 2024 (HK$ million)	Net proceeds unutilized as of December 31, 2024 (HK$ million)	Expected timeline of full utilization of the net proceeds
For research and development purposes, including ADAS and AD solution and technology pillars	4,111.2	70%	0	4,111.2	Before December 31, 2026
For sales and marketing related expenses	587.3	10%	0	587.3	Before December 31, 2026
For future strategic investment into our joint ventures, particularly CARIZON	587.3	10%	0	587.3	Before December 31, 2026
For general corporate purposes and working capital needs	587.3	10%	5.4	581.9	Before December 31, 2026
Total	5,873.1	100%	5.4	5,867.7	

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period which could have a material and adverse effect on our financial condition or results of operations. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this annual report which could have a material and adverse effect on our financial condition or results of operations.

EVENTS AFTER DECEMBER 31, 2024

On March 11, 2025, the Company's subsidiary, D-Robotics, which operates our non-automotive business, entered into share purchase agreements to issue a total of 109,408,158 series A2 preferred shares to certain investors for an aggregated cash consideration of US$36.6 million. As of the date of this annual report, D-Robotics has received cash consideration amounting to US$19.6 million. The Company will continue to control D-Robotics following its series A2 financing. The transactions contemplated under the agreements do not constitute any notifiable transactions or connected transactions of the Company under the Listing Rules.

APPROVAL OF ANNUAL REPORT

The annual report and the consolidated financial statements of the Group for the year ended December 31, 2024 were approved and authorized for issue by the Board on March 21, 2025.

By order of the Board
Horizon Robotics
Dr. Kai Yu
Chairman and Executive Director

Hong Kong,
March 21, 2025

Directors and Senior Management

DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Name	Age	Position(s)/Title(s)	Date of appointment as a Director	Year of joining our Group
Dr. Kai Yu	48	Founder, Chairman of the Board, executive Director and chief executive officer	July 2015	2015
Dr. Chang Huang	44	Executive Director and chief technology officer	November 2017	2015
Ms. Feiwen Tao	39	Executive Director and chief operating officer	September 2017	2015
Dr. Liming Chen	62	Executive Director and president	March 2024	2021
Mr. Liang Li	53	Non-executive Director	November 2017	2017
Mr. Qin Liu	52	Non-executive Director	October 2015	2015
Dr. André Stoffels	56	Non-executive Director	December 2023	2023
Dr. Juehui Zhang	62	Non-executive Director	January 2022	2022
Dr. Jun Pu	48	Independent non-executive Director	October 2024	2024
Mr. Yingqiu Wu	63	Independent non-executive Director	October 2024	2024
Dr. Katherine Rong XIN	61	Independent non-executive Director	October 2024	2024
Dr. Ya-Qin Zhang	59	Independent non-executive Director	January 2020	2020

EXECUTIVE DIRECTORS

Dr. Kai Yu (余凱), aged 48, is our founder, chairman of the Board, an executive Director and chief executive officer. Dr. Yu is in charge of our overall strategic and business development. Dr. Yu was appointed as a Director in July 2015 and re-designated as an executive Director in March 2024.

Dr. Yu is a globally recognized scientist, and has approximately 25 years of research and development experience in computer engineering. Dr. Yu has published more than 100 research papers with over 30,000 citations. Before founding the Company, Dr. Yu was the deputy head of Baidu Research (百度研究院) from April 2012 to June 2015. He was instrumental in initiating China's one of the first autonomous driving project at Baidu in 2013. Prior to joining Baidu, Dr. Yu played various key R&D roles in Germany and the United States for 12 years, including senior research scientist at the Neural Computation Department of Siemens Corporate Technology, head of the Media Analytics Department at NEC Laboratories America. He was also an adjunct faculty at the Computer Science Department of Stanford University during the period.

Dr. Yu obtained his bachelor's degree and master's degree in electronic engineering from Nanjing University (南京大學) in July 1998 and June 2000, respectively, and his Ph.D. degree in computer science from University of Munich in Germany in July 2004.

Dr. Chang Huang (黃暢), aged 44, is our co-founder, an executive Director and chief technology officer. Dr. Huang is in charge of our overall R&D work. Dr. Huang was appointed as a Director in November 2017 and re-designated as an executive Director in March 2024.

Dr. Huang is one of the top researchers in computer engineering. As a renowned expert in both industry and academia, he has over 20,000 academic citations and owns more than 80 patents internationally. Dr. Huang served as the chief R&D architect at Baidu Inc. (NASDAQ: BIDU; stock code: 9888.HK) from November 2014 to August 2015, the principal architect of Baidu USA LLC from July 2012 to November 2014, a researcher of NEC Laboratories America from November 2010 to July 2012, and a postdoctoral researcher at the University of Southern California in the United States from November 2007 to July 2010.

Dr. Huang received his bachelor's, master's and Ph.D. degrees in computer science and technology from Tsinghua University (清華大學) in July 2003, July 2005 and July 2007, respectively.

Ms. Feiwen Tao (陶斐雯), aged 39, is our co-founder, an executive Director and chief operating officer. Ms. Tao is in charge of our operations and management (including financial matters). Ms. Tao was appointed as a Director in September 2017 and re-designated as an executive Director in March 2024. Since joining the Group, Ms. Tao has been spearheading the Group's financial, human resources, legal, marketing and administrative functions. In particular, she has been responsible for our capital market management and daily financial operations since our establishment.

Ms. Tao has extensive experiences in leading international technology companies. Prior to founding the Company, Ms. Tao worked at Baidu USA LLC before working at the headquarter of Baidu Inc. (NASDAQ: BIDU; stock code: 9888.HK) in the PRC from May 2012 to February 2016. She worked in the sales & operations team at Google's headquarters from February 2011 to May 2012. She served as a senior analyst at Foote, Cone and Belding Limited from January 2009 to February 2011.

Ms. Tao received her bachelor's degree in economics from Nanjing University (南京大學) in June 2007 and her master's degree in science and integrated marketing communications from Northwestern University in the United States in December 2008.

Dr. Liming Chen (陳黎明), aged 62, is our executive Director appointed in March 2024 and the president of our Company. Dr. Chen is in charge of our overall management, with a strategic focus on supply chain and quality assurance.

Dr. Chen is a widely respected technologist and industry leader in the automotive industry and renowned business leader in strategy development, management system and sustainable business growth with about 30 years' experiences. Prior to joining the Company, Dr. Chen held various senior positions within the Bosch Group (the "Bosch"), a leading global supplier of technology and services with a concentration in areas of automotive technology, industrial technology, consumer goods, and building technology, including application manager from August 2004 to May 2007, engineering director from June 2007 to December 2010, vice president from January 2011 to June 2012 and senior vice president and regional president of Bosch Group's chassis systems control division in China from 2012 to 2021, and was responsible for its P&L and overall management. At Bosch, Dr. Chen demonstrated outstanding technical foresight and innovation capabilities and led the development of the new generation of vehicle traction control systems (TCS), which is still used in Bosch's latest ESP10 system. He led the establishment of one of the largest foreign-invested automotive R&D centers and R&D teams in China. Under Dr. Chen's leadership and via measures of new business strategies, re-organization, deep localization of product development and manufacturing, Bosch's sales performance in China achieved significant growth and became market leader for eight consecutive years in China.

Dr. Chen received his bachelor's and master's degrees in aeronautical powerdevice control from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) (formerly known as Nanjing College of Aeronautics (南京航空學院)) in July 1983 and June 1986, respectively, and his Ph.D. degree in mechanical engineering from Wayne State University in the United States in May 1995. Dr. Chen has been a member of Global Automotive Executive Council (全球汽車精英組織) since October 2017.

NON-EXECUTIVE DIRECTORS

Mr. Liang Li (李良), aged 53, was re-designated as a non-executive Director in March 2024. He is primarily responsible for providing strategic advice on the development of the Company.

Mr. Li has served as a partner at Hillhouse Investment since November 2005. From November 2001 to November 2005, Mr. Li worked as the vice-general manager and subsequently the general manager at State Research Internet and Data (Beijing) Co., Ltd. (北京國研網絡數據科技有限公司). Prior to joining State Research Internet and Data (Beijing) Co., Ltd., Mr. Li worked at State Research Information and Technology Co., Ltd. (國研信息科技有限公司) and Development Research Centre of the State Council (國務院發展研究中心).

Mr. Li received his bachelor's degree in automation in July 1994 and his master's degree in systems engineering in June 1997 from Tsinghua University (清華大學).

Mr. Qin Liu (劉芹) (former name: Ya Liu (劉雅)), aged 52, was re-designated as a non-executive Director in March 2024. He is primarily responsible for providing strategic advice on the development of the Company.

Mr. Liu co-founded and has been serving as a managing partner of 5Y Capital (formerly known as Morningside Venture Capital Limited) since June 2007. Before co-founding 5Y Capital, Mr. Liu served various roles including the business development director for investment at Morningside IT Management Services (Shanghai) Co. Ltd. (晨興信息科技諮詢(上海)有限公司) from July 2000 to November 2008. Mr. Liu has been a director of JOYY Inc. (NASDAQ: YY) since June 2008, and he currently serves as a member of the corporate governance and nominating committee and the investment committee of JOYY Inc.. Mr. Liu became a director of Xiaomi Corporation (stock code: 1810.HK) in May 2010, and he currently serves as a non-executive director and a member of the audit committee of Xiaomi Corporation. Since December 2014, Liu Qin has been a director of Agora, Inc. (NASDAQ: API), and he currently serves as a member of the audit committee, the nominating and corporate governance committee and the compensation committee of Agora, Inc. Mr. Liu served as a non-executive director of XPeng Inc. (NYSE: XPEV, stock code: 9868.HK) from September 2019 to June 2023.

Mr. Liu received his bachelor's degree in industrial electrical automation from University of Science and Technology Beijing (北京科技大學) in July 1993, and his master's degree in business administration from China Europe International Business School (中歐國際工商學院) in April 2000.

Dr. André Stoffels, aged 56, was re-designated as a non-executive Director in March 2024. He is primarily responsible for providing strategic advice on the development of the Company.

From September 2023 to present, Dr. Stoffels has been the chief financial officer at CARIAD SE, prior to which he held various senior positions within Volkswagen Group including the executive first vice president (finance) in FAW-Volkswagen Co. Ltd. from April 2019 to July 2023, a management position in finance, China, compliance and integrity department at AUDI AG from October 2018 to March 2019, the chief financial officer at Ducati Motor Holding spa from September 2015 to September 2018, the chief financial officer in Volkswagen Group España Distribución from May 2012 to August 2015, and the head of strategic corporate planning at AUDI AG from June 2004 to April 2012.

Dr. Stoffels received his diploma in engineering (general engineering) from École Centrale in France and his diploma in engineering (electrical engineering) from RWTH Aachen University in Germany in June 1994 and December 1995, respectively. Dr. Stoffels received his Ph.D. degree in mechanical engineering from Technical University Darmstadt in Germany in May 2001.

Dr. Juehui Zhang (張覺慧), aged 62, was appointed as a Director in January 2024 and re-designated as a non-executive Director in March 2024. He is primarily responsible for providing strategic advice on the development of the Company.

Dr. Zhang has been the deputy chief engineer at SAIC Motor from October 2019 to present, prior to which he successively served as deputy general manager of SAIC Motor's fuel cell division, deputy director of the engineering research institute, deputy general manager of the new energy vehicle division, deputy director of the technology center, director of the new energy and technology management department, chief engineer of the passenger vehicle division, deputy director of the technology center, and executive deputy director of the technology center from June 2006 to September 2019. From August 1986 to June 2006, Dr. Zhang successively served as product engineering designer, head of the technical coordination department and head of product engineering of Shanghai Volkswagen Automotive Co., Ltd. (上海大眾汽車有限公司). Dr. Zhang has been a director of Z-ONE Technology Co., Ltd. (零束科技有限公司) since December 2021 and a supervisor of Shanghai Hydrogen Propulsion Technology Co. Ltd. (上海捷氫科技股份有限公司) since December 2021.

Dr. Zhang received his bachelor's degree in mechanical engineering in July 1986 and his Ph.D. degree in vehicle engineering from Tongji University (同濟大學) in March 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Jun Pu (浦軍), aged 48, was appointed as an independent non-executive Director in October 2024. He is primarily responsible for providing independent opinion and judgment to the Board.

Dr. Pu has been an accounting professor since December 2016 at University of International Business and Economics (對外經濟貿易大學), a researcher of the Beijing Enterprises' Global Management Research Centre (北京企業國際化經營基地) and the Research Centre for the Internationalization of Chinese Enterprises (中國企業國際化經營研究中心) since 2005 at University of International Business and Economics (對外經濟貿易大學).

Dr. Pu has been an independent non-executive director and the chairman of the audit committee of the board of directors of China Quanjude (Group) Co., Ltd. (中國全聚德(集團)股份有限公司, stock code: 002186.SZ) since January 2019, an independent non-executive director and the chairman of the audit committee of the board of directors of China Science Publishing & Media Ltd (中國科技出版傳媒股份有限公司, stock code: 601858.SH) since January 2022, and an independent non-executive director and a member of the audit committee of the board of directors of Ecovacs Robotics Co., Ltd. (科沃斯機器人股份有限公司, stock code: 603486.SH) since May 2022. Dr. Pu served as an independent non-executive director of Beijing Baination Pictures Co., Ltd. (北京百納千成影視股份有限公司, stock code: 300291.SZ) from November 2016 to March 2023 and an independent non-executive director of New Journey Health Technology Group Co., Ltd. (新里程健康科技集團股份有限公司, stock code: 002219.SZ) from March 2021 to June 2024.

Dr. Pu received his bachelor's degree in economics in July 1999, master's degree in management in June 2002 and Ph.D. degree in economics in June 2005 from University of International Business and Economics (對外經濟貿易大學).

Mr. Yingqiu Wu (吳迎秋), aged 63, was appointed as an independent non-executive Director in October 2024. He is primarily responsible for providing independent opinion and judgment to the Board.

Mr. Wu has been the chairman and chief executive officer of Huanqiu Automobile Group (寰球汽車集團) since January 2011. He was an adjunct professor at the school of journalism at Lanzhou university (蘭州大學). Mr. Wu served as the senior vice president and the chairman of the media committee of Yiche Media Group (易車傳媒集團) from February 2008 to December 2010. From December 1987 to February 2008, Mr. Wu worked at China Automotive News (中國汽車報社) with the last position as deputy editor.

Mr. Wu received his bachelor's degree in literature from Lanzhou University (蘭州大學) in 1983.

Dr. Katherine Rong XIN, aged 61, was appointed as an independent non-executive Director in October 2024. She is primarily responsible for providing independent opinion and judgment to the Board.

Dr. XIN has been a professor of management since September 2001 and associate dean since 2011 at the China Europe International Business School (中歐國際工商學院). She worked as a professor and associate professor in various renowned universities from 1999 to 2009. Dr. XIN served as an independent director in Shanghai Blossom Hill Hotel Management Co. Ltd., (上海布洛斯酒店管理有限公司), a company mainly engaged in boutique hotel management in China under the brand of Blossom Hill (花間堂), from March 2012 to April 2017.

Dr. XIN has been an independent non-executive director of Fosun Tourism Group (復星旅遊文化集團, stock code: 1992.HK) since November 2018, an independent non-executive director of EuroEyes International Eye Clinic Limited (德視佳國際眼科有限公司, stock code: 1846.HK) since April 2021, an independent non-executive director of Kingdee International Software Group Company Limited (金蝶國際軟件集團有限公司, stock code: 268.HK) since December 2021, an independent non-executive director of Landsea Green Life Service Company Limited (朗詩綠色生活服務有限公司, stock code: 1965.HK) since April 2022. Dr. XIN served as a director of Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司, stock code: 300750.SZ) November 2022 to December 2024 and an independent non-executive director of Besunyen Holdings Company Limited (碧生源控股有限公司, stock code: 926.HK) from July 2010 to December 2012. Dr. XIN was awarded the Chinese Most

Cited Researchers by Elsevier, a global provider of scientific, technical, and medical information, for ten consecutive years from 2014 to 2024.

Dr. XIN received her bachelor's degree in English from Auhui University (安徽大學) in July 1984. She received her master's degree in applied linguistics from Graduate University of Chinese Academy of Sciences (中國科學院研究生院) in July 1986, and her master's degree in business administration from California State University in the United States in June 1991. She received her Ph.D. degree in business administration from the University of California in the United States in June 1995.

Dr. Ya-Qin Zhang (張亞勤), aged 59, was re-designated as an independent non-executive Director in March 2024. He is primarily responsible for providing independent opinion and judgment to the Board.

Dr. Zhang was the president of Baidu Inc. (NASDAQ: BIDU, stock code: 9888.HK) from 2014 to 2019. Prior to Baidu, Dr. Zhang had been an executive at Microsoft for 16 years with different key positions, including managing director of Microsoft Research Asia, chairman of Microsoft China, and corporate vice president and chairman of Microsoft Asia R&D.

Dr. Zhang was elected as a fellow of the Chinese Academy of Engineering (CAE), the American Academy of Arts and Sciences (AAA&S), the Australian Academy of Technology and Engineering (ATSE), the National Academy of Inventors (NAI), and the Euro-Asia Academy of Sciences. He is a fellow of IEEE and CAAI. He is one of the top scientists and technologists in computer engineering, with over 500 papers authored, 60 U.S. patents granted, and 11 books published. His original research has become the basis for start-up ventures, new products, and international standards.

Dr. Zhang has been an independent non-executive director of AsiaInfo Technologies Limited (亞信科技控股有限公司, stock code: 1675.HK) since December 2018. He has been a non-executive director of WPP (NYSE: WPP, LSE: WPP) since January 2021 and Chinasoft International Limited (中軟國際有限公司, stock code: 354.HK) since December 2008.

Dr. Zhang received his bachelor's degree in radio electronics and master's degree in telecommunication and electrical systems from the University of Science and Technology of China (中國科技大學) in July 1983 and January 1986, respectively. In February 1990, Dr. Zhang received his Ph.D. degree in electrical engineering from George Washington University, Washington D.C.

SENIOR MANAGEMENT

Dr. Kai Yu, Dr. Chang Huang, Ms. Feiwen Tao and Dr. Liming Chen are the members of our senior management. Please refer to the above sections for their biographical details.

JOINT COMPANY SECRETARIES

Ms. Qi Zhao (趙奇) is our joint company secretary. Ms. Zhao joined the Company in December 2015 and now serves as the head of compliance of legal and compliance department, responsible for regulatory compliance matters of the Company. Ms. Zhao received her bachelor's degree in English from Shanghai Jiao Tong University (上海交通大學) in July 2010 and her master's degree in law from Fudan University (復旦大學) in June 2013.

Ms. Ka Man So (蘇嘉敏) is a director of the company secretarial services of Tricor Services Limited and has been providing professional corporate services to Hong Kong listed companies as well as multi-national, private and offshore companies. Ms. So has over 20 years of experience in the corporate secretarial and compliance service field. Ms. So is currently acting as the company secretary or joint company secretary of a few listed companies on the Stock Exchange.

Ms. So received her bachelor's degree of arts in accountancy from The Hong Kong Polytechnic University in November 1996. Ms. So is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Corporate Governance Report

The Board is dedicated to upholding high standards of corporate governance, recognizing that such standards are vital in establishing a framework to safeguard the interests of Shareholders while promoting corporate value and accountability.

CORPORATE PURPOSE, CULTURE AND STRATEGY

The Company recognizes that a good corporate culture is essential to support and complement its corporate governance efforts and corporate image, and has developed a corporate culture emphasizing on lawful, ethical and responsible business conduct over the years, which has been reflected in the overall operations and management of the Group. In order to promote open communication in the workplace and high ethical standards among staff and management of the Group, the Group has established anti-corruption and whistle-blowing policies and training, to provide guidance on identifying potential breaches or improper behaviour, reporting procedures and consequences of violations of such policies. For further details on the Group's anti-corruption and whistle-blowing policies, please refer to the section headed "Environmental, Social and Governance Report" of this annual report.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and promoting stringent corporate governance standards.

The Company aims to achieve high standards of corporate governance which are crucial to the Company's development and safeguard the interests of the Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board of Directors to all Shareholders.

Save for the deviation from code provision C.2.1 of Part 2 of the Corporate Governance Code, which is explained in the section headed "Chairman and Chief Executive Officer", the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code during the Relevant Period. Key corporate governance principles and practices of the Company as well as the foregoing deviation are summarized below.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

MODEL CODE FOR SECURITIES TRANSACTIONS

As the Shares were listed on the Stock Exchange on the Listing Date, the provisions regarding compliance with the Model Code is only applicable to the Company since the Listing Date. The Company has adopted the Model Code to regulate all dealings by Directors and relevant employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code since the Listing Date and up to December 31, 2024. No incident of non-compliance of the Model Code was noted by the Company since the Listing Date and up to December 31, 2024.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and Relevant Employees in advance.

BOARD OF DIRECTORS

Board Composition

The Board currently comprises the following Directors:

Executive Directors

Dr. Kai Yu *(Chairman of the Board and Chief Executive Officer)*
Dr. Chang Huang
Ms. Feiwen Tao
Dr. Liming Chen

Non-executive Directors

Mr. Liang Li
Mr. Qin Liu
Dr. André Stoffels
Dr. Juehui Zhang

Independent non-executive Directors

Dr. Jun Pu
Mr. Yingqiu Wu
Dr. Katherine Rong XIN
Dr. Ya-Qin Zhang

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" of this annual report. Save as disclosed in this annual report, there has been no change to the information of the Directors and chief executive of the Company which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules. To the best knowledge of the Company, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the members of the Board.

Save as disclosed above, during the Relevant Period and up to the Latest Practicable Date, the Board has met the requirements of the Listing Rules regarding the appointment of at least three independent non-executive directors (representing at least one-third of the board), with at least one of whom possessing appropriate professional qualifications, or accounting, or related financial management expertise.

The Company has obtained written annual confirmations from each of the independent non-executive Directors regarding their independence, in accordance with the criteria outlined in Rule 3.13 of the Listing Rules. Based on these confirmations, the Company considers all independent non-executive Directors to be independent.

Each of the Directors has confirmed that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in March 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Responsibilities and Delegation

The Board is responsible for the leadership and control of the Company, directing and supervising the Company's affairs and acting in the best interests of the Company and its Shareholders.

Through its committees, the Board directs and provides clear directions to management by establishing strategies and overseeing their implementation. It monitors the Group's operational and financial performance and ensures that effective risk management and internal control systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have full and timely access to all the information of the Company, and may upon request, seek independent professional advice in appropriate circumstances at the Company's expense for discharging their duties to the Company. The Directors have disclosed to the Company details of other offices held by them.

The Board reserves its discretion on all major matters relating to policy matters, strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the Chief Executive Officer and management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval must be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

Chairman and Chief Executive Officer

Pursuant to Code Provision C.2.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Dr. Kai Yu currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. 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 Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest developments.

Appointment and Re-election of Directors

According to the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first annual general meeting of the Company after such Director's appointment. A retiring Director shall retain office until the close of the meeting at which such Director retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Each Director (including the non-executive Directors and independent non-executive Directors) is engaged for an initial term of three years commencing from the Listing Date. They are subject to retirement and re-election in accordance with the provisions of the Articles of Association as mentioned above.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. The newly appointed Directors were also provided with a detailed induction to the Group's businesses by senior management.

Pursuant to code provision C.1.4 as set out in Part 2 of the Corporate Governance Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expense.

The training received by the Directors throughout the Reporting Period is summarized below:

Name of Director	Participated in continuous professional development[1]
Executive Directors	
Dr. Kai Yu	✓
Dr. Chang Huang	✓
Ms. Feiwen Tao	✓
Dr. Liming Chen	✓
Non-executive Directors	
Mr. Liang Li	✓
Mr. Qin Liu	✓
Dr. André Stoffels	✓
Dr. Juehui Zhang	✓
Independent Non-executive Directors	
Dr. Jun Pu	✓
Mr. Yingqiu Wu	✓
Dr. Katherine Rong XIN	✓
Dr. Ya-Qin Zhang	✓

Note:

(1) attended training/seminar/conference arranged by the Company or other external parties or read relevant materials

Board Activities

The Company adopts the practice of holding Board meetings regularly, at least four times a year and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board meetings and Board committees meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board committees members at least three days before such meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

The matters considered by the Board and Board committees and the decisions reached are recorded in sufficient details in the minutes of the Board meetings and Board committees meetings. Such details include, but are not limited to, any concerns raised by the Directors. The draft minutes of each Board meeting and Board committees meeting are sent to the relevant Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

As the Company was listed on the Stock Exchange on October 24, 2024, no Board meetings or Board committee meetings were held during the Relevant Period. During the period from the Listing Date and up to the Latest Practicable Date, the Board convened one board meeting and one meeting for each of the Board committees. The Company did not hold any general meetings during the Relevant Period. The attendance records of each Director at the above meetings are set out in the table below:

		Attendance/Number of Meetings			
Name of Director	Board	Audit Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee
Dr. Kai Yu	1/1	–	1/1	1/1	–
Dr. Chang Huang	1/1	–	–	–	–
Ms. Feiwen Tao	1/1	–	–	–	–
Dr. Liming Chen	1/1	–	–	–	–
Mr. Liang Li	1/1	–	–	–	–
Mr. Qin Liu	1/1	–	–	–	–
Dr. André Stoffels	1/1	–	–	–	–
Dr. Juehui Zhang	1/1	–	–	–	–
Dr. Jun Pu	1/1	1/1	–	–	1/1
Mr. Yingqiu Wu	1/1	–	1/1	–	1/1
Dr. Katherine Rong XIN	1/1	1/1	1/1	1/1	–
Dr. Ya-Qin Zhang	1/1	1/1	–	1/1	1/1

In addition, the chairman of the Board held a meeting with the independent non-executive Directors without the presence of other Directors during the period from the Listing Date and up to the Latest Practicable Date.

BOARD COMMITTEES

The Board has established four Board committees, namely, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees are established with specific terms of reference which deal clearly with their authority and duties, and are published on the Company's website and the Stock Exchange's website.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, the risk management and internal controls systems of the Group, to review connected transactions and to advise the Board. The Audit Committee comprises three independent non-executive Directors, namely, Dr. Jun Pu, Dr. Katherine Rong XIN and Dr. Ya-Qin Zhang. The chairman of the Audit Committee is Dr. Jun Pu who possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

None of the members of the Audit Committee is a former partner of the Company's existing Auditor, PricewaterhouseCoopers.

As the Company was listed on the Stock Exchange on October 24, 2024, no Audit Committee meeting was held during the Relevant Period. During the period from the Listing Date and up to the Latest Practicable Date, the Audit Committee has held one meeting, in which the Audit Committee has performed the following major tasks:

- reviewed the audited annual results and annual report of the Group for the year ended December 31, 2024;
- reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, financial reporting and internal audit function;
- reviewed the risk management and internal control systems of the Group;
- discussed and reviewed the Auditor's independence and terms of engagement for the year ending December 31, 2024, and made recommendations on the re-appointment of the Auditor; and
- reviewed the Auditor's independence and terms of engagement for the year ended December 31, 2024.

The Auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. The Audit Committee also met with the Auditor without the presence of management. The Audit Committee was satisfied with the independence and engagement of the Auditor. As such, the Audit Committee has recommended the re-appointment of the Auditor.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with Rule 8A.27 of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to review the Board structure, size and composition (including the skills, knowledge and experience), to make recommendations to the Board regarding the rotation and appointment of Directors and Board succession, and to assess the independence of independent non-executive Directors. The Nomination Committee comprises one executive Director, namely, Dr. Kai Yu and two independent non-executive Directors, namely, Mr. Yingqiu Wu and Dr. Katherine Rong XIN. Mr. Yingqiu Wu is the chairman of the Nomination Committee.

As the Company was listed on the Stock Exchange on October 24, 2024, no Nomination Committee meeting was held during the Relevant Period. During the period from the Listing Date and up to the Latest Practicable Date, the Nomination Committee has held one meeting, in which the Nomination Committee has performed the following major tasks:

- reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group;
- recommended the re-election of the retiring Directors at the forthcoming annual general meeting;
- assessed the independence of all the independent non-executive Directors;
- reviewed the implementation and effectiveness of the Board Diversity Policy (as defined below); and
- reviewed and recommended on the amendment of terms of reference of Nomination Committee.

Diversity

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") to strengthen its effectiveness and to uphold a high standard of corporate governance. The Company acknowledges and values the advantages of maintaining a diverse Board. Pursuant to the Board Diversity Policy, when reviewing and assessing potential candidates for a role of Director, the Nomination Committee takes into account a range of diversity dimensions with reference to the Company's business model and specific needs. These dimensions include but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry expertise and regional experience and/or length of service.

The Nomination Committee is responsible for reviewing the diversity of the Board. It will from time to time review the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective.

As of the date of this annual report, the Board comprised twelve Directors, including two female members. The Board has achieved gender diversity, thereby meeting the requirements as set forth in Rule 13.92 of the Listing Rules. Additionally, the Company is committed to promoting gender diversity in its recruitment processes, particularly for mid to senior-level positions, to establish a pipeline of female senior management and potential successors to the Board.

The Company plans to offer all-rounded trainings to female employees whom we consider having the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. The Company is of the view that such strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in the future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run.

Diversity of Employees

The Company strives to enhance gender diversity of staff and management to create a fair, diverse and inclusive workplace. As of December 31, 2024, the gender ratio of the Group's workforce (including the Company's senior management) was approximately 80.7% male to 19.3% female. To achieve the goal of improving fairness and create more opportunities for female employees, the Group has put in place recruitment and hiring, training and promotion measures such that a diverse range of candidates are considered. The Group also provides physical and mental health, care and benefits, a safe workplace environment and communication channels to empower our female employees. During the Relevant Period, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the Group's workforce (including senior management) more challenging or less relevant.

More details of the Group's diversity practices for employees are set forth in the section headed "Environmental, Social and Governance Report" of this annual report.

Mechanism Regarding Independent Views to the Board

The Board has implemented different ways to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively.

The following mechanism is in place in order to ensure that there is a strong independent element on the Board which is key to the Board's effectiveness:

Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to the Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

Independent Assessment in Nomination Practices

The Company has a nomination policy for election of Directors. Such policy, devising the criteria and procedures of selection and performance evaluation, provides guidance to the Board on the nomination and appointment of Directors (including the independent non-executive Directors) of the Company. The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure they can continually exercise independent judgment.

The Board believes that the defined selection process is good for corporate governance in serving the Board continuity and appropriate leadership at Board level, enhancing Board effectiveness and diversity, and ensuring independent views and input are available to the Board.

Compensation

No equity-based remuneration with performance-related elements has been granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

Board Decision Making

The Directors (including independent non-executive Directors), upon reasonable request, may seek independent professional advice at the Company's expense, to assist in the performance of their duties. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than a written resolution. A Director who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to establish a formal and transparent procedure for developing policy to review the terms of incentive schemes and directors' service contracts. The Remuneration Committee comprises one executive Director, namely, Dr. Kai Yu, and two independent non-executive Directors, namely, Dr. Katherine Rong XIN and Dr. Ya-Qin Zhang. Dr. Ya-Qin Zhang is the chairman of the Remuneration Committee.

As the Company was listed on the Stock Exchange on October 24, 2024, no Remuneration Committee meeting was held during the Reporting Period. During the period from the Listing Date and up to the Latest Practicable Date, the Remuneration Committee has held one meeting, in which the Remuneration Committee has performed the following major tasks:

- reviewed and recommended on the terms of remuneration packages of the Directors and senior management of the Company.

Pursuant to code provision E.1.5 as set out in Part 2 of the Corporate Governance Code, the annual remuneration (including share-based compensation) of the members of senior management for the year ended December 31, 2024, including those members of senior management who are also the executive Directors, by band for the Reporting Period is set out below:

Annual Remuneration	Number of individuals
HK$0	5
HK$1 to HK$5,000,000	4
HK$5,000,000 to HK$10,000,000	3
HK$10,000,001 to HK$70,000,000	2

Further details of the remuneration of Directors for the Reporting Period are set out in Note 35 to the Consolidated Financial Statements in this annual report.

There was no matter relating to any grants or options under the share schemes of the Company during the Reporting Period which is required to be reviewed or considered by the Remuneration Committee under the Listing Rules.

Corporate Governance Committee

The Company has established the Corporate Governance Committee with written terms of reference in compliance with Rule 8A.30 of the Listing Rules and the Corporate Governance Code. The primary duties of the Corporate Governance Committee are to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the weighted voting rights structure of the Company. The Corporate Governance Committee comprises three independent non-executive Directors, namely, Dr. Ya-Qin Zhang, Dr. Jun Pu and Mr. Yingqiu Wu. Dr. Ya-Qin Zhang is the chairman of the Corporate Governance Committee

As the Company was listed on the Stock Exchange on October 24, 2024, no Corporate Governance Committee meeting was held during the Relevant Period. During the period from the Listing Date and up to the Latest Practicable Date, the Corporate Governance Committee has held one meeting, in which the Corporate Governance Committee has performed the following major tasks:

- reviewed the Company's compliance with laws, regulations and the Corporate Governance Code, and the disclosure in the Corporate Governance Report;
- reviewed the deviation from the code provisions of the Corporate Governance Code, and considered reasons and explanation in respect of the deviation;
- reviewed and monitored whether the Company is operated and managed for the benefits of all its Shareholders;
- reviewed and monitored the management of conflicts of interests between the Group/the Shareholders on one hand and the WVR Beneficiaries on the other;
- reviewed and monitored all risks related to the weighted voting rights structure;
- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed the remuneration, the terms of appointment of the Company's compliance adviser; and
- reviewed the implementation and effectiveness of the shareholders' communication policy;

The Corporate Governance Committee has confirmed that (i) the WVR Beneficiaries have been members of the Board throughout the Relevant Period; (ii) no matter under Rule 8A.17 of the Listing Rules has occurred during the Relevant Period; and (iii) the WVR Beneficiaries have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules during the Relevant Period.

In particular, the Corporate Governance Committee has confirmed to the Board that it was of the view that the Company has adopted sufficient corporate governance measures to manage the potential conflict of interests between the Group and the WVR Beneficiaries in order to ensure that the operations and management of the Company are in the interests of the Shareholders as a whole. These measures include the Corporate Governance Committee ensuring that (i) any connected transactions are disclosed and dealt with in accordance with the requirements of the Listing Rules, (ii) any Directors who have a conflict of interest abstain from voting on the relevant board resolution, and (iii) the compliance adviser is consulted on any matters related to transactions involving the WVR Beneficiaries or a potential conflict of interest between the Group and the WVR Beneficiaries. The Corporate Governance Committee recommended the Board to continue the implementation of these measures and to periodically review their efficacy towards these objectives.

Having reviewed the remuneration and the terms of engagement of the compliance advisor, the Corporate Governance Committee confirmed to the Board that it was not aware of any factors that would require it to consider either the removal of the current compliance adviser or the appointment of a new compliance advisor during the Relevant Period. As a result, the Corporate Governance Committee recommended that the Board retain the services of compliance adviser of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and they can only provide reasonable, but not absolute, assurance against material misstatements or losses.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risk of failure to achieve the Company's strategic objectives, as well as establishing and maintaining effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management team to oversee the design, implementation and monitoring of the risk management and internal control systems.

The management considers it is important to establish and continue to improve its risk management and internal control systems, and has strengthened internal control, internal audit, compliance and forensic functions of the Company during the Relevant Period. The Company's risk management and internal control systems have been developed with the following principles, features and processes:

Organization Principles

To ensure that the risk management and internal control systems are effective, the Company, under the supervision and guidance of the Board and factoring the actual needs of the Company, has adopted the "Three Lines of Defense" model as an official organizational structure for risk management and internal control.

The First Line of Defense – Management and Operation

The first line of defense is mainly implemented by the business departments of the Company which are responsible for the day-to-day operations, and they are responsible for designing and implementing control measures to address the risks.

The Second Line of Defense – Risk Management, Internal Control and Other Functions

The second line of defense is mainly implemented by, among others, the internal control team, the finance department, the legal department, the information security department, the quality and operations department and other departments with similar functions. To ensure effective implementation of such systems, this line of defense also assists and supervises the first line of defense in the establishment and improvement of risk management and internal control systems.

The Third Line of Defense – Internal Audit and Forensic

The third line of defense is mainly implemented by the internal audit department, which hold a high degree of independence. The internal audit team provides an evaluation on the effectiveness of the Company's risk management and internal control systems, and monitors management's continuous improvement over these areas. The forensic team is responsible for receiving whistle-blowing reports and investigating alleged fraudulent incidents.

Risk Management Process

The Company has established a risk management system (including the "Three Lines of Defense" internal monitoring model as detailed above) which sets out the roles and responsibilities of each relevant party as well as the relevant risk management policies and processes.

All business and functional departments of the Company are responsible for conducting internal control assessment regularly to identify risks that may potentially impact the business of the Group.

The internal audit department is responsible for performing independent review of the effectiveness and adequacy of the risk management and internal control systems. The internal audit department examined key issues in relation to the material controls over accounting practice and critical business areas and reported to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management, has reviewed the report from the management and findings from the internal audit, and reviewed the risk management and internal control systems, including the financial, operational and compliance controls. The annual review also covered areas on the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, financial reporting and internal audit functions.

The Board considered the risk management and internal control systems of the Company during the Relevant Period were effective and adequate.

Proper internal control procedures and guidelines are in place to guard against mishandling of inside information which may constitute insider dealing or breach of any other statutory obligations. Access to inside information is at all times confined to relevant personnel (i.e. Company's Directors, senior management and relevant employees) and on "as needed" basis until proper disclosure or dissemination of inside information in accordance with applicable laws and regulations. Company's Directors, senior management and relevant employees in possession of potential inside information and/or inside information are required to take reasonable measures to ensure that proper safeguards are in place to preserve strict confidentiality of inside information and to ensure that its recipients recognize their obligations to maintain the information confidential.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the Reporting Period.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The senior management has provided to the Board necessary explanation and information to enable the Board to make an informed assessment of the financial information and position of the Company, which are put forward to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the Auditor about their reporting responsibilities on the Consolidated Financial Statements is set out under the section headed "Independent Auditor's Report" of this annual report.

AUDITOR'S REMUNERATION

The remuneration paid or payable for the audit and non-audit services provided by the Auditor to the Group for the Reporting Period is analyzed below. The remuneration for the audit services also includes the service fees in connection with our Hong Kong IPO. The non-audit services conducted by the Auditor mainly include professional services on tax advisory and other consultation services.

Type of services provided by the Auditor	**Expenses paid/payable** *(RMB'000)*
Audit services	13,067
Non-audit services	1,389
Total	14,456

JOINT COMPANY SECRETARIES

Ms. Qi Zhao, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

Ms. Ka Man So of Tricor Services Limited, an external service provider, has been engaged by the Company as the other joint company secretary to assist Ms. Qi Zhao to discharge her duties as the joint company secretary of the Company. The primary contact person at the Company is Ms. Qi Zhao.

For the Reporting Period, the joint company secretaries of the Company took not less than 15 hours of relevant professional training respectively, in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has in place a shareholders' communication policy to ensure that the Shareholders' views and concerns are appropriately addressed. The Board believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decisions.

The general meetings of the Company provide an opportunity for communication between the Directors, senior management and the Shareholders. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee, in their absence, other members of the respective committees, are available to answer questions at general meetings. The chairman of the meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll. The annual general meeting shall be called by at least 21 clear days' notice to Shareholders in writing and any extraordinary general meeting shall be called at least 14 clear days' notice to Shareholders in writing.

The Company will publish in a timely manner both English and Chinese versions of (i) any corporate communication (as defined in the Listing Rules) of the Company that requires Shareholders' attention or action, and (ii) announcements relating to matters to be disclosed under the Listing Rules (including but not limited to those involving inside information, corporate actions and corporate transactions).

The Company maintains a website at https://www.horizon.auto as a communication platform with the Shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company, for the attention of the Board of Directors, as follows:

Address: Room 1928, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong
Email: investor_relations@horizon.auto

The Company continues to enhance communications and relationships with the Shareholders and investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them posted of the Company's developments. Enquiries from the Shareholders and investors are dealt with in an informative and timely manner.

The Company ensures that the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, maintains the most up-to-date information relating to the Shares at all times so that it can respond effectively to the Shareholders' enquiries.

The Corporate Governance Committee has reviewed the implementation and effectiveness of the shareholders' communication policy during the Relevant Period, and is of the view that the policy was effective and adequate as it has provided various channels for Shareholders, potential investors and other stakeholders of the Group to share their views with the Company.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at the Shareholders' meetings on each substantial issue, including the election of individual Directors, for the Shareholders' consideration and voting. All resolutions put forward at the Shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (https://www.horizon.auto) and the Stock Exchange (www.hkexnews.hk) after each Shareholders' meeting.

Pursuant to the Articles of Association, extraordinary general meetings shall be convened on the requisition of any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued Shares which as at that date carry the right to vote at an extraordinary general meetings of the Company and add resolutions to the meeting agenda.

The Shareholders' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

If there are no Directors as of the date of the deposit of the Shareholders' requisition or if the Directors do not within 21 days from the date of the deposit of the Shareholders' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period.

For the avoidance of doubt, the Shareholders must deposit and send the original duly signed requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

There is no provision allowing the Shareholders to move new resolutions at general meetings under the Companies Act. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

With respect to the Shareholders' right to propose persons for election as Directors, please refer to the "Procedures for shareholders to propose a person for election as a director of the company" available on the website of the Company (https://www.horizon.auto).

SIGNIFICANT CHANGES TO CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution of the Shareholders passed on October 8, 2024, the amended and restated Memorandum and Articles of Association of the Company was adopted with effect from the Listing Date.

The current effective Memorandum and Articles of Association is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (https://www.horizon.auto).

Environmental, Social and Governance Report

ABOUT THIS REPORT

Report Overview

This Environmental, Social and Governance (ESG) report presents the sustainability effort and performance of Horizon Robotics (hereinafter referred to as "the Company" or "we") (Hong Kong Stock Exchange Stock Code: 09660) for the year 2024. It aims to disclose the concepts, management methods, initiatives, and performance achievements of the Company in relation to sustainable development issues during its operations to investors and other stakeholders.

Reporting Period

This report covers Horizon Robotics and its subsidiaries, with the information and data from January 1, 2024, to December 31, 2024 (hereinafter referred to as the "reporting period"). Any information beyond this period will be separately noted.

Compilation Basis

The Company has strictly followed the mandatory disclosure requirements and the "comply or explain" provisions of the *Environmental, Social and Governance Reporting Code* (hereinafter referred to as the "*ESG Reporting Code*") in Appendix C2 to the *Main Board Listing Rules* of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange" or the "Exchange") to compile this report, ensuring the comprehensiveness and accuracy of its content.

Reporting Principles

"Materiality": This report has been prepared to identify key stakeholders and their concerns about ESG issues, and to make targeted disclosures based on the relative materiality of their concerns. We have conducted a materiality assessment in accordance with the *ESG Reporting Code*, which includes the following procedures: (i) identifying relevant ESG issues, (ii) assessing the materiality of the issues, and (iii) board review and confirmation of the assessment process and results. This report addresses ESG issues based on the results of the materiality assessment, which is described in more detail in the "Stakeholder Engagement" and "Materiality Issue Analysis" sections later in this report.

"Quantitative": The report presents the key metrics at the environmental and social levels in quantitative terms, and the measurement criteria, methodologies, assumptions and/or calculation tools for the KPI in this report, as well as the sources of conversion factors used, are described in the corresponding places.

"Balance": This report objectively discloses both positive and negative information to ensure that the content presents an unbiased view of the Company's ESG performance during the reporting period.

"Consistency": Unless otherwise indicated, the data disclosed in this report are statistically consistent with previous years.

Report Language

This report is published in both Traditional Chinese and English versions. In the event of any discrepancies between the two versions, the Traditional Chinese version shall prevail.

Feedback on the Report

We deeply value the opinions of all stakeholders. This report is available in both Chinese and English for your reference. The electronic version of the report can be obtained from the Company's website at https://www.horizon.auto/or on the website of the Hong Kong Stock Exchange. Should you have any comments or suggestions regarding the Company's ESG management, please feel free to contact us via email. We look forward to your valuable feedback.

Email: investor_relations@horizon.auto

SUSTAINABLE DEVELOPMENT MANAGEMENT

Board Statement

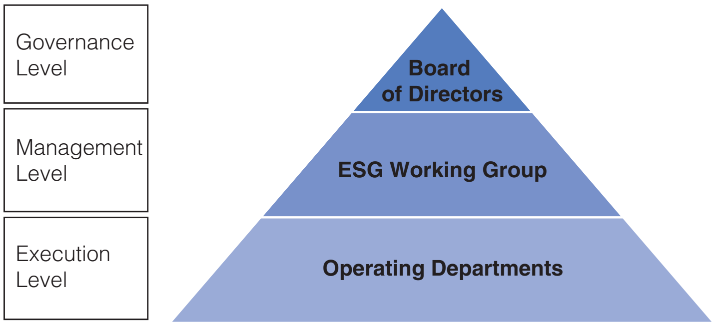
Horizon Robotics attaches great importance to sustainable development and has established a three-tier ESG governance structure comprising the Board of Directors – ESG Working Group – Executive Departments, closely integrating the concept of sustainable development management with the Company's strategic development. The Board, as the highest authority and decision-making body for the Company's ESG matters, is fully responsible for overseeing and managing the Company's ESG affairs. It is tasked with assessing and defining ESG-related risks and opportunities, ensuring the establishment of appropriate and effective ESG risk management measures, and holding regular annual meetings to discuss ESG management strategies and important issues.

We place great importance on the suggestions from stakeholders regarding ESG key issues and engage in close communication with them. The Board has been involved in the identification, assessment, prioritization, and management of the Company's ESG key issues, with the specific issue assessment process and results detailed in the "Stakeholder Engagement" and "Materiality Issue Analysis" sections of this report. The Company has set ESG targets and regularly reviews and examines the progress and performance of these targets, with the specific content described in the "Green Low-carbon Management" section.

This report has been reviewed and approved by the Board on March 21, 2025.

ESG Governance Structure

The Company actively practices the concept of sustainable development, and through the establishment of an ESG governance structure and the formation of a regularized mechanism for ESG management and responsibility, we have continuously improved the level and effectiveness of our ESG management and created long-term sustainable value. We have established a three-tier ESG governance structure, covering the Board of Directors, ESG Working Group, and Executive Departments, forming a clearly defined division of responsibilities.



ESG Governance Structure

ESG Responsibilities

Board of Directors	(1) Reviewing the risks and materiality of the Company's ESG matters; (2) Supervising and reviewing the Company's ESG management policies, strategies, management, performance, and progress of related targets; (3) Approving ESG reports, board statements, and other ESG-related disclosure materials; (4) Regularly reviewing reports from the ESG Working Group on important ESG matters.
ESG Working Group	(1) Regularly reporting the Company's ESG matters to the Board; (2) Implementing the strategies and policies of the Board, overseeing the Company's ESG matters, and formulating and approving ESG guiding documents; (3) Executing and supervising ESG management policies, strategies, and targets, monitoring progress and providing timely reports; (4) Organizing the compilation of ESG reports improvement work.
Executive Departments	(1) Implementing specific ESG management measures, promoting the implementation of ESG-related matters, and ensuring their completion; (2) Compiling public disclosure documents on the Company's performance in ESG-related matters; (3) Other ESG related duties.

Stakeholder Engagement

Horizon Robotics recognizes stakeholder engagement as a critical driver for advancing ESG governance. We maintain robust connections with stakeholders through diversified communication channels, including regular consultations, digital surveys, and one-on-one interviews, ensuring their rights to information and participation are fully respected. Insights and expectations gathered from these engagements are systematically integrated into corporate decision-making and operational practices. By aligning our strategies with stakeholder priorities, we foster collaborative partnerships to achieve sustainable value creation, ensuring our ESG initiatives remain responsive, inclusive, and aligned with the evolving needs of all parties involved.

Stakeholder Group	Main Concerns	Communication/Feedback Methods
Government and Regulatory Agencies	Compliance Operations Risk Management Business Ethics ESG Governance	On-site Research Government Visits Official Correspondence Information Disclosure
Shareholders and Investors	Compliance Operations Risk Management Business Ethics ESG Governance	Shareholders' Meetings Investor Conferences Earnings Presentations News/Announcements On-site Research
Directors and Senior Management	Compliance Operations Risk Management Business Ethics ESG Governance Research and Innovation in Technology Safe Intelligent Driving Solutions Responsible Algorithms	Board Meetings Investor Conferences Earnings Presentations Employee Representative Meetings Internal Management Meetings and Reports Corporate Governance-related Training Internal Information Communication Platforms
Employees	Employee Benefits and Care Diversity and Equal Opportunities Employee Development and Training Occupational Health and Safety	Various Employee Activities Internal Publications Employee Performance Appraisals Multimedia (Wechat Official Accounts and other Social Platforms)
Customers	Safe Intelligent Driving Solutions Responsible Algorithms Information Security and Privacy Protection Research and Technological Innovation Low-carbon Operations Energy Efficiency Improvement Resource Conservation	Customer Satisfaction Surveys Customer Hotlines Official Media Platforms Customer Exchange Meetings
Suppliers	Responsible Supply Chain Business Ethics Compliance Operations	Supplier Qualification Reviews Supplier Exchange Conferences
Peer/Industry Associations	Safe Intelligent Driving Solutions Research and Technological Innovation Responsible Algorithms Energy Efficiency Improvement	Industry Associations Exchange Visits Information Disclosure Exhibitions
Community and Public	Technology for Public Good and Social Welfare	News Social Welfare Projects Community Volunteer Activities Surveys

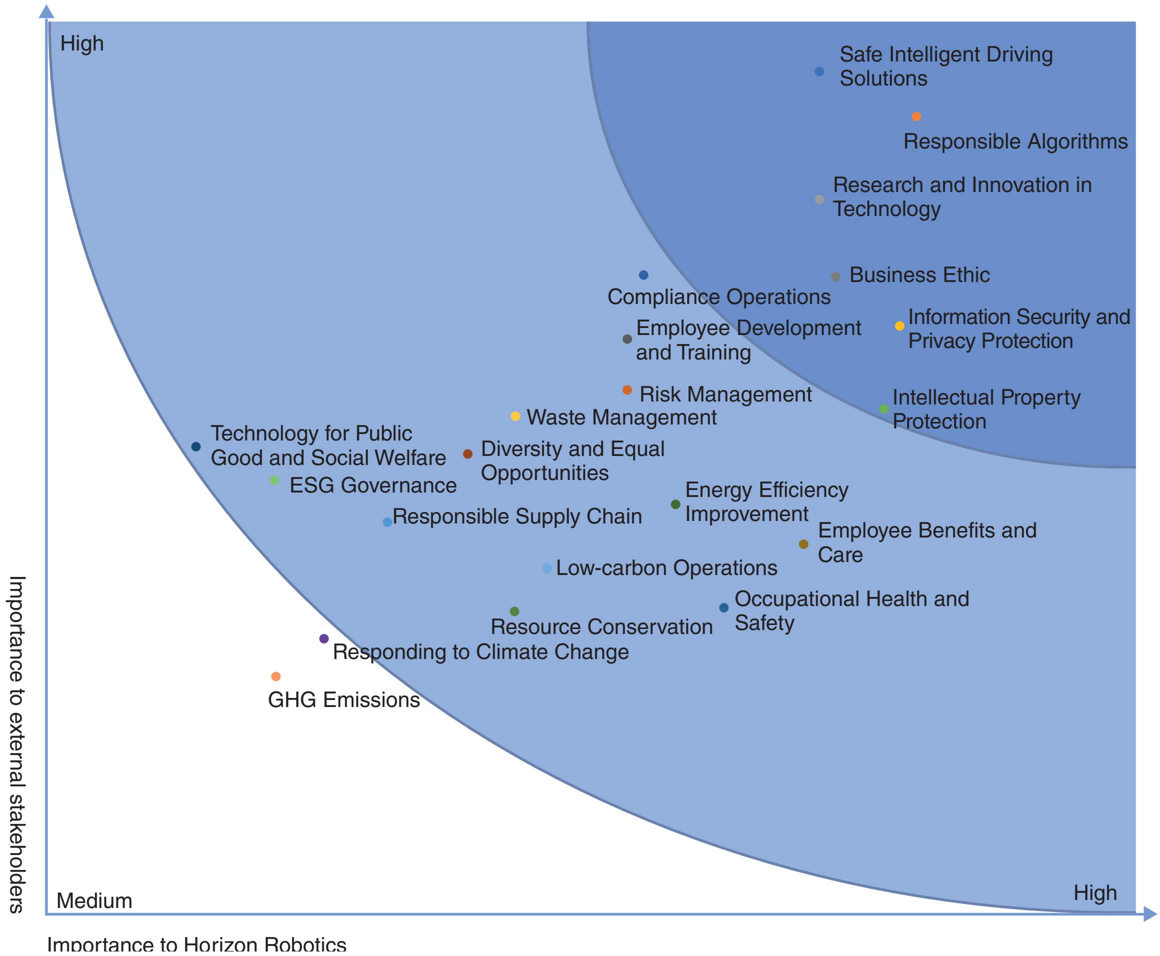
Materiality Issue Analysis

Horizon Robotics proactively engages in the systematic identification and management of ESG issues by actively soliciting feedback and recommendations from stakeholders. We regularly conduct specialized surveys across diverse channels to capture stakeholder expectations, distributing ESG-focused questionnaires to a broad spectrum of internal and external groups, including government and regulatory bodies, shareholders, investors, board members, executives, employees, clients, suppliers, industry associations, and community representatives. Through this process, we have collected over 1,000 data points to ensure comprehensive and objective insights into stakeholder priorities.

By analyzing these inputs, we evaluate and rank ESG-related topics to develop an ESG materiality matrix, which identifies issues most critical to both the Company and its stakeholders within the current operational context. This structured approach enables us to discern stakeholder concerns, align them with business imperatives, and prioritize actions that deliver shared value. The findings from this materiality assessment directly inform the content of our sustainability disclosures, ensuring transparency and coherence in communicating our ESG performance. Through this evidence-based methodology, we empower stakeholders to gain a better understanding of our sustainability journey while reinforcing our commitment to addressing material issues that drive long-term organizational and societal progress.

Step 1: Issue Identification	During the initial phase of report development, Horizon conducted in-depth benchmarking against industry-leading sustainability disclosures and aligned its content with regulatory disclosure requirements. Through a rigorous materiality assessment process, we identified 21 ESG material issues that are both highly prioritized by stakeholders and integral to our ESG strategy, establishing these as the core focus areas for disclosure.
Step 2: Conducting Surveys	Online questionnaires and targeted communications were used to send ESG materiality issue surveys to stakeholders, with more than 1,000 data points collected, and stakeholders scoring the issues from their own perspectives. We distributed ESG materiality questionnaires via digital platforms and targeted outreach, engaging diverse stakeholder groups. This process yielded over 1,000 data points, with stakeholders rating the relevance of each issue from their respective perspectives.
Step 3: Establishing the ESG Issue Materiality Matrix	Leveraging these insights alongside capital market ESG rating criteria, we evaluated the identified topics across two dimensions: "Importance to Horizon Robotics "and "Importance to external stakeholders". The analysis resulted in the creation of Horizon's 2024 ESG Materiality Matrix, which visually maps high-priority themes requiring focused management and disclosure.

Materiality Matrix



INNOVATION EMPOWERS, SAFETY PREVAILS

Guided by the mission of "To make human life safer and better through smart vehicles" and the vision of "To create the best smart driving products loved by people everywhere", following a human-centric product philosophy, Horizon Robotics continuously enhances its intelligent driving solutions through iterative upgrades built upon cutting-edge software algorithms. Upholding an open and collaborative ecosystem approach, the Company remains committed to empowering industry partners and establishing new benchmarks for advanced intelligent driving technologies in the automotive sector.

Innovation Leading Industry Development

Horizon Robotics has always regarded innovation as the cornerstone of enterprise development. By forging strategic collaborations with industry partners, the Company focuses on translating cutting-edge R&D achievements into practical products, not only enhancing user experiences but also propelling the intelligent driving industry to unprecedented levels. Recognizing the critical importance of synergy, Horizon Robotics actively collaborates with upstream and downstream stakeholders across the value chain to cultivate an open ecosystem for intelligent driving. This collective effort aims to deliver smarter, more accessible mobility solutions for users.

Technological and Product Innovation

As an industry pioneer, the Company has championed and continuously advanced an integrated hardware and software solutions for scalable ADAS and AD. This strategy underscores Horizon Robotics' substantive technological breakthroughs in converging software and hardware systems, solidifying its leadership in steering industry-wide technological innovation.

- In 2016, the Company launched the first domestically developed and designed proprietary processing architecture tailored for advanced assisted driving and high-level autonomous driving functions – BPU;
- In 2017, the Company released China's first vehicle intelligent computing solution, the first-generation processing hardware-Journey;
- In 2020, the Company launched the first mass-production of Horizon Mono with Horizon Journey 2, which is the active safety advanced assisted driving solution;
- In 2022, the Company launched the first mass-production of Horizon Pilot with Horizon Journey 3, which is the high-speed navigation assisted driving solution.

In response to evolving intelligent driving demands, Horizon Robotics launched its new generation of vehicle processing hardware in 2024, the Horizon Journey 6, delivering optimized performance-cost efficiency across diverse autonomous driving scenarios. Leveraging its open architecture, developer-friendly features, and proven mass-production capabilities, the Horizon Journey 6 has secured platform nominations with over 20 automakers. Starting in 2025, it will empower 100+ vehicle models with advanced intelligent driving features, accelerating industry-wide adoption.

At the same time, Horizon Robotics has established a comprehensive development ecosystem around Horizon Journey 6, enabling partners to streamline solution deployment. Industry leaders have introduced differentiated mass-production solutions based on the platform, gaining increasing car companies' recognition.

In addition, the Company launched a new generation of intelligent driving solutions for all scenarios, Horizon SuperDrive (HSD), in 2024, with the first launch of three intelligent driving black technologies, creating a new benchmark for efficient and "easy to use" intelligent driving experience. The Horizon SuperDrive (HSD) system's universal cognitive capabilities enable comprehensive environmental understanding, ensuring it maintains both exceptional traffic efficiency and composed driving manners. When encountering peak-hour intersections requiring left/right turns, on-ramps, or roundabouts, the system executes efficient strategic decisions to navigate confidently and flexibly. In high-frequency urban scenarios such as mixed traffic zones and sudden pedestrian jaywalking incidents, it demonstrates human-like courtesy by yielding and adjusting routes. These integrated capabilities deliver an ultimate intelligent driving experience to users.

Case: Horizon Robotics' Full-scenario Intelligent Driving Solution Wins the 2024 "Global New Energy Vehicle Innovation Technology Award"

In September 2024, Horizon SuperDrive (HSD), the Company's full-scenario intelligent driving solution, was honored with the "Global New Energy Vehicle Innovation Technology Award" at the World New Energy Vehicle Congress. This prestigious accolade underscores Horizon Robotics' exceptional achievements in intelligent driving technological innovation.

Dr. Chen Liming, President of Horizon Robotics, elaborated on the latest advancements and technical strengths of the HSD solution. The system has successfully completed generalization testing in 12 representative and complex Chinese cities, demonstrating its robust adaptability and universal cognitive capabilities. Confronting diversified urban road networks and traffic ecosystems across different regions, HSD navigates seamlessly, delivering unparalleled intelligent driving experiences. Notably, the system eliminates reliance on high-definition maps, enabling nationwide road compatibility while substantially reducing implementation costs and technical barriers.

This award not only recognizes Horizon Robotics' technological innovation capabilities but also affirms its sustained dedication to the intelligent driving sector. Looking ahead, the Company remains committed to fostering open collaboration with industry partners to advance technological innovation and development. Through collective efforts, Horizon Robotics aims to provide users with safer, more convenient, and intelligent mobility experiences, further driving the evolution of human-centric intelligent driving solutions.

Ecosystem Empowerment & Industry Leadership

Horizon Robotics is committed to positioning itself as the foundational enabler of the intelligent driving industry, translating breakthrough technologies and products into tangible commercial value for ecosystem partners to drive large-scale adoption of autonomous driving solutions. Beyond empowering partners through technological innovation, the Company continues to strengthen industry infrastructure by cultivating a robust developer ecosystem. Through multi-channel engagements including developer communities and blended training programs, Horizon Robotics provides comprehensive support to intelligent vehicle developers, accelerating industry-wide capability building.

Leveraging its premier full-stack hardware-software integration capabilities and open, collaborative approach, the Company actively propels the advancement of the intelligent driving industry. The Company has established strategic partnerships with over 200 upstream and downstream players spanning software and hardware Tier-1 suppliers, ODMs, IDHs, computing hardware providers, mapping specialists, and sensor manufacturers, forming a mature ecosystem network. As China's most sophisticated open ecosystem architect, Horizon Robotics employs flexible business models to accelerate full-scenario intelligent driving implementation, fostering the democratization of cutting-edge driving technologies. This collaborative framework accelerates the realization of shared industry aspirations for accessible, human-centric intelligent mobility.

Case: Horizon Robotics Debuts Next-Gen Intelligent Driving Solutions at 2024 Greater Bay Area Auto Expo

In June 2024, the Greater Bay Area Auto Expo successfully commenced at the Shenzhen World Exhibition & Convention Center. As China's premier intelligent driving technology innovator, Horizon Robotics marked its ninth anniversary by publicly unveiling its next-generation Horizon Journey 6 computing platforms and HSD full-scenario intelligent driving solution. The Company further demonstrated its ecosystem leadership through collaborative exhibits with hardware/software partners, showcasing Horizon Journey 6-based production-ready solutions that highlighted Horizon Robotics' comprehensive capabilities in enabling intelligent driving implementation across all scenarios and ecosystem layers.

Horizon Robotics has pioneered an efficient and collaborative knowledge-sharing framework within its developer community, fostering technical exchange among over 6,000 developers (including 2,500+ new participants in 2024). Since 2024, the Company has partnered with Society of Automotive Engineers of China (SAE-China) and Soochow University to deliver specialized intelligent driving training programs, certifying nearly 100 professionals across multiple tiers. Consistently advancing workforce development in autonomous driving, Horizon Robotics remains steadfast in cultivating industry talent pipelines, actively contributing to the intelligent transformation of the automotive sector through strategic ecosystem collaborations.

Safety First Design Philosophy

Safety serves as the cornerstone of intelligent driving technology implementation. At Horizon Robotics, safety transcends isolated product enhancements. We institutionalize safety by design principles, rigorously integrating protective measures across the entire product lifecycle from architectural conception to deployment validation. Transcending conventional physical safety standards, the Company emphasizes psychological assurance for users, delivering uncompromised intelligent driving performance across all scenarios. By achieving human-like operational fluency, optimizing traffic efficiency, and enhancing environmental adaptability, Horizon Robotics redefines secure and enjoyable mobility experiences.

Horizon Robotics stands as one of China's most rigorously certified intelligent driving technology providers. The Company has constructed a systematic safety framework that integrates three core pillars: a specialized system safety team, standardized operational protocols, and cutting-edge development methodologies. This comprehensive architecture is complemented by end-to-end automotive-grade safety solutions covering computing architectures, hardware platforms, and software development toolchains, forming a robust safety ecosystem from chip design to system deployment. Guided by its unwavering safety-first principle, Horizon Robotics collaborates with partners and automakers to advance the secure and reliable evolution of autonomous driving technologies.

Functional Safety	In 2020, the Company obtained ASIL-D functional safety process certification, laying a solid foundation for subsequent in-depth development. The Horizon Journey 5, Horizon Journey 6, toolchain, software runtime library, and Safety BSP[1] have successively passed the SGS-TÜV ISO 26262 ASIL-B (D) functional safety product certification. This achievement signifies that our entire Journey series hardware platform and software development suite strictly adhere to functional safety requirements. By fulfilling end-to-end product safety specifications throughout the development chain, these certified solutions establish a reliable technical foundation for developing advanced intelligent driving systems based on the Journey architecture.
Vehicle Network Security	In April 2022, the Company achieved a pioneering milestone, becoming China's first organization to obtain TÜV certification for ISO/SAE 21434 Road Vehicles – Cybersecurity Engineering, thereby demonstrating its capability to deliver automotive cybersecurity solutions fully compliant with industry-leading best practices.
Software and System Security	In April 2022, the intelligent driving environment perception project obtained the ASPICE CL2 certification certificate issued by a well-known international third-party testing and evaluation agency, representing that our intelligent driving solutions' software development framework has achieved full compliance with internationally recognized quality assurance benchmarks, implementing rigorous process control systems that meet the exacting product quality demands of global automotive manufacturers and Tier-1 partners.
	In April 2023, the Company attained ISO 21448 certification for its Safety of the Intended Functionality (SOTIF) process framework, establishing itself as the pioneering intelligent mobility technology provider in the industry to achieve this internationally recognized safety standard accreditation.

1 Safety BSP is built based on the long-term maintenance version of the Linux open source community LTS (Long Term Support) and optimized according to the needs of intelligent driving mass production application scenarios. It can provide core capabilities including secure resource management (including CPU, memory, network, peripherals and other key resources), secure computation of autonomous driving algorithms, real-time scheduling of data streams, and handling of hardware security troubleshooting and encryption protection for information security.

Case: Horizon Robotics' Active Safety Product Was Recognized as an Exemplary Functional Safety Application Case, Reinforcing its Leadership in Establishing Industry-wide Safety Baselines.

The 2024 SAE-China Annual Conference, Horizon Robotics' active safety product Horizon Mono was distinguished as an "Exemplary Functional Safety Application Case" by the Intelligent & Connected Vehicle Safety Branch of SAE-China, for its pioneering innovations and industry-leading implementation of its solutions.

The Mono series – a modular Advanced Driver Assistance Systems (ADAS) solution engineered for mass production – represents the Company's commitment to redefining next-generation driver assistance and safety standardization. As China's first domestically developed ADAS solution achieving OEM mass production, it has become a mainstream choice in the passenger vehicle market through demonstrated operational reliability and robust safety assurance. In April 2024, Horizon Mono attained China's first ISO 26262 ASIL-B Product-Level Functional Safety Certification, validating its full compliance with international automotive safety protocols. This certification empowers Chinese intelligent vehicle manufacturers with enhanced technical capabilities to meet stringent overseas regulatory requirements, providing comprehensive safety support for global market expansion.

Product Quality Management with the Goal of "Committed to delivering zero-defect, safe, and premium-quality products and services"

Horizon Robotics consistently pursues high product quality and strictly adheres to relevant laws and regulations, such as the *People's Republic of China Product Quality Law* and the *People's Republic of China Consumer Rights and Interests Protection Law*. The Company has established regulatory systems like the *Product Quality Management Process*, covering the entire lifecycle of product quality management to enhance the effectiveness of quality management and continuously promote the standardization and institutionalization of product quality management processes.

Quality Management System

Horizon Robotics has established a robust quality management system aligned with ISO 9001 Quality Management Systems certification and IATF 16949 Global Automobile Industry Technical Specifications and Quality Management Standards certification, fully integrated into business operations to achieve quality objectives. The system is maintained through rigorous internal and external audit mechanisms, ensuring its ongoing integrity, applicability, and effectiveness via regular inspections and continuous optimization.

Quality and Safety Assurance

Horizon Robotics implements systematic quality controls across R&D, production, supplier management, delivery, and service processes. Cross-functional teams conduct technical and quality reviews in each product's development stage to assess product quality, proactively address potential risks and ensure reliable outcomes. During the production and delivery stages, all functional and performance parameters undergo exhaustive verification to meet stringent quality standards.

The Company embeds the international automotive safety standards into its R&D framework, including ISO 26262, ISO/SAE 21434, ISO 21448, and ASPICE. Based on collaborations on the product's safety with global institutions, Horizon Robotics has passed ISO 26262, ISO/SAE 21434 ML3, ISO 21448, and ASPICE CL2 certifications. Key products attained ISO 26262 ASIL-B(D) certification, and we provide comprehensive safety assurance throughout the entire lifecycle of the products.

Non-Conforming Product Management

The Company has established a comprehensive product quality control protocol, which governs the identification, handling, and prevention of non-conforming products, effectively preventing market entry of defective items while preserving brand integrity and customer trust. This process drives continuous refinement of development and production workflows. In 2024, there were no recalls of any products sold or shipped due to safety and health reasons.

Continuously Improving Service Quality

Horizon Robotics upholds the corporate cultural value of "Customer First" and continuously strengthens its post-sales technical support capabilities through the implementation of a robust customer service infrastructure. The Company maintains proactive responsiveness to client requirements, implementing automotive-grade quality methodologies for comprehensive root cause analysis and corrective action implementation.

The Company employed automotive industry-standard quality tools and methodologies, ensuring swift response and resolution to every customer inquiry. This includes conducting comprehensive root cause analysis, formulating targeted corrective actions, and systematically capturing lessons learned to drive continuous improvement in product and service quality. By maintaining open communication channels with customers and implementing rigorous post-sales issue classification systems with defined handling standards and resolution timelines, the Company minimizes quality-related losses while proactively preventing customer dissatisfaction.

In 2024, the Company received 15 product and service complaint cases with a 100% resolution rate.

Customer Satisfaction

Through annual systematic customer satisfaction surveys, Horizon Robotics identifies improvement opportunities via in-depth client interviews and feedback analysis. This data-driven approach fuels continuous service optimizations, reflected in sustained satisfaction score improvements across all enterprise client segments.

CONSOLIDATE THE COMPLIANCE GOVERNANCE FRAMEWORK

Risk Management

A robust risk management framework serves as the cornerstone of Horizon Robotics' operational integrity. The Company maintains rigorous enhancement of its internal control architecture, systematic refinement of risk governance protocols, and active cultivation of enterprise-wide risk consciousness. These strategic initiatives collectively safeguard the organization's capacity for sustainable growth while ensuring alignment with global compliance standards.

Risk Management Framework

Under senior management oversight, Horizon Robotics has institutionalized a clearly defined risk governance framework to ensure operational integrity. Key accountability pillars include:

- Audit Department: Responsible for reviewing the development and implementation of the Company's risk management system, including identifying major risks and determining response priorities;

- Legal Department: Tasked with coordinating relevant business units to implement risk prevention measures.

The Company has established a "Three Lines of Defense" risk prevention and control management structure, comprehensively driving the implementation of all risk management tasks to ensure the effectiveness of the risk management and internal control systems.

First Line of Defense	Second Line of Defense	Third Line of Defense
Business units, as designated risk response entities and accountable units, proactively identify critical risks within their operational processes and formulate corresponding mitigation plans.	The Operations Management Department establishes a consolidated risk register at both enterprise-wide and business-specific levels through systematic collection, aggregation, and analysis, while ensuring the implementation of appropriate risk response strategies and monitoring mechanisms.	The Audit Department conducts independent oversight of risk control effectiveness across all functions, collaborates in identifying emerging risks with internal control teams, and recommends enhancements to control efficacy.

Risk Management Mechanism

The Company has established internal systems that encompass risk management and internal control systems covering three major aspects: risk identification, risk assessment, and risk response. The Company focuses on centralized management and priority handling of significant risks, planning and implementing risk mitigation and response measures in advance to ensure the smooth achievement of the Company's strategic objectives.

The Company adapts to new changes in the market environment, deeply integrates into business operations, and creates a comprehensive closed-loop management system covering risk identification, scientific assessment, and risk response.

Risk Identification	Scientific Assessment	Risk Response
Regularly conduct risk identification to form a company-level risk list.	Assess the impact of risks, identify key risks for the year, and analyze their causes.	Formulate targeted risk response plans and follow-up schedules.

Building Risk Management Culture

The Company persistently enhances its internal control system through refined training programs and intensified cultural communication, boosting staff comprehension and acceptance of control mechanisms. In 2024, risk management training was delivered for all employees, covering risk concept dissemination, methodology instruction, and case study analysis, progressively heightening workforce risk awareness and engagement in mitigation efforts.

Information Security and Privacy Protection

Horizon Robotics upholds information security and user privacy protection as foundational principles, continuously strengthening its security governance frameworks and operational process management to systematically mitigate data protection risks.

Information Security

Horizon Robotics strictly adheres to relevant laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, *Data Security Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China*, *General Data Protection Regulation (GDPR)*, and the *California Consumer Privacy Act (CCPA)*. It has established system documents such as the *Information Security Management Manual*, *Data Security Management System*, *Account Security Management System*, *Information System Operation and Maintenance Management System*, *Internal and External Network Vulnerability Scanning Operation Specifications*, and the *Employee Information Security Behavior Code*, standardizing the security management policies, objectives, and processes throughout the information lifecycle to effectively ensure the internal information security of the Company. The Company maintained a zero-incident record in critical data security throughout the reporting period, with no material breaches or compromises affecting core systems or sensitive information assets.

The Company has implemented a clearly defined security governance architecture led by the Information Security Committee (ISC) under presidential oversight. Comprising C-level executives and business unit leaders, the ISC serves as the supreme governing body for strategic oversight of enterprise-wide data security infrastructure development, formulation and enforcement of security policies aligned with ISO 27001 and TISAX standards, implementation of multi-layered defense mechanisms through dedicated cybersecurity teams. Department-level security officers across business units coordinate daily security operations and program execution under ISC guidance, ensuring sustained effectiveness of the information security management system (ISMS).

Horizon Robotics maintains comprehensive risk control protocols through annual third-party security audits validating compliance with China's Classified Cybersecurity Protection Level 3 requirements, Dual TISAX certifications (Levels 2 & 3) for automotive data exchange security, and ISO 27001 certification for systematic information security management. These credentials demonstrate the Company's commitment to building trust through verifiable security practices and industry-aligned compliance protocols.

System and Compliance Framework	• Formulate information security and privacy protection policies that comply with China's citizen privacy protection laws, GDPR, CCPA, and other regulatory requirements. • Arrange for employee security training and exams to enhance overall security awareness. • Strengthen the security management of third-party data to ensure that suppliers and partners meet security standards.
Monitoring and Emergency Response System	• 24/7 Security Operations Center (SOC) for real-time detection of security threats. • Compute a power-driven Intrusion Prevention System (IPS) to actively intercept malicious attacks. • Incident Response Plan (IRP) to quickly respond to data breaches and security incidents.

The Company systematically enhances organizational cybersecurity resilience through a comprehensive employee awareness initiative. This multi-layered program integrates mandatory training modules, real-world case analyses, targeted communications, simulated phishing drills, competitive learning platforms, and periodic compliance assessments, effectively strengthening workforce readiness against evolving threats while reducing operational vulnerabilities.

Privacy Protection

The Company continuously enhances its data privacy architecture by implementing structured internal governance frameworks and compliant process controls throughout the data lifecycle, effectively ensuring the security of user data and privacy.

The Company strictly adheres to privacy protection regulations, safeguarding the privacy rights of all stakeholders through systematic governance measures. Horizon Robotics has instituted its *Horizon Robotics Privacy Policy*, implementing tiered protection measures based on data classification to systematically mitigate breach risks. During the reporting period, no substantiated complaints regarding customer privacy violations or data loss incidents were recorded.

Technical Protection System	• Zero Trust security architecture with strict identity verification and access control. • Data encryption and access control to protect sensitive information from unauthorized access. • Endpoint Detection and Response (EDR) to prevent the risk of malicious software and data leaks.
Data Compliance and Privacy Protection System	• Data classification and grading management to ensure corresponding protection measures for different levels of data. • Role-Based Access Control (RBAC) to only allow authorized personnel to view sensitive information. • Data lifecycle management, with regular audits, cleaning, and deletion of expired data.

Business Ethics

Horizon Robotics strictly adheres to laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China*, *Company Law of the People's Republic of China*, *Anti-Monopoly Law of the People's Republic of China*, and the *Anti-Money Laundering Law of the People's Republic of China*. It continuously improves and optimizes the internal business ethics system, formulates internal systems such as the *Horizon Robotics High Voltage Line System*, *Horizon Robotics Anti-Fraud and Investigation Management System* and the *Horizon Robotics Conflict of Interest Prevention System* actively builds an integrity culture, and jointly constructs a compliant and trustworthy business environment.

The Company proactively cultivates an ethical business environment through systematic integrity governance enhancements. Rigorous preventive mechanisms against corruption, bribery, extortion, and fraud are implemented enterprise-wide, with particular emphasis on monitoring compliance across employees and third-party partners. A zero-tolerance policy mandates strict adherence to market regulations, fair competition principles, and business ethics standards. No adjudicated corruption cases involving the Company or its employees were recorded during the reporting period.

To reinforce integrity awareness, the Company conducts mandatory ethics training programs for all personnel, including board members, through multimedia campaigns and blended learning platforms. The curriculum covers anti-corruption protocols, commercial bribery prevention, and fraud mitigation strategies, equipping staff with practical compliance knowledge. These efforts collectively foster a transparent and ethical business ecosystem.

Highlights of the Year

- On July 23, 2024, the Company conducted enterprise-wide mandatory compliance red-line training sessions, followed by standardized assessments. Both permanent employees achieved completion and pass rates exceeding 99%.

- On November 21, 2024, mandatory conflict of interest prevention training was implemented alongside annual conflict of interest declarations, achieving 100% declaration compliance among permanent employees.

The Company has standardized its accountability framework and resolution procedures for ethics complaints, with independent oversight by the audit department ensuring timely, impartial, and confidential handling of all reported matters. Open reporting channels are maintained for employees, suppliers, and users to disclose suspected violations of legal and regulatory requirements or business ethics standards. We have implemented a whistleblower protection mechanism. The Company is prohibited from disclosing or releasing any whistleblower's personal information or report content without their explicit consent, ensuring their rights and interests remain protected from infringement. To guarantee timely attention and proper handling of misconduct, the Company has established a dedicated complaint and whistleblowing email channel at compliance@horizon.auto.

Protection of Intellectual Property Rights

Horizon Robotics recognizes intellectual property (IP) protection as critical infrastructure for safeguarding innovation. The Company rigorously complies with the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*, and has instituted internal governance instruments like the *IP Management Regulations* to establish systematic frameworks for patent portfolio management, trademark administration, and copyright protection, providing sustainable momentum for technology-driven growth.

The Company has established an enterprise-wide IP management system, operationalizing protection throughout product development cycles. The dedicated IP department oversees technology proposal evaluations for patentability assessment, global patent filing strategies and portfolio optimization, trademark and copyright registration, and maintenance of proprietary IP databases supporting R&D decisions.

The Company continues to advance its IP protection initiatives through deep integration with technological innovation and market expansion strategies. The Company prioritizes the cultivation of high-value patent portfolios, employing tripartite evaluation mechanisms that assess technical merit, market viability, and innovation significance to ensure robust protection of core technologies. In trademark strategy, the Company adopts a dual-purpose approach emphasizing brand promotion while maintaining defensive registration safeguards. Cross-functional teams comprising branding specialists and IP engineers coordinate through structured review processes to align product nomenclature with trademark protection requirements. Complementing these efforts, the Company enforces rigorous open-source compliance protocols across software procurement, development, and distribution phases, ensuring adherence to licensing obligations and cybersecurity standards. Copyright protection focuses on safeguarding technical know-how through encrypted documentation systems and access controls, reinforcing comprehensive IP security frameworks, comprehensively fortifying its intellectual property security framework.

LOW-CARBON DEVELOPMENT TO ASSIST EMISSION REDUCTION

Horizon Robotics champions sustainable innovation in response to global climate challenges, implementing product energy efficiency optimization and comprehensive emission management. We will systematically integrate sustainability principles across all operational perspectives – from initial product design to full-scale production management. Through measurable actions in energy efficiency and emission reduction, we are committed to delivering quantifiable contributions to global decarbonization efforts.

Advancing Product Energy Efficiency

Horizon Robotics is committed to integrating technological innovation with environmental protection stewardship. We have recognized that reducing product energy consumption is not only an inherent requirement of technological advancement but also a profound embodiment of corporate responsibility in this era of intelligent technology and green ecosystem development. The Company incorporates energy efficiency principles into every phase of product design and manufacturing, driving the transformation of autonomous driving technology towards greater environmental sustainability and operational efficiency.

Through systematic energy optimization, the Company has successfully reduced thermal management complexity and system costs for ADAS domain controllers. The Horizon Journey 6E computing platform achieves passive cooling through superior energy efficiency, enhancing deployment feasibility of intelligent driving controllers in ICE vehicles while extending EV range or improving fuel economy. This optimization of vehicular energy systems reinforces the Company's competitive edge in autonomous driving technology.

From the end of 2022 to the end of 2024, Horizon Robotics has achieved approximately 40% improvement in processing efficiency across two generations of Horizon Journey computing platforms, representing an average annual enhancement of 20%. This progress has been realized through comprehensive upgrades, including advanced manufacturing processes, architectural innovations, coordinated software-hardware design optimization, and intelligent power management technologies, all contributing to significant improvements in system-level hardware integration density.

Green Low-Carbon Management

The Company strictly adheres to environmental protection-related laws and regulations such as the *Energy Conservation Law of the People's Republic of China*, *Environmental Protection Law of the People's Republic of China*, and the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, and has established management systems such as the *Energy Saving and Consumption Reduction Management Regulations*, *Solid Waste Management Regulations*, and the *Small Property Service Management Manual*, integrating the concept of green low-carbon into daily corporate management and advocating employees to practice environmental protection concepts. At the same time, the Company has formulated systems such as the *Special Emergency Plan for Extreme Weather Events* and the *On-Site Disposal Plan for Extreme Weather*, standardizing the daily maintenance management of emergency plans for extreme weather events and enhancing emergency response capabilities. In addition, the Company has obtained ISO 14001 Environmental Management Systems certification, marking a solid step forward in environmental management.

We have set environmental targets based on our business operations, including:

- Energy Target: With 2023 as the baseline year, reduce electricity consumption intensity per RMB million of revenue by approximately 15% by 2027. In the current year, the Company achieved a reduction of 8.31% compared to 2023.

- Water Usage Target: With 2023 as the baseline year, lower water consumption intensity per RMB million of revenue by approximately 50% by 2027. This year, the Company attained a 36.66% reduction compared to 2023.

- Waste Management Targets: Ensure 100% of hazardous waste is handled by certified waste management agencies, while non-hazardous waste is disposed of in full compliance with local regulatory requirements.

The Company's greenhouse gas emissions primarily originate from energy consumption in office operations. Building upon established energy efficiency objectives, we did not set separate greenhouse gas reduction targets for the current fiscal year. Our environmental commitment extends across all aspects of office design, construction, and daily operations, with rigorous selection criteria applied to building materials, structural configurations, and interior finishes to ensure compliance with green and low-carbon standards. In selecting office locations, we prioritize properties that meet internationally recognized green building certifications. Our Shanghai office exemplifies this commitment, having earned both LEED (Leadership in Energy and Environmental Design) certification and the MIPIM (Best Green Development) award, reflecting our dedication to creating secure, eco-conscious, and sustainable workspaces.

To advance sustainable mobility, the Company has implemented a 100% pure-electric shuttle fleet through partnerships with certified service providers, effectively reducing transportation-related carbon emissions while ensuring employee commuting safety. This initiative aligns with our broader pledge to energy conservation, air quality improvement, and sustainable development.

To achieve the energy targets, our energy management strategy incorporates systematic measures ranging from optimized HVAC temperature controls and energy-efficient lighting retrofits to scheduled equipment maintenance and employee awareness campaigns. These practices, including the prominent display of energy conservation guidelines and regular facility inspections, have institutionalized low-carbon principles within corporate culture.

Water resource stewardship is achieved through dual technological and managerial enhancements. We have upgraded restroom facilities with motion-sensor faucets and water-efficient fixtures while implementing targeted conservation signage in high-usage areas. These measures, coupled with regular maintenance protocols, have fostered heightened employee engagement in sustainable water practices. No water supply challenges were encountered during the reporting period.

The Company's waste primarily originates from daily office operations, including household waste, discarded paper, and obsolete office consumables. In addressing solid waste management, the Company enforces a multi-tiered approach for office-generated materials. Paper consumption is minimized through digital workflows and mandatory duplex printing, with designated collection points established for paper recycling. Comprehensive waste segregation protocols are maintained across all facilities, supported by professional recycling partnerships. Electronic waste follows strict disposal channels: irreparable IT equipment undergoes certified recycling processes, while hazardous materials such as printer cartridges are managed through manufacturer take-back programs in full compliance with national hazardous waste regulations.

Sustainability principles are deeply embedded in organizational culture through regular environmental training programs and knowledge-sharing initiatives. These efforts reinforce employee participation in China's dual-carbon objectives while maintaining alignment with green operational standards across all business functions.

Case: "Green Office, Our Shared Journey" Awareness Campaign

In June 2024, the Company launched the "Green Office, Our Shared Journey" initiative, a comprehensive awareness campaign designed to promote energy conservation and advance sustainable workplace practices among all employees. The program leveraged multiple communication channels, including internal emails, digital bulletin boards, and workplace communication platforms, to disseminate energy-saving knowledge, share practical green office case studies, and encourage daily behavioral changes. Employees were guided to adopt eco-friendly habits such as responsible use of office equipment, paper waste reduction, and efficient water and electricity consumption.

Looking ahead, the Company will continue to provide ongoing training programs to equip employees with advanced energy-saving methodologies, ensuring sustained engagement in green practices. This initiative reflects our commitment to fostering an environmentally conscious workplace aligned with our low-carbon objectives, where collective efforts drive meaningful progress toward sustainable operations.

"Green Office, Our Shared Journey" Awareness Campaign

Tackling Climate Change

Global warming and extreme weather events have become critical concerns in the current international context. The Company proactively identifies climate-related risks and opportunities, establishes standardized response protocols for extreme weather scenarios, and implements actionable measures to tackle climate challenges.

In alignment with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), the Company has conducted policy benchmarking, peer analysis, and expert consultations to identify climate-related risks and opportunities pertinent to our operations. These insights are systematically integrated into the Company's ESG management framework and risk governance structure.

- Identification: Based on the unified climate-related information disclosure framework formulated by TCFD, a series of climate-related risks and opportunities related to the Company's business operations are identified.
- Assessment: Climate-related risks and opportunities are assessed based on the Company's business and strategy, in conjunction with expert opinions.
- Analysis: A climate-related risk and opportunity matrix is constructed based on the assessment results, identifying the materiality of risks and opportunities based on their probability of occurrence and degree of impact.

Climate Risks		Risk Description	Response Measures
Transition Risk	**Technological Risk**	Exponential growth in algorithm models and high-demand processing applications heightens energy efficiency demands. Disparities in energy efficiency may result in significant consumption gaps for specific workloads, adversely affecting product competitiveness and revenue.	• Strengthen R&D efforts to enhance energy efficiency of products and auxiliary systems. • Foster market and technical research partnerships to align R&D with practical needs.
	Legal and Policy Risk	Global operations expose the Company to regulatory uncertainties, such as EU carbon border taxes. Non-compliance may escalate operational costs.	• Conduct proactive research on energy consumption policies and low-carbon regulations. • Engage with regulatory bodies to interpret and align with evolving policies.
		Downstream clients increasingly demand carbon footprint transparency and low-carbon supply chain practices. Failure to meet these expectations risks customer attrition, and possibly reduce the revenue.	• Develop energy-efficient autonomous driving solutions. • Disclose product carbon footprint data and ESG progress. • Promote resource conservation initiatives.
	Market Risk	Inadequate climate action may trigger stakeholder criticism, driving clients toward competitors with stronger sustainability credentials.	• Enhance sustainability capabilities and climate responsiveness. • Regularly engage investors, media, and clients via ESG disclosures.

Climate Risks		Risk Description	Response Measures
Transition Risk	**Reputation Risk**	Exponential growth in algorithm models and high-performance computing applications heightens energy efficiency demands. Disparities in energy efficiency may result in significant consumption gaps for specific workloads, adversely affecting product competitiveness and revenue.	• Strengthen R&D efforts to enhance energy efficiency of products and auxiliary systems. • Foster market and technical research partnerships to align R&D with practical needs.
Physical Risk	**Acute Risk**	Extreme weather events (e.g., floods, storms) threaten employee safety, asset integrity, and operational continuity, while causing asset damage and increased operational costs.	• Develop and refine emergency response plans for natural disasters. • Procure comprehensive insurance coverage by identifying potential asset damage. • Conduct regular safety drills to enhance employees' awareness and response capabilities, and reduce the risk of personal injury from disasters and accidents.
	Chronic Risk	Rising temperatures increase cooling energy demands for equipment and laboratories.	• Adopt energy-saving technologies across facility lifecycles.

Climate Opportunities Description	Response Measures
Supportive policy incentives to reduce the cost of corporate green transformation.	• Identify and leverage policy-supported green initiatives.
Energy-saving measures lower operational expenses.	• Deploy advanced technologies to optimize resource efficiency and reduce energy costs.
Adopting energy substitution and diversification plans to reduce dependence on a single energy source and reduce operational risks from energy disruptions.	• Increase renewable energy adoption and green electricity procurement.
High-efficiency autonomous driving solutions unlock new markets, increasing operating income.	• Expand R&D investment in low-carbon technologies to capture emerging market demand.

CO-CREATING VALUE TO GIVE BACK TO SOCIETY

As a responsible corporate citizen, Horizon Robotics demonstrates how technological progress can foster social inclusivity and accessible environments. The Company empowers upstream and downstream supply chain partners through robust ESG management, continuously exploring value chain collaboration mechanisms to drive educational incubation and co-create developer ecosystems. Additionally, the Company integrates social responsibility into capacity-building initiatives, deepening community engagement to inject momentum into societal progress.

Supply Chain Management

Horizon Robotics adheres to responsible procurement practices, advocating for equitable, transparent, and sustainable partnerships with suppliers. The Company complies with all relevant regulations and maintains a comprehensive supply chain management system. Suppliers are categorized into *manufacturing* and *non-manufacturing* types, with tailored policies such as the *Supplier Management Process, Special Procurement and Supplier Management Process*, and the *Supplier Audit Operation Manual*, to govern their lifecycle, from qualification and risk assessment to performance monitoring.

Supplier Qualification

Prior to supplier onboarding, the Company conducts a comprehensive evaluation of candidates' sustainable operational capacity, leveraging both quantitative performance metrics and qualitative industry reputation assessments. Building upon this foundational analysis, our stringent supplier admission protocol mandates multi-dimensional due diligence across critical parameters including business credentials, quality assurance systems, production scalability, and delivery reliability, thereby proactively mitigating supply chain risks at the source.

All suppliers are contractually bound to uphold international labor standards – prohibiting child labor, safeguarding worker rights, and ensuring environmental regulatory compliance – while continuously improving product safety and quality benchmarks. Mandatory certifications during the qualification phase include ISO 14001 Environmental Management Systems certification, ISO 45001 Occupational Health and Safety Management Systems certification, and explicit REACH/RoHS compliance declarations. Automotive manufacturing partners must additionally demonstrate adherence to ISO 9001 Quality Management Systems certification, IATF 16949 Global Automobile Industry Technical Specifications and Quality Management Standards certification and ISO 27001 Information Security Management Systems certification, ensuring full alignment with global automotive industry standards and cybersecurity imperatives.

The Company enforces a zero-tolerance policy toward conflict minerals usage, requiring suppliers to provide verifiable documentation certifying responsible mineral sourcing. Any confirmed violation of these ethical procurement standards results in immediate partnership termination, reinforcing our commitment to supply chain transparency and corporate accountability.

Supplier Evaluation

The Company implements a robust supplier evaluation system to ensure alignment with ESG standards. Through annual Environmental, Health, and Safety (EHS) audits, suppliers are required to submit comprehensive documentation and evidence demonstrating compliance with key criteria, including environmental impact assessments, occupational health and safety management systems, anti-corruption measures, and human rights protections. These audits validate the operational effectiveness of suppliers' ESG frameworks while identifying potential risks, enabling timely corrective actions. This systematic evaluation process not only reduces operational vulnerabilities but also strengthens the long-term sustainability of collaborative partnerships.

Supplier Risk Management

To address supply chain risks, the Company has established a dual-tiered Business Continuity Management (BCM) structure. The decision-making layer, composed of senior leadership, provides strategic guidance, approves emergency protocols, and oversees escalated incident resolutions. Concurrently, the execution layer operates cross-functional teams to implement response strategies, monitor incident progression, and restore normal operations within predefined recovery timelines. This integrated approach ensures agility in crisis management while minimizing disruptions to business continuity.

Supplier Integrity Management

Integrity forms the cornerstone of the Company's supplier relationships. All suppliers are contractually bound by a *Supplier Integrity Agreement* that explicitly prohibits bribery, gift exchanges, kickbacks, or any form of unethical financial inducements. During the reporting period, 100% of suppliers signed the *Compliance Commitment Letter, reaffirming their adherence to fair competition principles. To further safeguard transparency*, the Company maintains a confidential whistleblower channel (ethics@company.com), allowing suppliers and stakeholders to anonymously report violations. This mechanism reinforces accountability and upholds the highest standards of ethical procurement across the supply chain.

Value Chain Empowerment

The Company has implemented a comprehensive strategy to strengthen the entire technology value chain through targeted talent development initiatives. By establishing strategic partnerships with leading academic institutions, implementing structured training programs for emerging developers, and fostering a collaborative robotics innovation ecosystem, we are driving technological advancement while unlocking new potential for industry-wide innovation.

Educational Incubation

Our multi-tiered educational engagement spans from top universities to secondary schools, creating a complete talent development pipeline. We currently collaborate with over 200 prestigious institutions including Tsinghua University, Peking University, Shanghai Jiao Tong University, Tongji University, Huazhong University of Science and Technology, Shenzhen University, Wuhan University of Technology, Hefei University of Technology, etc., to advance embodied intelligence education. Complementing these higher education initiatives, we have expanded our outreach to secondary institutions such as Beijing National Day School and Shanghai High School International Division through specialized STEM lecture series, effectively building a bridge between advanced research and foundational science education.

The Company serves as both organizer and active participant in more than 400 annual academic competitions and courses. Notable events include the 2024 Intelligent Vehicle Competition, ICRA 2024 International Challenge, and Research Electronics Competition, which serve as practical platforms for developing interdisciplinary talent capable of addressing complex technological challenges.

Co-constructing the Robot Developer Ecosystem

Through strategic alliances with open-source communities, the Company has cultivated a vibrant robotics development ecosystem that has yielded over 500 innovative projects. Among these groundbreaking developments are:

- Embodied Intelligent Machine Dog
- Red Fire Ant Control Robot
- Phoenix Flower Target Spray Robot
- Target Tracking Drone
- Intelligent Bilateral Robot
- Mechanical Arm Full-domain Safety System Based on TOF and Safety Skin

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Grassroots Developer Training System

Our Horizon Eco-Training Program (HETP) provides tiered certification in intelligent driving technologies, with three major examination sessions in 2023-2024 attracting over 450 participants and certifying 150 developers across various competency levels. The Company has extended our training reach through 50+ customized corporate programs, upskilling more than 2,000 grassroots developers.

The Intelligent Driving Developer Training Series targets a broader audience of industry and academic developers. In collaboration with the Future School of Soochow University and the China Society of Automotive Engineers, the Company has developed 55 foundational courses on intelligent driving, alongside organizing popular science programs and hands-on training sessions for the Horizon Journey series domain controllers. By the end of 2024, the Company had conducted this training series with over 300 participants, nearly 100 of whom obtained certifications at various levels awarded by SAE-China. These initiatives have not only enhanced developers' technical expertise but also cultivated key talent for the sustainable advancement of intelligent driving, fostering deeper integration between technological innovation and industrial upgrading.

Offline Exhibitions and Exchange Activities

Our regular offline forums, hackathons, and technical workshops facilitate direct knowledge exchange while fostering valuable professional networks across the technology sector. These initiatives collectively reach hundreds of thousands of developers annually, strengthening global connections and accelerating innovation.

Global Exhibition Activities	• Singapore EDUCTec_ASIA • Maker Faire Shenzhen • Hong Kong Learning & Teaching Expo 2024 • D-Robotics Developer Conference • Japan Maker Faire Tokyo • Volcano Engine FORCE Conference • ARTS Autonomous Robotic Technology Seminar
Offline Exchange Activities	• Jointly held autonomous driving challenges with Shenzhen InnoX Academy • Jointly held youth engineer exchange meetings with Longcheng Kechuang Institute • Supported the launch of D-Robotics Rigel robot bar open night • Jointly held computing power pet hardware technology salon with ModelBest • Jointly held embodied intelligence technology workshops with Chai Huo Makers • Jointly held robot technology open nights with Mushroom Cloud Maker Space

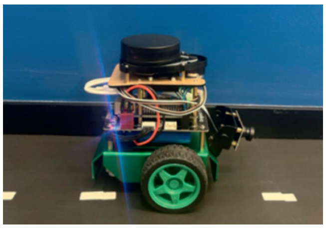
Participating in Community Co-construction

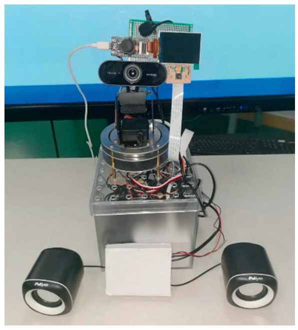
To establish structured community engagement and cultivate active user participation, the Company launched the Intelligent Driving Developer Community. This platform serves as a centralized hub for technical knowledge aggregation, focusing on the systematization of R&D tutorials and the creation of a multidimensional content ecosystem. By publishing premium technical resources across nine prominent developer platforms – including CSDN, Juejin, InfoQ, SegmentFault, GuYueJu, BlogPark, WeChat Official Accounts, Zhihu, and EEPW, the community empowers individual developers and enterprises to accelerate innovation on the Horizon Journey series processing hardware.

To date, the community has published nearly 100 high-quality articles, attracted over 2,100 dedicated followers and achieving a cumulative content reach of 115,000+ across all channels. By the end of 2024, the Intelligent Driving Developer Community has successfully onboarded 4,592 registered users, creating a dynamic network for collaborative problem-solving and technological advancement.

Philanthropy and Assistance

As a technology leader committed to sharing developmental achievements, Horizon Robotics actively fulfills its corporate social responsibilities. Through its subsidiary D-Robotics, the Company collaborates with ecosystem partners and independent developers to create public-benefit robotic solutions, delivering tangible societal impact.

Project Names	Main Functions and Appearance	
Intelligent Guide Robot for the Blind	Integrates large language models (LLMs), machine vision, and voice recognition to provide real-time positioning and navigation assistance for visually impaired individuals, enhancing mobility safety and independence.	
Tactile Navigation Belt for the Blind	Specifically designed for visually impaired individuals, this belt offers precise tactile feedback systems that enable seamless indoor and outdoor navigation without the need for GPS or internet connections, significantly enhancing the users' environmental perception and spatial awareness. This device not only strengthens the independent mobility of visually impaired individuals but also greatly improves their quality of life and social participation.	
Rice Planting Quality Monitoring Module	Equipped with RDK X3 module and AI algorithms, this agricultural solution ensures precision seedling placement, reducing manual errors and advancing smart farming practices. Through intelligent correction functions, it ensures uniformity and accuracy in planting, reduces human errors, and enhances agricultural production efficiency, providing strong support for the realization of precision agriculture and intelligent farming.	

Project Names	Main Functions and Appearance	
Full-domain Safety System for Robotic Arms Based on TOF and Safety Skin	Combines Time-of-Flight (TOF) cameras and protective sensory layers to enable full-range hazard detection, significantly reducing workplace injuries in high-risk industrial environments. With a series of recognition algorithms and rules, it can respond more precisely to different events, significantly reducing the likelihood of workplace injuries in high-risk scenarios, constructing a "physical + intelligent" dual safety barrier for frontline workers.	
Sign Language Translation System	By using a camera to capture gesture movements and extracting features from key frames, combined with cloud server capabilities to achieve recognition and broadcast of sign languages used in 27 countries, as well as real-time voice-to-text transcription. This system aims to significantly improve the convenience of life for the hearing impaired and further promote their barrier-free communication and integration with all sectors of society.	

Supporting Educational Initiatives

The Company has consistently upheld its sense of responsibility towards the education sector, providing financial support and allocating resources preferentially to help higher education institutions enhance their teaching quality and scientific research capabilities, thereby fostering the growth of young talents.

Case: "Seed Program" for Graduate Development
Horizon Robotics, in collaboration with Seed Plan, opens front-line positions in the form of "Mentor + Internship + Intensive Training + Programs" to provide college students with in-depth internships in enterprises. This initiative equips university graduates with cutting-edge deep learning expertise and practical industry experience, bridging the gap between academic knowledge and commercial applications.

Case: Establishing the Nanjing University Horizon Robotics Fund to Support Scientific Research

Horizon firmly believes in the transformative power of talent and is committed to accelerating the translation of scientific research into real-world applications through sustained, long-term investments that foster synergistic integration between academia and industry. Demonstrating this commitment, the Company has contributed RMB11 million to establish the "Nanjing University Horizon Fund" through a strategic collaboration with Nanjing University. This dedicated fund will support targeted initiatives across three academic units: the School of Physics, the School of Electronic Science and Engineering, and the School of Artificial Intelligence to support scientific research, talent cultivation, team building, and industry-academia-research collaboration in related fields.

Donation Ceremony Site

Case: Donating to Tsinghua University's Department of Computer Science and Technology Named Professor Fund to Support Education

The Company participated in the donation ceremony for the named professor fund of the Department of Computer Science and Technology at Tsinghua University. Yu Kai, the founder and CEO of Horizon Robotics, attended and signed the donation agreement on behalf of the Company.

Yu Kai emphasized the importance of societal recognition for the cultivation of teaching faculties and talent development. He expressed his hope that this contribution would serve as a catalyst, inspiring more Chinese enterprises to contribute to university talent cultivation efforts. Such support, he believes, will fortify the foundation for scientific and technological innovation and infuse fresh vitality into the endeavor to build a formidable science and technology powerhouse.

Donation Ceremony Site

CARING FOR EMPLOYEES' GROWTH

Horizon Robotics is committed to achieving mutual growth between talents and the Company, building a diversified, equitable, and inclusive workplace ecosystem. We focus on employees' well-being and career development planning, striving to create a healthy and safe working environment and fostering a people-oriented and fulfilling workplace.

Diversity, Equity, and Inclusion Team

The Company adheres to the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, and has established internal systems such as the *Employee Recruitment Process*, *Interview & Offer Approval Process*, *Background Check Management System*, *Interviewer Manual*, *Labor Management Regulations*, and the *Horizon Robotics Employee Handbook*, to protect the legal rights and interests of employees and create a diversified and inclusive workplace environment.

The Company strictly adheres to the principles of legality, fairness, voluntary participation, mutual consent, and good faith when entering labor contracts with employees. We maintain a zero-tolerance policy towards all forms of employment discrimination and ensure equitable treatment of employees regardless of gender, age, ethnicity, geographic origin, nationality, or religious affiliation. Emphasis is placed on providing equal training and development opportunities for employees with disabilities. Our non-discriminatory practices extend to career advancement and job reassignment processes, where no additional barriers are imposed based on physical conditions, thereby ensuring all employees operate in a merit-based environment conducive to collective growth.

The organization maintains an absolute prohibition against child labor and forced labor. Our recruitment protocols incorporate rigorous identity verification procedures requiring all candidates to submit government-issued identification to confirm compliance with jurisdictional minimum working age requirements. We explicitly prohibit any form of coercion through violence, threats, or unlawful restriction of personal freedom. Employees are actively encouraged to report potential violations through designated HR channels for immediate investigation. Substantiated cases will result in strict disciplinary action by legal mandates and corporate policies. During the reporting year, no incidents involving underage labor or forced labor were identified within the organization.

To foster open dialogue and integrate diverse perspectives, we have implemented multiple communication initiatives including regular employee symposiums and an internal communication platform ("Pirate Circle") designed for open discussion of workplace equity concerns. A dedicated anonymous reporting channel – an audit whistleblower mailbox – has been established to ensure timely resolution of potential discrimination issues. These mechanisms collectively support our commitment to maintaining an inclusive work environment where all voices can be heard and addressed through collaborative problem-solving approaches.

Employee Training and Development

The Company centers on the career development needs of each employee, continuously refining its talent cultivation system to deliver diversified training programs that enhance professional skills and expertise. A clear career progression framework is established to support employees in achieving personal breakthroughs, maximizing their potential, and driving organizational growth.

Employee Training

Role-specific development plans are designed for employees at different levels, encompassing onboarding programs, frontline management empowerment training, and specialized skill enhancement courses. To ensure training effectiveness, a comprehensive evaluation mechanism is implemented, utilizing methods such as post-training satisfaction surveys, employee interviews, and performance efficiency assessments. Feedback is systematically incorporated to optimize training programs in alignment with evolving employee needs.

Case: 2024 Campus Recruit Camp Program

Through immersive training, the Company guides new graduates in transitioning to "workplace-ready professionals aligned with Horizon Robotics' standards." The Camp integrates "mind, skills, and teamwork" modules to deliver cultural immersion, workplace adaptation, and collaborative competencies, fostering initial experiences as mature professionals.

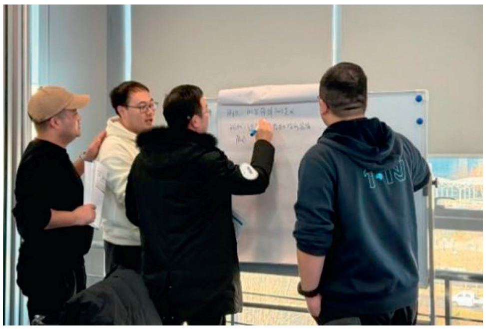
Diversified training modules were designed to combine knowledge transfer, practical scenarios, and cultural alignment. Sessions such as CEO's First Lesson and Discovering Horizon Robotics' DNA provided organizational insights, while Summit of the Land deepened cultural understanding. Workplace Accelerator enhanced technical and industry knowledge, Hackathon Simulation replicated real-world presentation scenarios, and Microfilm Showcase used improvisational theater to relive the Company's journey, preserving cultural heritage. The 2024 Horizon Academy Camp engaged 120 participants, achieving a 98.4% participation rate among campus hires.

Training Site Photos

Case: Frontline Management Empowerment Program

To consolidate the basic management skills of grassroots managers and empower managers to transition from individual contributors to team contributors, improving team management efficiency, the Company has launched the Grassroots Management Empowerment Training Program, mainly for grassroots managers with more than three years of service.

The Grassroots Management Empowerment Program is a long-term comprehensive development plan. The course content combines excellent external methodologies and internal management systems to provide systematic training on role cognition, hiring, talent inventory, team building, performance management, motivation, and other modules, aiming to help front-line managers improve their basic management skills and apply them to real management scenarios, optimizing team operations, stimulating team dynamics, and solving management issues.



Training Site Photos

Compensation and Performance Management

The Company has established the *Compensation Management Regulations* to standardize and optimize compensation structures through a scientifically designed, systematically organized remuneration framework. This framework enhances organizational competitiveness in talent markets while leveraging compensation systems as strategic motivators. To ensure compliance and transparency, we implement Compensation Administration Procedures that define approval protocols for incentive programs and enforce strict adherence to management workflows. These measures safeguard equitable compensation distribution, aligning individual career progression with corporate strategic objectives and sustainable development.

Annually, we conduct comprehensive compensation reviews aligned with operational strategies and market dynamics. Our compensation philosophy integrates performance-driven incentives with market benchmarking, ensuring exceptional contributors receive competitively positioned rewards that translate individual expertise into organizational value creation.

Performance evaluation operates under equitable assessment criteria designed to maximize objectivity and stimulate employee engagement. Our biannual performance management cycle comprises goal setting, progress monitoring, and outcome evaluation phases, forming an integrated system that synchronizes workforce development with corporate strategy. Evaluations incorporate quantitative and qualitative assessments of individual contributions to team and organizational goals, emphasizing both tangible achievements and cultural value alignment. Multi-tiered validation processes involving departmental reviews and cross-functional calibration panels ensure precision and fairness in performance appraisals. This structured approach reinforces merit-based recognition while cultivating an environment where professional growth and corporate success exist in mutual reinforcement.

Employee Promotion

The Company has implemented the Promotion Management Procedures to standardize career advancement mechanisms while fostering employee development through equitable, merit-based progression frameworks. These protocols aim to enhance professional competencies, stimulate workforce engagement, and address individual growth aspirations by establishing transparent, impartial pathways for advancement. We are committed to cultivating a gender-neutral career ecosystem, ensuring equal promotion opportunities for employees of all genders and eliminating gender-based biases in talent selection processes. This approach reinforces organizational vitality by harnessing diverse talents and driving sustained innovation.

To align talent development with business objectives, we have established a Role Cluster and Progression System anchored in value-creation principles. This framework defines clear hierarchical standards across four career tiers: Execution, Planning, Strategy, and Visionary – each subdivided into two to three graded levels. Employee placements are determined through the Prism Competency Model, which evaluates capabilities across three dimensions: behavioral patterns, cognitive approaches, and mindset maturity. This structure incentivizes continuous skill enhancement while ensuring role alignment with organizational needs.

Employee Benefits and Care

The Company is dedicated to developing a comprehensive compensation and benefits system that delivers market-competitive remuneration while continuously expanding non-monetary welfare programs. These initiatives aim to foster a sense of belonging among employee, enhance work-life balance, and elevate overall workforce satisfaction.

Employee Benefits

Prioritizing employee well-being, we complement competitive salaries with a multi-tiered benefits framework. In strict compliance with national regulations, the Company provides all employees with mandatory social insurance and housing fund contributions. Additional protections include commercial health insurance and annual health screenings to strengthen medical coverage. Tailored welfare offerings such as marriage allowances, childbirth subsidies, and women-specific support initiatives, coupled with festive engagement activities, further reinforce employee inclusion and happiness.

To empower employees in managing professional responsibilities alongside personal commitments, the Company has enacted an *Attendance and Leave Management Policy* and implemented flexible work arrangements, including regulated remote work eligibility for qualified staff. Multi-functional spaces – encompassing fitness centers, nursing rooms, pantries, and lounge areas – are strategically designed to support physical/mental rejuvenation and accommodate diverse life-stage needs across office locations.

Employee Benefits:

- Supplementary Medical Insurance: The Company provides all employees with supplementary medical insurance that includes personal insurance (accident insurance, life insurance), critical illness insurance, employee outpatient and hospital supplementary medical insurance, female employee childbirth supplementary insurance, and children's outpatient and hospital supplementary medical insurance.

- Functional Rooms: The Company has built various facilities including a gym, health room, mother and baby room, and lounges according to the scale and needs of each workplace.

- Canteen, Pantry, and Beverages: The Company is equipped with a staff canteen and pantry, and provides a variety of special drinks for all employees to enjoy for free.

- Care Allowance: All regular employees who get married or give birth after starting work can apply for the Company's care allowance.

- Women's Care: All female employees are provided with a six-month maternity leave, and professional doctors are invited to give health lectures to popularize knowledge on breast health care and gynecological disease prevention.

Diverse Holiday Activities

Mid-Autumn Festival

To amplify cultural significance, the Company launched the thematic campaign "A Little Fullness is Fullness", inviting all employees to co-create copywriting for festival gift boxes. This interactive initiative blended ceremonial traditions with collaborative participation, enriching the festive experience.

Dragon Boat Festival

Aligned with Dragon Boat Festival traditions, the Company distributed curated snack boxes featuring festive rice dumplings (zongzi) alongside protective talismans and scented sachets. Employees engaged in hands-on workshops to craft wormwood decorations, deepening appreciation for cultural heritage while strengthening team cohesion through collaborative activities.


Women's Day

In celebration of female employees, the Company organized bespoke Women's Day festivities to cultivate an inclusive workplace. The Company prepared bouquets for female employees and took group photos, and also distributed exquisite gifts and afternoon tea. In addition, employees can participate in making personalized handicrafts, which not only promotes hands-on skills but also sparks creativity and inspiration.

Employee Health and Safety

Horizon Robotics demonstrates an unwavering commitment to employee occupational health and safety through the establishment of robust internal governance frameworks, including the *Environmental and Safety Management Standards and the EHS Compliance Obligation Identification and Evaluation Control Process*, specifying the identification, update requirements, and forming a list of laws and regulations related to the environment and occupational health safety, and conducting compliance evaluations annually to ensure full compliance with applicable regulations. The Company's professional dedication is further validated by its ISO 45001 certification for occupational health and safety management systems.

To safeguard employee well-being, Horizon Robotics implements a multi-faceted approach. Regular health and safety initiatives – such as educational workshops, an online medical consultation platform, and practical wellness resources – are deployed to enhance health literacy and preventive care capabilities. Employees benefit from comprehensive medical coverage through statutory insurance and supplementary commercial health plans, complemented by annual health screenings. The Company prioritizes workplace safety through advanced protective equipment, routine facility inspections, and proactive hazard identification protocols, ensuring a secure operational environment. Emergency preparedness is strengthened through targeted training programs to elevate crisis response competencies.

A transparent reporting mechanism enables employees to confidentially raise concerns regarding potential health or safety violations. All reported incidents undergo rigorous root-cause investigations, with corrective measures implemented to prevent recurrence. Horizon Robotics maintains active collaboration with external regulatory bodies, integrating their guidance to continuously refine its health and safety management systems. This holistic strategy, combining preventive measures, accountability frameworks, and iterative improvement, reflects the organization's dedication to fostering a culture where operational excellence and employee welfare are equally prioritized and mutually reinforcing.

APPENDIX: KEY PERFORMANCE INDICATOR

Category	Indicator	Unit	2024
Environmental	**Greenhouse Gas**		
	Total greenhouse gas emissions[2] (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent	3,108.46
	Greenhouse gas emission intensity	Tonnes of carbon dioxide equivalent/Revenue Per Million	1.30
	Greenhouse gas emission (Scope 2)	Tonnes of carbon dioxide equivalent	3,108.46
	Purchased electricity[3]	Tonnes of carbon dioxide equivalent	3,108.46
	Greenhouse gas emission (Scope 3)	Tonnes of carbon dioxide equivalent	1,929.77
	Upstream Procurement and Services	Tonnes of carbon dioxide equivalent	485.45
	Business Travel	Tonnes of carbon dioxide equivalent	760.44
	Employee Commuting	Tonnes of carbon dioxide equivalent	92.18
	Fuel and Energy Activities	Tonnes of carbon dioxide equivalent	591.70
	Energy		
	Total energy consumption	MWh	5,329.68
	Energy consumption intensity	MWh/Revenue Per Million	2.24
	Indirect energy consumption	MWh	5,329.68
	Electricity	MWh	5,329.68
	Water consumption		
	Total water consumption[4]	Tonnes	17,057.29
	Water consumption intensity	Tonnes/Revenue Per Million	7.16

2 Greenhouse gases mainly come from purchased electricity. Greenhouse gas emissions are calculated based on the 2021 Emission Reduction Project China Regional Grid Baseline Emission Factors published by the Ministry of Ecology and Environment of China and the 2006 IPCC National Greenhouse Gas Inventory Guidelines published by the Intergovernmental Panel on Climate Change (IPCC), and are presented in carbon dioxide equivalent. Horizon Robotics does not consume gasoline, diesel, etc., and its greenhouse gases only come from the use of purchased electricity. Therefore, direct greenhouse gas emissions and direct energy consumption are not listed.

3 The purchased electricity data covers all workplaces in Horizon Robotics, including those in Beijing, Shanghai (including Lingang and Tuwu), Nanjing, Hangzhou, Shenzhen, Chengdu, Xi'an, Suzhou, Chongqing and Cixi.

4 The water sources used by the Company are mainly municipal water supply, and there is no issue in sourcing water that is fit for purpose.

Category	Indicator	Unit	2024
Environmental	**Waste**		
	Non-hazardous waste[5]	Tonnes	205.42
	Non-hazardous waste intensity	Tonnes/Revenue Per Million	0.0000137
	Hazardous waste[6]	Tonnes	0.03
	Hazardous waste intensity	Tonnes/Revenue Per Million	0.09
Social	**Employment**		
	Total number of employees	Person	2,208
	By gender		
	Male	Person	1,782
	Female	Person	426
	By employment type		
	Full-time	Person	2,078
	Part-time	Person	130
	By age		
	Under 30 years old (not including)	Person	782
	Age 30 to 50 (including)	Person	1,420
	Above 50 years old (not including)	Person	6
	By employee level		
	Senior management	Person	14
	Middle management	Person	38
	Non-management	Person	2,156
	By region		
	Chinese Mainland	Person	2,167
	Hong Kong, Macao, Taiwan in China	Person	13
	Other regions	Person	28

5 All non-hazardous waste is handled by garbage removal units, mainly office waste, domestic waste, etc.

6 Hazardous waste is handled by professional recycling companies for harmless treatment or by the original factory for recycling, mainly including discarded computer monitors, etc.

Category	Indicator	Unit	2024
Social	**Turnover Rate[7]**		
	Total Employee Turnover Rate	%	5.39
	By gender		
	Male	%	5.11
	Female	%	4.93
	By age		
	Under 30 years old (not including 30)	%	4.35
	Age 30 to 50 (including 30 and 50)	%	5.49
	Above 50 years old (not including 50)	%	0.00
	By employee level		
	Senior management	%	7.14
	Middle management	%	2.63
	Non-management	%	5.10
	By region		
	Chinese Mainland	%	4.94
	Hong Kong, Macao, Taiwan in China	%	0.00
	Other regions	%	17.9
	Health and Safety[8]		
	Number of deaths due to work in 2024	Person	0
	Number of deaths due to work in 2023	Person	0
	Number of deaths due to work in 2022	Person	0
	Death rate due to work in 2024	%	0
	Death rate due to work in 2023	%	0
	Death rate due to work in 2022	%	0
	Number of working days lost due to injury in 2024	Day	125

7 Turnover Rate = the number of employees who leave the Company in the reporting year/the total number of employees at year end * 100%.

8 The number of working days lost due to injury is subject to the identification of injury by the local social insurance administrative department.

Category	Indicator	Unit	2024
Social	**Percentage of Trained Employee[9]**		
	By gender		
	Male	%	100
	Female	%	100
	By employee level		
	Senior management	%	100
	Middle management	%	100
	Non-management	%	100
	Average Training Hours Per Employee[10]		
	By gender		
	Male	Hour	4.43
	Female	Hour	4.79
	By employee level		
	Senior management	Hour	3.64
	Middle management	Hour	3.29
	Non-management	Hour	4.51
	Supply Chain Management		
	Total suppliers	Unit	866
	By region		
	Chinese Mainland	Unit	815
	Hong Kong, Macao, Taiwan in China	Unit	11
	Other regions	Unit	40

9 Percentage of Trained Employee = The total numbers of trained employees by type/The total numbers of employees by type.

10 Average Training Hours Per Employee = The total training hours by type/The total numbers of trained employees by type.

APPENDIX: HONG KONG STOCK EXCHANGE ESG INDICATOR INDEX

Category	Issue	Disclosure Requirements	Correspondent Chapters
Governance Structure	–	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Sustainable Development Management – Board Statement
Reporting Principles	–	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About This Report

Category	Issue	Disclosure Requirements	Correspondent Chapters
Reporting Boundary	–	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report
Environmental	A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Low-Carbon Development to Assist Emission Reduction: Green Low-Carbon Management
		A1.1 The types of emissions and respective emissions data.	Key Performance Indicator
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Indicator
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Indicator
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Total non-hazardous waste produced and, where appropriate, intensity.	Key Performance Indicator
		A1.5 Description of emissions target(s) set and steps taken to achieve them.	Low-Carbon Development to Assist Emission Reduction: Green Low-Carbon Management

Category	Issue	Disclosure Requirements	Correspondent Chapters
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Low-Carbon Development to Assist Emission Reduction: Green Low-Carbon Management
	A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Low-Carbon Development to Assist Emission Reduction: Green Low-Carbon Management
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key Performance Indicator
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance Indicator
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Low-Carbon Development to Assist Emission Reduction: Green Low-Carbon Management
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Key Performance Indicator
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable

Category	Issue	Disclosure Requirements	Correspondent Chapters
	A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Low-Carbon Development to Assist Emission Reduction: Green Low-Carbon Management
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Low-Carbon Development to Assist Emission Reduction: Product Energy Efficiency Improvement; Low-Carbon Development to Assist Emission Reduction: Green Low-Carbon Management
	A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Low-Carbon Development to Assist Emission Reduction: Responding to Climate Change
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Low-Carbon Development to Assist Emission Reduction: Responding to Climate Change

Category	Issue	Disclosure Requirements	Correspondent Chapters
Social	B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Employees' Growth: Equality and Diverse Team; Caring for Employees' Growth: Employee Benefits and Care
		B1.1 Total workforce by gender, employment type (for example, full – or parttime), age group and geographical region.	Key Performance Indicator
		B1.2 Employee turnover rate by gender, age group and geographical region.	Key Performance Indicator
	B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Caring for Employees' Growth: Employee Health and Safety
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Indicator
		B2.2 Lost days due to work injury.	Key Performance Indicator
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Caring for Employees' Growth: Employee Health and Safety

Category	Issue	Disclosure Requirements	Correspondent Chapters
	B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Caring for Employees' Growth: Employee Training and Development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Indicator
		B3.2 The average training hours completed per employee by gender and employee category.	Key Performance Indicator
	B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Caring for Employees' Growth: Equality and Diverse Team
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	Caring for Employees' Growth: Equality and Diverse Team
		B4.2 Description of steps taken to eliminate such practices when discovered.	Caring for Employees' Growth: Equality and Diverse Team

Category	Issue	Disclosure Requirements	Correspondent Chapters
	B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Co-creating Value to Give Back to Society: Supply Chain Management
		B5.1 Number of suppliers by geographical region.	Key Performance Indicator
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Co-creating Value to Give Back to Society: Supply Chain Management
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Co-creating Value to Give Back to Society: Supply Chain Management
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Co-creating Value to Give Back to Society: Supply Chain Management

Category	Issue	Disclosure Requirements	Correspondent Chapters
	B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Innovation Empowers, Safety Prevails: Safety First Design Philosophy; Innovation Empowers, Safety Prevails: Product Quality Management with the Goal of "Creating Zero Defect Safe Quality Products and Services"; Innovation Empowers, Safety Prevails: Continuously Improving Service Quality
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Innovation Empowers, Safety Prevails: Product Quality Management with the Goal of "Creating Zero Defect Safe Quality Products and Services"
		B6.2 Number of products and service related complaints received and how they are dealt with.	Innovation Empowers, Safety Prevails: Continuously Improving Service Quality
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	Strengthening Operational Management System: Protection of Intellectual Property Rights

Category	Issue	Disclosure Requirements	Correspondent Chapters
		B6.4 Description of quality assurance process and recall procedures.	Innovation Empowers, Safety Prevails: Product Quality Management with the Goal of "Creating Zero Defect Safe Quality Products and Services"
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Strengthening Operational Management System: Information Security and Privacy Protection
	B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Strengthening Operational Management System: Business Ethics
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Strengthening Operational Management System: Business Ethics
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Strengthening Operational Management System: Business Ethics
		B7.3 Description of anti-corruption training provided to directors and staff.	Strengthening Operational Management System: Business Ethics

Category	Issue	Disclosure Requirements	Correspondent Chapters
	B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Co-creating Value to Give Back to Society: Participating in Community Co-construction; Co-creating Value to Give Back to Society: Philanthropy and Assistance
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Co-creating Value to Give Back to Society: Value Chain Empowerment; Co-creating Value to Give Back to Society: Participating in Community Co-construction; Co-creating Value to Give Back to Society: Philanthropy and Assistance
		B8.2 Resources contributed (e.g. money or time) to the focus area.	Co-creating Value to Give Back to Society: Value Chain Empowerment; Co-creating Value to Give Back to Society: Participating in Community Co-construction; Co-creating Value to Give Back to Society: Philanthropy and Assistance

Independent Auditor's Report

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF HORIZON ROBOTICS
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Horizon Robotics (the "Company") and its subsidiaries (the "Group"), which are set out on pages 117 to 223, comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF HORIZON ROBOTICS (Continued)
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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Recognition of revenue from license and services of automotive solutions
- Valuation of preferred shares and other financial liabilities at fair value through profit or loss ("FVPL")
- Measurement of expected credit loss of trade receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of revenue from license and services of automotive solutions Refer to note 6 to the consolidated financial statements. One of the Group's major revenues was derived from license and services of automotive solutions. The Group recognised revenue from license and services of RMB1,647.5 million for the year ended December 31, 2024. Revenue is recognised upon transfer of control, at a point in time or over time, depending on the nature of the arrangements. We focused on this area as significant efforts were spent on auditing the revenues recognised from license and services of automotive solutions due to the variety of licenses and services offered by the Group, and the specific terms applied in the contracts, for which significant audit resources were allocated.	We have performed the following procedures to address this key audit matter: • Evaluated the appropriateness of the revenue recognition policies as adopted by the Group against the prevailing requirements of accounting standards; • Understood and evaluated the Group's relevant internal controls over revenue recognition; • Tested IT general controls and key IT automated controls relating to the calculations of progress towards completion for revenues recognised over time; • Inspected revenue contracts with the Group's customers, on a sample basis, and identified the commercial terms and conditions of the contracts to evaluate the recognition of revenue by management against the requirements of the prevailing accounting standards, including identification of performance obligations, determination of transaction price, and timing for which control of the promised products or services are transferred;

INDEPENDENT AUDITOR'S REPORT
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Key Audit Matter	How our audit addressed the Key Audit Matter
	• Tested, on a sample basis, revenue transactions by inspecting the relevant supporting evidence such as (i) customer acceptance for license revenue recognised at a point in time, (ii) service acceptance report for service revenues recognised at a point in time, and (iii) data inputs and computation of progress towards completion for service revenues recognised over time; • Circulated confirmations to selected customers of the Group to confirm trade receivables balances as at December 31, 2024 and sales transactions for the year ended December 31, 2024; and • Tested revenue transactions recognised at a point in time, on a sample basis, that took place before and after December 31, 2024 to assess whether these transactions were recognised in the appropriate reporting period based on the supporting documents obtained. Based upon the above procedures performed, we considered that the recognition of revenue from license and services of automotive solutions were supported by the evidence obtained.

INDEPENDENT AUDITOR'S REPORT
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Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of the preferred shares and other financial liabilities at FVPL Refer to notes 3.3, 4(b) and 28 to the consolidated financial statements. As at December 31, 2024, the Group's preferred shares and other financial liabilities at FVPL included preferred shares (the "Preferred Shares") issued by D-Robotics, a subsidiary of the Company and a convertible loan (the "Convertible Loan") issued by the Company. As at December 31, 2024, the Preferred Shares and the Convertible Loan, both classified as financial liabilities and measured at fair value through profit or loss, were RMB204.4 million and RMB6,383.3 million, respectively. In addition, fair value losses on the Preferred Shares and the Convertible Loan of RMB10.2 million and RMB561.6 million were recognised in the statement of profit or loss for the year, respectively. The Preferred Shares and the Convertible Loan were not traded in an active market as at December 31, 2024. Determination of their fair value requires the use of unobservable inputs and accordingly, these financial liabilities were classified as level 3 financial instruments as at December 31, 2024. For the Preferred Shares, management used discounted cash flow method to determine the underlying equity value of D-Robotics and adopted equity allocation model to determine the fair value of this instrument. For the Convertible Loan, management used discounted cash flow method to determine its fair value.	We have performed the following procedures to address this key audit matter: • Obtained an understanding of the management's internal controls and assessment process of determining the fair value of the Preferred Shares and the Convertible Loan, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias; • Examined the agreements and other relevant documents, and assessed the implications of the key terms as set out in these documents to the valuation; • Assessed the competence, capabilities and objectivity of the independent external valuation expert engaged by the Group; • With the assistance of our internal valuation experts, tested the accuracy of mathematical calculations applied in the valuation models, assessed and challenged the appropriateness of the valuation techniques used and the reasonableness of the significant assumptions, including discount rates, risk-free interest rates, DLOM, bond yield and expected volatility by comparing with those as adopted by comparable companies in the industry and other external market data; • Evaluated the key assumptions applied by management in the cashflow forecast, with reference to historical business performance, and our understanding of the D-Robotics' business, management's financial forecast, and available market data;

INDEPENDENT AUDITOR'S REPORT
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Key Audit Matter	How our audit addressed the Key Audit Matter
The determination of fair value of the Preferred Shares and Convertible Loan required significant judgments by management on the data inputs including discount rates, risk-free interest rates, discount for lack of marketability ("DLOM"), expected volatility, bond yield, and the relevant underlying assumptions used in the cashflow forecast, and the engagement of an independent external valuation expert by management in assisting them in the determination of fair value of these instruments. We focused on this area due to the significant judgments and assumptions made by management in determining the fair value of the preferred shares and other financial liabilities at FVPL as at December 31, 2024.	• Checked the data inputs used in the determination of the fair value to supporting documents; and • Assessed the disclosures related to valuation of the Preferred Shares and the Convertible Loan. Based upon the above procedures performed, we considered that the key assumptions and judgments applied by management in the valuation of the preferred shares and other financial liabilities at FVPL were supported by the evidence obtained.
Measurement of expected credit loss ("ECL") of trade receivables Refer to notes 3.1(b), 4 and 20 to the consolidated financial statements. There were trade receivables carried at a net carrying amount of RMB703.6 million as at December 31, 2024. In addition, an ECL of RMB51.5 million was charged in the consolidated statement of profit or loss for the year ended December 31, 2024. The Group applied the simplified approach to determine the amounts of ECL of trade receivables. In measuring the ECL, trade receivables have been grouped based on the shared credit risk characteristics. The expected loss rates are determined with reference to historical payments profiles, adjusted to reflect certain current and forward-looking information on macroeconomic factors affecting the customers' ability to settle the receivables.	We have performed the following procedures to address this key audit matter: • Obtained an understanding of management's internal controls and assessment process of ECL of trade receivables, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias; • With the assistance of our internal valuation expert: (i) Evaluated the appropriateness of the valuation model used in the ECL measurement and the reasonableness of grouping of trade receivables against their nature and risk characteristics; (ii) Assessed the reasonableness of the expected loss rates by considering the relevant supporting documents such as historical payments profiles and aging analysis of trade receivables;

INDEPENDENT AUDITOR'S REPORT
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Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on this area due to the key assumptions and judgments applied by management in the measurement of ECL of trade receivable as mentioned above.	(iii) Evaluated the appropriateness of forward-looking factors with reference to our understanding of the Group's business, industry and external macroeconomic data; and (iv) Performed sensitivity analysis of the assumptions adopted by management in the assessment of forward-looking information to assess the potential impact on the measurement of ECL on trade receivables in the event of a reasonable and probable change in the relevant key assumptions happened; • Tested, on a sample basis, the accuracy of ageing analysis of trade receivables prepared by management to the related supporting documents; • Checked the mathematical accuracy of the ECL calculation for the loss allowance on trade receivables; and • Assessed the disclosures related to ECL of trade receivables. Based upon the above procedures performed, we considered that the key assumptions and judgments applied by management in the measurement of ECL of trade receivables were supported by the evidence obtained.

INDEPENDENT AUDITOR'S REPORT
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(incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the Company's 2024 annual report (the "Annual Report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including financial performance highlights, business review and outlook, and management discussion and analysis prior to the date of this auditor's report. The remaining other information, including the company information, directors' report, directors and senior management, corporate governance report, environmental, social and governance report and four-year financial summary and other sections to be included in the Annual Report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information to be included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF HORIZON ROBOTICS (Continued)
(incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF HORIZON ROBOTICS (Continued)
(incorporated in the Cayman Islands with limited liability)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is LEONG, Kin Bong.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 21, 2025

Consolidated Statement of Profit or Loss

		Year ended December 31,	
	Notes	**2024 RMB'000**	2023 RMB'000
Revenue from contracts with customers	6	**2,383,554**	1,551,607
Cost of sales	9	**(542,200)**	(457,297)
Gross profit		**1,841,354**	1,094,310
Research and development expenses	9	**(3,156,055)**	(2,366,255)
Administrative expenses	9	**(637,615)**	(443,366)
Selling and marketing expenses	9	**(409,853)**	(327,249)
Net impairment losses on financial assets	3.1(b)	**(51,249)**	(20,793)
Other income	7	**195,875**	66,222
Other gains/(losses) – net	8	**73,303**	(33,391)
Operating loss		**(2,144,240)**	(2,030,522)
Finance income	10	**383,231**	167,473
Finance costs	10	**(7,413)**	(8,651)
Finance income – net		**375,818**	158,822
Share of results of investments accounted for using the equity method	13	**(557,287)**	(112,074)
Fair value changes of preferred shares and other financial liabilities	28	**4,676,724**	(4,760,354)
Profit/(Loss) before income tax		**2,351,015**	(6,744,128)
Income tax (expense)/benefit	14	**(4,507)**	5,075
Profit/(Loss) for the year		**2,346,508**	(6,739,053)
Profit/(Loss) is attributable to:			
Owners of Horizon Robotics		**2,346,580**	(6,739,021)
Non-controlling interests		**(72)**	(32)
Profit/(Loss) per share for loss attributable to the ordinary equity holders of the Company (expressed in RMB per share)**:**			
Basic profit/(loss) per share	15	**0.51**	(2.50)
Diluted loss per share	15	**(0.17)**	(2.50)

Consolidated Statement of Comprehensive Income

		Year ended December 31,	
	Notes	**2024 RMB'000**	2023 RMB'000
Profit/(Loss) for the year		**2,346,508**	(6,739,053)
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Currency translation differences		**(195,638)**	(371,859)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	28	**(76,226)**	(457,686)
Other comprehensive loss for the year, net of nil tax		**(271,864)**	(829,545)
Total comprehensive income/(loss) for the year		**2,074,644**	(7,568,598)
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Horizon Robotics		**2,074,716**	(7,568,566)
Non-controlling interests		**(72)**	(32)

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Notes	As at December 31, 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**773,972**	433,261
Right-of-use assets	17	**211,517**	217,369
Deferred tax assets	30	**106,911**	99,967
Intangible assets	18	**320,251**	302,906
Investments accounted for using the equity method	13	**1,038,161**	1,107,659
Financial assets at fair value through profit or loss	3.3	**629,638**	80,825
Restricted cash	19,23	**8,141**	8,098
Prepayments and other non-current assets	21	**94,803**	85,713
Total non-current assets		**3,183,394**	2,335,798
Current assets			
Inventories	22	**585,414**	790,898
Prepayments and other current assets	21	**533,589**	136,729
Trade and note receivables	20	**678,770**	541,091
Financial assets at fair value through other comprehensive income	20	**26,900**	–
Restricted cash	19,23	**–**	709,716
Cash and cash equivalents	23	**15,370,925**	11,359,641
Total current assets		**17,195,598**	13,538,075
Total assets		**20,378,992**	15,873,873
LIABILITIES			
Non-current liabilities			
Lease liabilities	17	**81,539**	112,346
Preferred share and other financial liabilities at FVPL	28	**6,383,299**	–
Borrowings	29	**392,605**	112,844
Deferred tax liabilities	30	**1,626**	–
Other non-current liabilities	27	**327,289**	61,954
Total non-current liabilities		**7,186,358**	287,144

	Notes	As at December 31, 2024 RMB'000	2023 RMB'000
Current liabilities			
Trade payables	27	**14,552**	11,164
Contract liabilities	6	**248,693**	24,875
Borrowings	29	**14,667**	–
Lease liabilities	17	**71,751**	52,010
Employee benefit obligations		**416,898**	384,042
Accruals and other payables	27	**306,851**	540,444
Preferred shares and other financial liabilities at FVPL	28	**204,410**	39,239,578
Total current liabilities		**1,277,822**	40,252,113
Total liabilities		**8,464,180**	40,539,257
Net current assets/(liabilities)		**15,917,776**	(26,714,038)
Net assets/(liabilities)		**11,914,812**	(24,665,384)
EQUITY			
Equity/(deficits) attributable to owners of Horizon Robotics			
Share capital	24	**205**	39
Share premium	24	**34,087,735**	146,257
Other reserves	25	**616,784**	759,842
Accumulated losses		**(22,790,718)**	(25,571,415)
		11,914,006	(24,665,277)
Non-controlling interests		**806**	(107)
Total equity/(deficits)		**11,914,812**	(24,665,384)

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

The consolidated statements of financial position were approved by the Board of Directors on March 21, 2025 and were signed on its behalf:

Kai Yu	Feiwen Tao
Director	Director

Consolidated Statement of Changes in Equity

	Notes	Deficit attributable to owners of Horizon Robotics						
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total deficits RMB'000
Balance at January 1, 2023		39	146,257	1,247,509	(18,832,267)	(17,438,462)	(75)	(17,438,537)
Loss for the year		–	–	–	(6,739,021)	(6,739,021)	(32)	(6,739,053)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	28	–	–	(457,686)	–	(457,686)	–	(457,686)
Currency translation differences		–	–	(371,859)	–	(371,859)	–	(371,859)
Total comprehensive loss for the year		–	–	(829,545)	(6,739,021)	(7,568,566)	(32)	(7,568,598)
Transactions with owners in their capacity as owners:								
Share-based payments	24,26	–	–	341,751	–	341,751	–	341,751
Appropriations to PRC statutory reserves		–	–	127	(127)	–	–	–
Balance at December 31, 2023		39	146,257	759,842	(25,571,415)	(24,665,277)	(107)	(24,665,384)

	Notes	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity/(deficit) RMB'000
		Equity/(deficit) attributable to owners of Horizon Robotics						
Balance at January 1, 2024		39	146,257	759,842	(25,571,415)	(24,665,277)	(107)	(24,665,384)
Profit/(Loss) for the year		–	–	–	2,346,580	2,346,580	(72)	2,346,508
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	28	–	–	(76,226)	–	(76,226)	–	(76,226)
Currency translation differences		–	–	(195,638)	–	(195,638)	–	(195,638)
Total comprehensive loss for the year		–	–	(271,864)	2,346,580	2,074,716	(72)	2,074,644
Transactions with owners in their capacity as owners:								
Conversion of preferred shares to ordinary shares	28	139	28,550,014	–	–	28,550,153	–	28,550,153
Transfer of accumulated changes in fair value due to own credit risk upon derecognition of preferred shares	28	–	–	(434,117)	434,117	–	–	–
Issuance of ordinary shares relating to the Hong Kong public offering and international offering, netting of underwriting commissions and other issuance costs		27	5,391,464	–	–	5,391,491	–	5,391,491
Share-based payments	26	–	–	550,761	–	550,761	–	550,761
Deemed investment arising from share-based compensation	13	–	–	12,162	–	12,162	–	12,162
Capital contributions from non-controlling interests shareholders		–	–	–	–	–	985	985
Balance at December 31, 2024		205	34,087,735	616,784	(22,790,718)	11,914,006	806	11,914,812

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

Consolidated Statement of Cash Flows

	Notes	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash used in operating activities		**(356,235)**	(1,904,994)
Interest received		**383,231**	167,473
Income taxes paid		**(9,393)**	(6,987)
Net cash inflow/(outflow) from operating activities		**17,603**	(1,744,508)
Cash flows from investing activities			
Payments for property, plant and equipment		**(534,724)**	(259,446)
Payments for intangible assets		**(377,193)**	(194,526)
Purchase of investments accounted for using the equity method	13	**(546,080)**	(1,453,000)
Payments for financial assets at fair value through profit or loss	3.3	**(20,887,517)**	(4,399,778)
Placement of term deposits		**–**	(367,604)
Proceeds from sale of financial assets at fair value through profit or loss	3.3	**20,409,425**	4,410,095
Term deposits matured		**–**	1,596,881
Proceeds from sale of property, plant and equipment		**3,997**	92
Net cash outflow from investing activities		**(1,932,092)**	(667,286)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**5,403,665**	–
Proceeds from issuance of preferred shares and other financial liabilities	28	**192,332**	7,188,574
Capital contributions from non-controlling interests shareholders		**985**	–
Payments to certain former investors for preferred shares repurchase before January 1, 2021	27	**–**	(9,895)
Payment for listing expenses		**(11,623)**	–
Principal elements of lease payments		**(57,226)**	(51,489)
Interest elements of lease payments	17	**(7,413)**	(8,651)
Proceeds from borrowings	29	**294,428**	100,329
Net cash inflow from financing activities		**5,815,148**	7,218,868
Net increase in cash and cash equivalents		**3,900,659**	4,807,074
Cash and cash equivalents at the beginning of the year		**11,359,641**	6,608,657
Effects of exchange rate changes on cash and cash equivalents		**110,625**	(56,090)
Cash and cash equivalents at the end of the year		**15,370,925**	11,359,641

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

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Horizon Robotics (the "Company") was incorporated in the Cayman Islands on July 21, 2015, 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 Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in providing automotive solutions for passenger vehicles with proprietary software and hardware. The Group also provides non-automotive solutions to enable device manufacturers to design and manufacture devices and appliances with enhanced levels of intelligence.

The Company completed the initial public offering (the "IPO") and had its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited on October 24, 2024.

The Company's principal subsidiaries for the years ended December 31, 2024 and 2023 are set out in Note 12.

Dr. Kai Yu is the ultimate controlling shareholder of the Company as of the date of approval of these consolidated financial statements.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of convertible redeemable preferred shares, other financial liabilities at fair value through profit or loss, and financial assets at fair value through profit or loss ("FVPL").

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the year ended December 31, 2024 are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 21 'Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7, 'Amendments to the Classification and Measurement of Financial Instruments '	1 January 2026
Annual Improvements – Volume 11 IFRS accounting standards	1 January 2026
IFRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027

The Group is in the process of assessing potential impact of the above new standards and amendments. According to the preliminary assessment, the above new standards and amendments are not expected to have any significant impact on the financial performance and positions of the Group when they become effective. The Group plans to adopt these new standards and amendments when they become effective.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price 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. Risk management is carried out by the senior management of the Group.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currency of the Company and its subsidiaries outside mainland China are US$ whereas functional currency of the subsidiaries operate in mainland China is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

The foreign currency assets and liabilities of the Group entities are certain cash and cash equivalents and receivables and payables denominated in foreign currencies of respective group entities that are exposed to foreign currency risk. The foreign exchange risk the Group is facing mainly comes from movements in the USD/RMB and USD/HKD. During the years ended December 31, 2024 and 2023, the Group did not have any derivative financial instrument for which hedging accounting was applied.

If USD had strengthened by 5% against RMB with all other variables held constant, profit before income tax for the year would have been approximately RMB17,500,000 higher for the year ended December 31, 2024 (2023: loss before income tax for the year would have been approximately RMB1,277,000 higher).

(ii) Interest rate risk

Except for cash and cash equivalents, restricted cash, and borrowings, the Group has no significant interest-bearing assets and borrowings.

The directors of the Company do not anticipate significant impact to interest-bearing assets and borrowings resulted from the changes in interest rate because the interest rates of the above-mentioned interest-bearing assets and borrowings are not expected to change significantly.

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments in unlisted companies and an investment in a listed company held by the Group and classified in the statement of financial position as financial assets at fair value through profit or loss.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk (continued)

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Each investment is managed by senior management of the Group individually. The sensitivity analysis is performed by management, see Note 3.3 for details.

The Group also mainly invests in low-risk wealth management products and the proposed investment must not interfere with the Group's daily operation and business prospects. The Group makes investment decisions related to wealth management products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macroeconomic environment, general market conditions and the expected profit or potential loss of the investment.

(b) Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, as well as trade and note receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

To manage this risk, cash and cash equivalents and restricted cash are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions.

To manage risk from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade receivables have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For note receivables and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of note receivables and other receivables based on historical settlement records and past experiences.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted cash;
- Trade and note receivables; and
- Other receivables.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents and restricted cash are mainly placed with reputable Chinese and international financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was not material.

While the bank acceptance note receivables are also subject to the impairment requirements of IFRS 9, the expected credit loss was immaterial

Credit risk of trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days outstanding of the trade receivables.

The expected loss rates are based on the historical payment profiles of sales over a period of 51 months and 63 months before January 1, 2023 and 2024 respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Products ("GDP") of the People's Republic of China ("PRC") to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty.

On that basis, the loss allowance as at December 31, 2024 and 2023 were determined as follows for trade receivables:

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of trade receivables (continued)

As at December 31, 2024, the loss allowance of individually impaired trade receivables and grouped trade receivables are determined as follows:

Individual	Trade receivables RMB'000	Expected credit loss rate	Loss allowance RMB'000	Reason
Trade receivables	35,693	100.00%	(35,693)	The likelihood of recovery

As at December 31, 2024	Up to 3 months RMB'000	3 to 6 months RMB'000	6 to 9 months RMB'000	9 to 12 months RMB'000	Over 12 months RMB'000	Total RMB'000
Expected loss rate	2.20%	4.63%	8.40%	13.04%	32.53%	–
Gross carrying amount-trade receivables	355,571	166,861	121,535	27,127	91,625	762,719
Loss allowance	7,830	7,730	10,214	3,537	29,808	59,119

As at December 31, 2023, the loss allowance of individually impaired trade receivables and grouped trade receivables are determined as follows:

Individual	Trade receivables RMB'000	Expected credit loss rate	Loss allowance RMB'000	Reason
Trade receivables	47	100.00%	(47)	The likelihood of recovery

As at December 31, 2023	Up to 3 months RMB'000	3 to 6 months RMB'000	6 to 9 months RMB'000	9 to 12 months RMB'000	Over 12 months RMB'000	Total RMB'000
Expected loss rate	2.37%	4.55%	11.11%	13.33%	36.39%	–
Gross carrying amount-trade receivables	358,432	89,163	61,020	10,097	62,298	581,010
Loss allowance	8,495	4,060	6,779	1,346	22,673	43,353

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of trade receivables (continued)

The loss allowances for trade receivables for years ended December 31, 2024 and 2023 reconcile to the opening loss allowances are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Opening loss allowance	**(43,353)**	(22,820)
Increase in the loss allowance recognised in profit or loss during the year	**(51,459)**	(20,580)
Receivables written off during the year as uncollectible	**643**	47
Closing loss allowance	**(94,169)**	(43,353)

Credit risk of other receivables

Other receivables at the end of each of the periods are mainly comprised of rental and other deposits, amounts due from related party and others. The Group considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of other receivables (continued)

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognised (Stages 2 and 3):

On that basis, the loss allowances of other receivables as at December 31, 2024 and 2023 were determined as follows:

	Internal credit rating	Expected credit loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
December 31, 2024	Performing	0.49%	26,818	131
December 31, 2023	Performing	0.84%	40,471	341

The loss allowances for other receivables for the years ended December 31, 2024 and 2023 reconcile to the opening loss allowances as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Opening loss allowance	**(341)**	(128)
Reverse/(Increase) in the allowance recognised in profit or loss during the period	**210**	(213)
Closing loss allowance	**(131)**	(341)

(c) Liquidity risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyse the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate equal their carrying balances as the impact of discounting is not significant.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At December 31, 2024					
Trade payables	14,552	–	–	–	14,552
Accruals, other payables and other non-current liabilities (excluding non-financial liabilities)	272,561	31,673	–	–	304,234
Lease liabilities	77,166	65,370	25,243	–	167,779
Borrowings	22,801	27,752	110,706	297,539	458,798
Preferred shares (i)	–	–	312,660	–	312,660
Convertible loan (ii)	–	7,380,201	–	–	7,380,201
Total	387,080	7,504,996	448,609	297,539	8,638,224

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At December 31, 2023					
Trade payables	11,164	–	–	–	11,164
Accruals and other payables (excluding non-financial liabilities)	394,058	–	–	–	394,058
Lease liabilities	58,891	55,084	62,723	–	176,698
Borrowings	2,934	2,934	66,852	53,930	126,650
Preferred shares (i)	–	–	30,576,904	–	30,576,904
Convertible loan (ii)	–	–	7,140,017	–	7,140,017
Total	467,047	58,018	37,846,496	53,930	38,425,491

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

(i) The liquidity risk of preferred shares issued by the Company is the original issue price of those preferred shares plus the respective predetermined interest (the "Redemption Amount"), assuming that no consummation of a qualified initial public offering of the Company's shares before December 31, 2026, and the holders of the preferred shares request the Company to redeem all of the preferred shares (the "redemption event"). In October 2024, the Company successfully completes the IPO. All the 7,798,405,226 convertible redeemable preferred shares of the Company were converted into 7,798,405,226 ordinary shares at the offering price HK$3.99 per share upon the completion of the IPO and were reclassified from liabilities to equity accordingly. For preferred shares issued by D-Robotics, the amount subject to liquidity risk is the Redemption Amount of these preferred shares, assuming that no consummation of a qualified initial public offering of D-Robotics' shares before June 25, 2029, and the holders of these preferred shares request D-Robotics to redeem all of these preferred shares.

(ii) The liquidity risk of convertible loan is the principal amount of the convertible loan plus the respective predetermined interest, which are expected to be settled on December 7, 2026.

3.2 Capital management

(a) Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital, other reserves, preferred shares and other financial liabilities on an as-if-converted basis) by regularly reviewing the capital structure. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

(a) Financial instruments carried at fair value

(i) Fair value hierarchy

This section explains the judgments 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. An explanation of each level follows underneath the table.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial instruments carried at fair value (continued)

(i) Fair value hierarchy (continued)

The following table presents the Group's assets and liabilities that were measured at fair value as at December 31, 2024 and 2023:

At December 31, 2024	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL				
Investment in a listed company	12,483	–	–	12,483
Investments in unlisted companies	–	–	617,155	617,155
Financial assets at FVOCI				
Note receivables classified as financial assets at FVOCI	–	–	26,900	26,900
Total financial assets	12,483	–	644,055	656,538
Financial liabilities				
Preferred shares and other financial liabilities at FVPL				
Preferred shares	–	–	204,410	204,410
Convertible loan	–	–	6,383,299	6,383,299
Total financial liabilities	–	–	6,587,709	6,587,709

At December 31, 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL				
Investments in unlisted companies	–	–	80,825	80,825
Total financial assets	–	–	80,825	80,825
Financial liabilities				
Preferred shares and other financial liabilities at FVPL				
Preferred shares	–	–	33,509,674	33,509,674
Convertible loan	–	–	5,729,904	5,729,904
Total financial liabilities	–	–	39,239,578	39,239,578

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial instruments carried at fair value (continued)

(i) Fair value hierarchy (continued)

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period presented.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) 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.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The level 3 instruments mainly include investment in unlisted companies, notes receivables measured at fair value through other comprehensive income, wealth management products, as well as financial liabilities at fair value through profit or loss, including preferred shares and the convertible loan. As these instruments are not traded in an active market, their fair values have been determined using various applicable methodologies.

(ii) Valuation techniques used to determine fair values and process

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- the latest round financing, i.e. the prior transaction price or the third-party pricing; and
- a combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability ("DLOM"), market multiples, etc.

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the financial instruments on a case-by-case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial instruments carried at fair value (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets for the years ended December 31, 2024 and 2023:

The Group

	Investments in unlisted companies RMB'000	Wealth management products RMB'000	Notes receivables RMB'000	Commitment derivative RMB'000
Balance as at January 1, 2024	**80,825**	**–**	**–**	**–**
Acquisitions	**545,213**	**20,335,130**	**32,233**	**–**
Disposal	**–**	**(20,409,425)**	**(5,333)**	**–**
Changes in fair value	**(9,334)**	**74,278**	**–**	**–**
Foreign currency translation recorded in other comprehensive loss	**451**	**17**	**–**	**–**
Balance as at December 31, 2024	**617,155**	**–**	**26,900**	**–**
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	(9,334)	–	–	–
Balance as at January 1, 2023	68,838	–	–	13,017
Acquisitions	8,000	4,391,778	–	–
Disposal	–	(4,410,095)	–	–
Changes in fair value	3,511	18,317	–	(12,976)
Foreign currency translation recorded in other comprehensive loss	476	–	–	(41)
Balance as at December 31, 2023	80,825	–	–	–
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	3,511	–	–	–

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial instruments carried at fair value (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

The Company

	Investments in unlisted companies RMB'000	Wealth management products RMB'000	Commitment derivative RMB'000
Balance as at January 1, 2024	**33,183**	**–**	**–**
Acquisitions	**–**	**6,774,358**	**–**
Disposal	**–**	**(6,807,207)**	**–**
Changes in fair value	**(3,111)**	**32,837**	**–**
Foreign currency translation recorded in other comprehensive loss	**448**	**12**	**–**
Balance as at December 31, 2024	**30,520**	**–**	**–**
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	(3,111)	–	–
Balance as at January 1, 2023	27,251	–	13,017
Acquisitions	–	71,778	–
Disposal	–	(71,898)	–
Changes in fair value	5,456	120	(12,976)
Foreign currency translation recorded in other comprehensive loss	476	–	(41)
Balance as at December 31, 2023	33,183	–	–
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	5,456	–	–

The changes of preferred shares and other financial liabilities at FVPL and the valuation techniques and significant unobservable inputs for the years ended December 31, 2024 and 2023 have been disclosed in Note 28.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial instruments carried at fair value (continued)

(iv) Valuation inputs and relationships to fair value of financial assets

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

Description	Fair Value As at December 31, 2024 RMB'000	2023 RMB'000	Significant unobservable inputs	Range of inputs As at December 31, 2024	2023	Relationship of unobservable inputs to fair values
Investments in unlisted companies	617,155	80,825	DLOM	5.0%-27.0%	5.1%-22.2%	The higher the DLOM, the lower the fair value
			Volatility	37.2%-89.4%	38.8%-65.0%	The higher the volatility, the higher the fair value
Notes receivables measured at FVOCI	26,900	–	Discount Rate	1.3%-1.8%	N/A	The higher the discount rate, the lower the fair value

If the fair values of the investments in unlisted companies held by the Group had been 10% higher/lower, profit for the year ended December 31, 2024 would have been approximately RMB61,429,000 higher/lower (2023: loss for the year would have been approximately RMB1,151,000 lower/higher).

(b) Financial instruments carried at other than fair value

The carrying amounts of the Group's financial assets carried at other than fair value, including cash and cash equivalents, restricted cash, term deposits, trade and note receivables, and other receivables, and the Group's financial liabilities carried at other than fair value, including trade payables, other payables and accruals, borrowings and lease liabilities, approximate to their fair values as of December 31, 2024 and 2023.

4 CRITICAL ESTIMATES AND JUDGMENT

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4 CRITICAL ESTIMATES AND JUDGMENT (CONTINUED)

(a) Fair value of financial assets at FVPL

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3.

(b) Fair value of financial liabilities at FVPL

Preferred shares and other financial liabilities at FVPL are not traded in an active market and the respective fair value is determined by using valuation techniques. The discounted cash flow method was used to determine the fair value of the convertible loan, the total equity value of the Company prior to the IPO and the total equity value of D-Robotics. The equity allocation model is adopted to determine the fair value of preferred shares. Key assumptions such as bond yield, discount rate, risk-free interest rate, DLOM and expected volatility based on the Group's best estimates are disclosed in Note 28.

(c) Credit loss allowances for receivables

The expected credit loss of trade and note receivables, and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to calculate the loss allowances, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1.

(d) Share-based payment expenses

The Group granted options and restricted share units ("RSU") to employees. The fair value of the options is determined using the binomial option pricing model at the grant date, and is expected to be expensed over the respective vesting periods. Significant assumptions, including, underlying equity value, risk-free interest rate, expected volatility, dividend yield, and terms, are made by the directors with reference to valuation reports prepared by a third-party valuer (Note 26).

The fair value of RSUs at the grant date was determined by reference to the fair value of the underlying ordinary shares on the dates of grant. Prior to the IPO of the Company's ordinary shares, the discounted cash flow method was used to determine the total equity value of the Company and the equity allocation model was adopted to determine the fair value of the ordinary shares. Key assumptions, such as discount rate, risk-free interest rate, volatility and DLOM are disclosed in Note 26.

(e) Current and deferred income tax

The Group recognises deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses.

5 SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group that makes strategic decisions.

The CODM reviews the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports. The Group has the following reportable segments for the years ended December 31, 2024 and 2023:

- Automotive solutions; and

- Non-Automotive solutions

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The research and development expenses, administrative expenses and selling and marketing expenses are common costs incurred for these operating segments as a whole and therefore, they are not included in the measure of the segments' performance which is used by the CODM as a basis for the purpose of resource allocation and assessment of segment performance. Net impairment losses on financial assets, other income, other losses, net, finance income, finance cost, share of results of investments accounted for using the equity method, fair value losses of preferred shares and other financial liabilities and income tax expense are not allocated to individual operating segment, either.

There were no material inter-segment sales during the years ended December 31, 2024 and 2023. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated statement of profit or loss.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these consolidated statements of financial position. There was no segment assets or segment liabilities information provided to the CODM.

5 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024		
	Automotive solutions RMB'000	Non-Automotive solutions RMB'000	Total RMB'000
Segment revenue	2,311,703	71,851	2,383,554
Cost of sales	(487,164)	(55,036)	(542,200)
Gross profit	1,824,539	16,815	1,841,354

	Year ended December 31, 2023		
	Automotive solutions RMB'000	Non-Automotive solutions RMB'000	Total RMB'000
Segment revenue	1,470,364	81,243	1,551,607
Cost of sales	(386,652)	(70,645)	(457,297)
Gross profit	1,083,712	10,598	1,094,310

As at December 31, 2024 and 2023, substantially all of the non-current assets of the Group were located in the mainland China. Therefore, no geographical segments are presented.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

In the following table, revenue of the Group from contracts with customers is disaggregated by revenue source and by timing of revenue recognition. The table also includes a reconciliation to the segment information (Note 5).

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Automotive solutions		
Product solutions	664,237	506,386
License and services	1,647,466	963,978
	2,311,703	1,470,364
Non-Automotive solutions	71,851	81,243
Total Revenue	2,383,554	1,551,607

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Automotive solutions		
At a point in time	**2,111,420**	1,271,858
Over time	**200,283**	198,506
	2,311,703	1,470,364
Non-Automotive solutions		
At a point in time	**71,851**	81,243
Total Revenue	**2,383,554**	1,551,607

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

The major customers which contributed more than 10% of total revenue of the Group for the years ended December 31, 2024 and 2023 are listed as below:

	Year ended December 31,	
	2024	2023
Percentage of revenue from the major customers to the total revenue of the Group		
Customer A	**31.50%**	40.43%
Customer B	**17.40%**	2.95%
Customer C	**7.93%**	12.49%

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(b) Contract liabilities

During the years ended December 31, 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 liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Contract liabilities	**248,693**	24,875

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the period, recognized during the years ended December 31, 2024 and 2023 relates to carried-forward contract liabilities:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue recognized that was included in the contract liability balance at the beginning of the period	**19,650**	58,547

(c) Transaction price allocated to the unsatisfied performance obligations

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied	**1,066,368**	592,940

Management expects that the unsatisfied obligations of RMB1,035,060,000 as of December 31, 2024 (2023: RMB565,105,000) will be recognised as revenue during the next twelve months. The remaining unsatisfied obligations will be recognized in one to three year(s).

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(d) Accounting policies and significant judgments

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, at the contract inception date, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company determines standalone selling prices based on the prices charged to customers if it is directly observable. If the standalone selling price is not directly observable, the contractually stated price is believed to best reflect the relative standalone selling price of performance obligations in a contract considering the Company's customary business practices. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Company presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Company's right to consideration in exchange for goods and services that the Company has transferred to a customer. A receivable is recorded when the Company has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, the Company presents the contract liability when the payment is made, or a receivable is recorded (whichever is earlier). A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(d) Accounting policies and significant judgments (continued)

Revenue is recorded net of value-added taxes. During the years ended December 31, 2024 and 2023, the Group generated revenues from sales of automotive product solutions, license arrangements and provision of design and technical services to customers in automotive business and provision of non-automotive solutions.

(i) Automotive solutions – product solutions

The Group sells automotive product solutions, which combines its self-developed processing hardware with proprietary algorithms and software.

Revenue from sales of automotive product solutions is recognized upon the acceptance of promised product solutions by customers in an amount that reflects the consideration the Group expects to receive in exchange for those product solutions. Revenue is recognized net of discounts and any taxes collected from customers.

The Group generally offers assurance-type warranties to customers and such warranties are not considered a distinct performance obligation to customers. The Group accounts for the warranty in accordance with IAS 37 and the estimated warranty cost was not material for the years ended December 31, 2024 and 2023. (Note 27)

(ii) Automotive solutions – license and services

The Group licenses its customers with a right to use its algorithms and software. Licenses are at times sold along with training services and post-contract service ("PCS"). The training services and the PCS each is considered as a distinct performance obligation and they are not material during the years ended December 31, 2024 and 2023.

The licenses granted by the Group are right to use licenses. Therefore revenue from license arrangements is recognized when the algorithms, or the software is made available to the customer and the customer is able to use and benefit from the license. Revenue from training services is recognized over the training period. PCS revenue is recognized rateably over the service period.

The Group provides customers design and technical services to help them integrate the Group's solutions into their vehicles and design specific features.

For contracts pursuant to which the Group has an enforceable right to payment for performance completed to date, or when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, design and technical services revenue is recognized over a period of time based on the progress towards complete satisfaction in the contracts using input method, which is determined as the proportion of the costs incurred for the work performed to date relative to the estimated total costs to complete the contract, to the extent that the amount can be measured reliably and its recovery is considered probable. For other design and technical services contracts, revenue is recognized upon customers' acceptance of the service outcome.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(d) Accounting policies and significant judgments (continued)

(iii) Non-automotive solutions

The Group also offers non-automotive product solutions that combine the Group's processing hardware and algorithms. Related revenues are recognized upon the acceptance of promised product solutions by customers.

(iv) Practical expedients and exemptions

The effect of a significant financing component has not been adjusted for in contracts where the Group expects, at contract inception date, that the period between when the Group transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group elected to expense the incremental costs of obtaining a contract with a customer as incurred when the expected amortization period is one year or less.

7 OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Financial subsidies	**182,196**	50,238
Tax refund	**13,679**	15,984
Total	**195,875**	66,222

8 OTHER GAINS/(LOSSES), NET

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Fair value changes of financial assets at FVPL	**66,658**	8,852
Net foreign exchange differences	**7,750**	(40,334)
Donations	**(3,038)**	(672)
Gains on disposal of subsidiaries	**–**	623
Others	**1,933**	(1,860)
Total	**73,303**	(33,391)

9 EXPENSES BY NATURE

The expenses charged to cost of sales, selling and marketing expenses, administrative expenses and research and development expenses are analyzed below:

		Year ended December 31,	
	Notes	**2024 RMB'000**	2023 RMB'000
Employee benefit expenses	11	**2,447,526**	2,014,058
Depreciation and amortization	16,17,18	**435,417**	356,373
Cost of inventories sold	22	**427,258**	392,101
Technical service fee		**726,411**	265,717
Professional service, outsourcing fee and other consulting fee		**333,487**	274,742
Marketing, conference and traveling expenses		**132,958**	95,365
Tape-out fee and consumables used		**80,954**	136,516
Utilities, property management and administrative expenses		**41,431**	28,603
Listing expenses		**86,138**	1,780
Auditors' remuneration			
– Audit services		**1,100**	–
– Non-audit services		**1,169**	842
Other expenses		**31,874**	28,070
Total		**4,745,723**	3,594,167

10 FINANCE INCOME, NET

		Year ended December 31,	
	Notes	**2024 RMB'000**	2023 RMB'000
Finance income			
Interest income from financial assets held for cash management purposes		**383,231**	167,473
Finance income		**383,231**	167,473
Finance costs			
Interest for lease liabilities	17	**(7,413)**	(8,651)
Finance cost		**(7,413)**	(8,651)
Net finance income		**375,818**	158,822

Interest income on financial assets at amortised cost held for cash management purposes is calculated using the effective interest method.

11 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' REMUNERATIONS)

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	**1,540,911**	1,372,307
Share-based payments	**550,761**	341,751
Pension costs – defined contribution plans	**130,867**	116,649
Housing fund, medical insurance and other social insurance	**175,505**	165,079
Other employee benefits	**49,482**	18,272
Total employee benefit expenses	**2,447,526**	2,014,058

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended December 31, 2024 include 1 director (2023: 1) respectively, whose emoluments are disclosed in the Note 35. The emoluments payable to the remaining 4 (2023: 4) individuals during the respective period are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Wages and salaries	**13,374**	14,612
Bonuses	**30,559**	30,903
Share-based payments (i)	**90,960**	127,244
Pension costs – defined contribution plans	**260**	267
Housing fund, medical insurance and other social insurance	**358**	377
Other employee benefits	**1,079**	680
Total employee benefit expense	**136,590**	**174,083**

11 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' REMUNERATIONS) (CONTINUED)

(a) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,	
	2024	2023
Emolument bands (in HK$)		
HK$8,000,001 – HK$8,500,000	–	1
HK$8,500,001 – HK$9,000,000	–	1
HK$17,000,001 – HK$17,500,000	1	–
HK$20,500,001 – HK$21,000,000	1	–
HK$53,500,001 – HK$54,000,000	1	–
HK$54,500,001 – HK$55,000,000	–	1
HK$55,500,001 – HK$56,000,000	1	–
HK$120,000,001 – HK$120,500,000	–	1
	4	4

(i) Represents the amount recognised as an expense during the years ended December 31, 2024 and 2023 in accordance with IFRS 2 Share-based Payment.

12 SUBSIDIARIES

The Company's principal subsidiaries during the years ended December 31, 2024 and 2023 are set out below. Unless otherwise stated, they have share capital solely held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country/region of incorporation or registration is also their principal place of business.

Name of entity	Effective interest held As at December 31, 2024	2023	As at the date of this report	Date and place of incorporation/establishment and kind of legal entity	Issued/registered share capital	Principal activities	Place of Operation
Directly held by the Company:							
Horizon Robotics Holdings Limited	100	100	100	August 6, 2015/Hong Kong, PRC/limited liability company	HK$1	Holding company	Hong Kong, PRC
Horizon Together Holding Ltd. ("Horizon Together")	100	100	100	August 29, 2022/Cayman Islands/limited liability company	US$1	Holding company	Cayman Islands
Indirectly held by the Company:							
Beijing Horizon Information Technology Co., Ltd. (北京地平線信息技術有限公司)	100	100	100	December 28, 2015/PRC/limited liability company	US$1,500,000,000	Development of software products and provision of related services	Beijing, PRC
Shanghai Anting Horizon Zhineng Transportation Technology Co., Ltd. (上海安亭地平線智能交通技術有限公司)	100	100	100	March 24, 2017/PRC/limited liability company	US$220,000,000	Development of software products and provision of related services	Shanghai, PRC
Nanjing Horizon Information Technology Co., Ltd. (南京地平線信息技術有限公司)	100	100	100	March 30, 2017/PRC/limited liability company	US$220,000,000	Development of software products and provision of related services	Nanjing, PRC
Beijing Horizon Robotics Technology Research and Development Co., Ltd. (北京地平線機器人技術研發有限公司)	100	100	100	July 14, 2015/PRC/limited liability company	RMB8,000,000,000	Sales of software products and provision of related services	Beijing, PRC
Shenzhen Horizon Robotics Technology Co., Ltd. (深圳地平線機器人科技有限公司)	100	100	100	July 2, 2015/PRC/limited liability company	RMB1,500,000,000	Sales of software products and provision of related services	Shenzhen, PRC
Horizon Journey (Shanghai) Technology Co., Ltd. (地平線徵程(上海)科技有限公司)	100	100	100	March 26, 2018/PRC/limited liability company	RMB4,000,000,000	Research and development of technology	Shanghai, PRC
D-Robotics*	99.93	100	99.93	September 27, 2023/Cayman Islands/limited liability company	US$1	Holding company	Cayman Islands

* On June 25, 2024, D-Robotics, which was set up to streamline and operates the Group's non-automotive business, issued the following shares (the "D-Robotics Financing"):

12 SUBSIDIARIES (CONTINUED)

- 43,940,218 class A ordinary shares of D-Robotics to three entities controlled by the three founders of the Company (Note 26(b));

- 87,500,000 class A ordinary shares of D-Robotics to D-GUA Brother LP (the "D-Robotics ESOP Platform"), the employee stock ownership platform of D-Robotics' with D-GUA Brother, Inc. a company solely owned by Dr. Kai Yu, as the general partner;

- 83,695,656 series A1 preferred shares of D-Robotics to certain investors (Note 28 (a));

- 43,940,218 series A1 preferred shares of D-Robotics to D-Gua International Limited (the "D-Robotics Employee Trust"), a company of which the Company's CEO Dr. Kai Yu is the sole director;

Prior to and after the D-Robotics Financing, the Company, through its directly owned subsidiary Horizon Together, holds 600,000,000 class B ordinary shares of D-Robotics.

Concurrently with the D-Robotics Financing, D-Robotics also adopted the weighted voting rights ("WVR") structure with each class A ordinary share entitling the holder to exercise ten votes and each class B ordinary share and preferred share entitling the holder to exercise one vote on any resolutions tabled at D-Robotics' general meetings.

According to the acknowledgement letter issued respectively by D-Robotics ESOP Platform and D-Robotics Employee Trust, the aforementioned shares of D-Robotics issued to D-Robotics ESOP Platform and D-Robotics Employee Trust are reserved for future share-based payment arrangements of D-Robotics. D-Robotics ESOP Platform and D-Robotics Employee Trust are only holding and managing these instruments on behalf of D-Robotics and the related instruments are within the D-Robotics' control until they are granted and vested unconditionally according to D-Robotics' future approved share-based payment arrangements. Moreover, according to the Amended and Restated Memorandum and Articles of Association of D-Robotics, shares issued to D-Robotics ESOP Platform shall bear no economic rights and interests until they are granted and shares issued to D-Robotics Employee Trust are not entitled to any economic rights and interests until they are fully paid.

On June 25, 2024, Horizon Together entered into an Acting-in-Concert Agreement with D-GUA Brother LP, pursuant to which, D-GUA Brother LP shall act in accordance with the instructions of Horizon Together with regard to any matter that is submitted to vote by shareholders of D-Robotics. The Acting-in-Concert Agreement shall take effective from June 25, 2024, and remain in full force and effect unless terminated in writing by Horizon Together and D-GUA Brother LP. Together with the voting rights directly held through Horizon Together, the Company controls over 70% of the shareholder voting rights of D-Robotics.

According to the Amended and Restated Memorandum and Articles of Association of D-Robotics, the founders of the Company have the right to appoint 4 out of 6 directors. Concurrently, the founders of the Company jointly granted Horizon Together power of attorney and appointed Horizon Together as their attorney-in-fact to appoint 4 directors in the board of directors of D-Robotics. The Power of Attorney shall remain in full force and effect unless Horizon Together' s shareholding in D-Robotics is reduced to less than 50% or earlier revoked pursuant to applicable laws. As a result, the Company has the right to appoint the majority of the board members of D-Robotics.

12 SUBSIDIARIES (CONTINUED)

Based on the above arrangements, following the D-Robotics Financing, the Group continues to control D-Robotics as it is exposed to and has the rights to the variable return from D-Robotics through its legally holding of 99.93% of equity interests, and the ability to affect D-Robotics' return through its power by controlling over 70% of the shareholder voting rights and right to appoint the majority of the board members of D-Robotics.

Save as disclosed above, none of the subsidiaries of the Company issued any equity or debt securities during the year ended December 31, 2024.

The English names of certain subsidiaries referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts of investments accounted for using the equity method recognized in the consolidated statement of financial position are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Joint ventures	**962,263**	1,087,879
Associates	**75,898**	19,780
	1,038,161	1,107,659

The movements of investments in associates and joint ventures during the years ended December 31, 2024 and 2023 are as below:

	Years ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**1,107,659**	64,034
Additions	**558,242**	1,453,000
Share of results of associates and joint ventures	**(557,287)**	(112,074)
Elimination of profits and losses from downstream transactions	**(80,830)**	(297,301)
Currency translation differences	**10,377**	–
At the end of the year	**1,038,161**	1,107,659

The associates and joint ventures of the Group are accounted for using the equity method based on the financial information of the associates and joint ventures prepared under the accounting policies consistent with the Group.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

The Company grants RSUs to the employees of its joint ventures and does not charge the relevant costs to these joint ventures. In the separate financial statement, the Company capitalizes the grant date fair value of related RSUs as additional cost of investment in these joint ventures (2024: RMB12,162,000). In consolidated financial statements, as other joint venturers do not provide an equivalent contribution into the joint venture, the Company records all related share-based payment expenses when applying equity method accounting during the year ended December 31, 2024.

(i) Commitments in respect of associates and joint ventures:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Commitments – joint ventures		
Commitment to provide funding for joint ventures' capital commitments,	**1,513,049**	1,729,334
Commitments – associates		
Commitment to provide funding for associates' capital commitments	**500**	1,600
	1,513,549	1,730,934

Besides the above-mentioned commitments, there are no commitments and contingent liabilities relating to the Group's interests in associates and joint ventures.

(ii) Summarised financial information of material joint venture:

In November 2023, Carizon (Beijing) Technology Co., Ltd ("CARIZON") was established pursuant to a joint venture agreement (the "Joint Venture Agreement") entered into between CARIAD Estonia AS ("CARIAD"), an affiliate of Volkswagen Group ("Volkswagen") and Horizon Together Holding Ltd. ("Horizon Together"), a subsidiary of the Company, dated November 17, 2022. Pursuant to the Joint Venture Agreement, Horizon Together and CARIAD holds 40% and 60% of the equity interest in CARIZON, respectively. The total registered capital of CARIZON is RMB6,757,000,000, of which Horizon Together shall contribute RMB2,703,000,000. As at December 31, 2024, Horizon Together has contributed share capital of RMB1,756,420,000. And it shall pay the remaining share capital of RMB946,580,000 by November 20, 2028. Neither CARIAD or Horizon Together may transfer equity interests in CARIZON without the other party's prior written consent, subject to customary right of first offer, right of first refusal and transfer among affiliates conditions. At any time after January 1, 2027, CARIAD has the right but not the obligation, at its discretion, to make an offer to Horizon Together to purchase all but not less than all of the equity interest held by Horizon Together as of the date of the offer at fair market value.

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 relating to its products.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(ii) Summarised financial information of material joint venture: (continued)

As decisions about activities significantly affecting CARIZON's returns require the unanimous consent of Horizon Together and CARIAD, CARIZON is jointly controlled by both parties and therefore the Group applied equity method to account for its investment in CARIZON.

During the years ended December 31, 2024 and 2023, the Group entered into agreements with CARIZON to provide various IP licenses, technical services, and product solutions. The licenses were recognized as intangible assets at cost by CARIZON and are being amortized on straight-line basis over its estimated useful life of three years, while the technical services are recorded as research and development expenses in its statement of profit or loss by CARIZON. The product solutions were recognized as equipment at cost by CARIZON and are being depreciated on straight-line basis over its estimated useful life of two years. Unrealised gains from the downstream transactions with CARIZON, being 40% of the change in net carrying amount of relevant intangible assets and equipment on the statement of financial position of CARIZON are eliminated.

The tables below provide the details of transactions and elimination of gains from downstream transactions with CARIZON:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenues from CARIZON before elimination		
License and services	**810,897**	924,000
Product solutions	**3,583**	–
	814,480	924,000
Unrealised gains from the transactions with CARIZON		
License and services	**63,429**	296,704
Product solutions	**164**	–
	63,593	296,704

In addition to the registered capital of CARIZON, Horizon Together and CARIAD each undertakes to make further contributions (the "Further Contributions") to CARIZON by instalment in accordance with the Joint Venture Agreement. The amount of the Further Contributions that Horizon Together undertakes to pay is calculated based on the actual receipts by the Group for specified IPs licensed to CARIZON multiplied by specific ratios. And CARIAD shall further contribute such amounts proportionately to keep relative shareholding percentage between the two parties unchanged. As of December 31, 2024, the Group's commitment of the Further Contributions is RMB540,000,000.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(ii) Summarised financial information of material joint venture: (continued)

The tables below provide summarised financial information of CARIZON. The information disclosed reflects the amounts presented in the financial statements of CARIZON. They have been amended to reflect adjustments made by the Company when using the equity method before inter-company eliminations.

Summarised statement of financial position of the material joint venture	As at December 31, 2024 RMB'000	2023 RMB'000
Current assets		
Cash and cash equivalents	**1,123,722**	2,320,766
Other current assets	**371,802**	78,111
Total current assets	**1,495,524**	2,398,877
Non-current assets	**1,902,209**	848,006
Current liabilities		
Lease liabilities	**(24,690)**	–
Other current liabilities	**(317,680)**	(90,371)
Total current liabilities	**(342,370)**	(90,371)
Non-current liabilities		
Lease liabilities	**(106,645)**	–
Total non-current liabilities	**(106,645)**	–
Net assets	**2,948,718**	3,156,512

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(ii) Summarised financial information of material joint venture: (continued)

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue	**266**	–
Interest income	**27,599**	131
Depreciation and amortization	**(436,555)**	(21,848)
Loss for the year	**(1,221,344)**	(221,488)
Total comprehensive loss	**(1,221,344)**	(221,488)
Reconciliation to carrying amount:		
Opening net assets at 1 January	**3,156,512**	–
Capital injection	**1,013,550**	3,378,000
Loss for the year	**(1,221,344)**	(221,488)
Closing net assets	**2,948,718**	3,156,512
Group's share in %	**40%**	40%
Group's share in RMB	**1,179,487**	1,262,605
Elimination of unrealized profits or losses from downstream transactions	**(360,297)**	(296,704)
Currency translation differences	**10,377**	–
Carrying amount	**829,567**	965,901

(iii) Individually immaterial associates and joint ventures

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method.

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates and joint ventures	**208,594**	141,758
Aggregate amounts of the Group's share of loss for the year	**(61,655)**	(23,479)

14 INCOME TAX (EXPENSE)/BENEFIT

The income tax of the Group during the years ended December 31, 2024 and 2023 are analysed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Current income tax	**(9,825)**	(5,976)
Deferred income tax (Note 30)	**5,318**	11,051
Income tax (expense)/benefit	**(4,507)**	5,075

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(i) Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company in the Cayman Islands to its shareholders, no Cayman Islands withholding tax will be imposed.

(ii) Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, from the year of assessment 2018/2019 onwards, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK$2 million, and 16.5% on any part of assessable profits over HK$2 million. The payments of dividends by these companies to their shareholders are not subject to any Hong Kong withholding tax.

(iii) PRC corporate income tax

Under the PRC Enterprise Income Tax Law ("EIT Law"), the standard enterprise income tax rate is 25%. Preferential tax treatments are granted to entities qualify as "Software Enterprises", "Key Software Enterprises" and/or "High and New Technology Enterprises" ("HNTEs"). These preferential tax rates are subject to annual review by the relevant tax authorities in mainland China, and HNTEs status shall be re-applied every three years.

Five major subsidiaries of the Company were entitled to a preferential corporate income tax rate of 15% for the years ended December 31, 2024 and 2023. The Company will apply for the renewal of the HNTE status for all of these subsidiaries, and the Company believes it is more likely than not that each of these subsidiaries will continue to qualify as a HNTE after the three-year period. Therefore, deferred tax of these entities are calculated at a rate of 15% starting from the year when they were accredited as HNTE.

All other major mainland China incorporated entities of the Company were subject to a 25% income tax rate for all the years presented.

14 INCOME TAX (EXPENSE)/BENEFIT (CONTINUED)

(iii) PRC corporate income tax (continued)

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 200% from 2022 onwards of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction").

The income tax on the Group's profit/(loss) before income tax differs from theoretical amount that would arise using the enacted tax rate applicable to profits/(losses) of the subsidiaries as follows:

	Year ended December 31,	
	2024 **RMB'000**	2023 RMB'000
Profit/(loss) before income tax	**2,351,015**	(6,744,128)
Income tax calculated at PRC statutory income tax rate (25%)	**587,754**	(1,686,032)
Tax effect of:		
– Effect of different tax rates in other jurisdictions	**(1,009,612)**	1,227,408
– Preferential income tax rates applicable to subsidiaries	**186,497**	173,430
– Expense not deductible for tax purposes (b)	**88,284**	53,424
– Tax losses and other temporary difference not recognized as deferred tax assets(a)	**414,837**	475,953
– Super deduction for research and development	**(263,253)**	(249,258)
Income tax expense/(benefit)	**4,507**	(5,075)

(a) The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. The Company anticipated that it was more likely than not that RMB11,758,758,000 net operating losses from PRC entities would not be utilized based on its estimate of the operating performance of these PRC entities. RMB743,147,000 net operating losses of entities not qualified as HNTEs are expected to expire during years between the year ended December 31, 2024 and the year ending December 31, 2030. And RMB11,015,611,000 net operating losses of those of entities qualified as HNTEs are expected to expire during years between the year ended December 31, 2025 and the year ending December 31, 2035.

(b) The "expense not deductible for tax purpose" mainly comprise share-based payment expenses relating to the share-based awards granted by the Company to the employees of the Company's PRC subsidiaries. These share-based payment expenses were non-deductible for tax purpose during the years ended December 31, 2024 and 2023 according to the applicable tax regulations.

In December 2021, the Organisation for Economic Co-operation and Development ('OECD') released the Pillar Two model rules to reform international corporate taxation that aim to ensure that applicable multinationals (global revenue exceeding EUR750 million) pay a minimum effective corporate tax rate of 15%. Given the size of the Group's consolidated revenue, Pillar Two does not apply to the Group for year ended December 31, 2023 and 2024.

15 EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the years ended December 31, 2024 and 2023. Basic earnings/(loss) per ordinary share is computed using the weighted average number of ordinary shares outstanding during the year. Class A ordinary shares, Class B ordinary shares and vested RSUs are included in the calculation of the weighted average number of ordinary shares outstanding.

The Group has several categories of dilutive potential ordinary shares: preferred shares issued by the Company, preferred shares issued by D-Robotics, convertible loan, unvested RSU, and share options. As the Group incurred losses for the year ended December 31, 2023, the dilutive 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 year ended December 31, 2023 was the same as basic loss per share. For the year ended December 31, 2024, share options, unvested RSUs. Preferred shares issued by the Company and Class B ordinary shares as if converted from the convertible loan were included in the calculation of diluted earnings per share as their inclusion could be dilutive effect.

	Year ended December 31,	
	2024	2023
Basic earnings/(loss) per share:		
Profit/(loss) attributable to equity holder of the Company (RMB'000)	**2,346,580**	(6,739,021)
Weighted average number of ordinary shares outstanding (in "000")	**4,576,138**	2,700,123
Basic earnings/(loss) per share (expressed in RMB per share)	**0.51**	(2.50)
Diluted loss per share:		
Profit/(loss) attributable to equity holder of the Company (RMB'000)	**2,346,580**	(6,739,021)
Adjustment for fair value change of the Company's redeemable convertible preferred shares and other financial liabilities through profit or loss	**(4,686,938)**	–
Net loss attributable to the equity holders of the Company	**(2,340,358)**	(6,739,021)
Weighted average number of shares (in "000"):		
Weighted average number of ordinary shares outstanding	**4,576,138**	2,700,123
Adjustment for preferred shares issued by the Company	**6,345,552**	–
Adjustment for convertible loan of the Company	**2,011,075**	–
Adjustment for share options and unvested RSU	**480,052**	–
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share (in "000")	**13,412,817**	2,700,123
Diluted loss per share (expressed in RMB per share)	**(0.17)**	(2.50)

16 PROPERTY, PLANT AND EQUIPMENT

	Computers and electronic equipment RMB'000	Leasehold improvements RMB'000	Vehicles and vehicle devices RMB'000	Office furniture and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At January 1, 2023						
Cost	272,290	53,724	37,754	8,452	41,699	413,919
Accumulated depreciation	(152,438)	(23,714)	(12,788)	(4,034)	–	(192,974)
Net book amount	119,852	30,010	24,966	4,418	41,699	220,945
Year ended December 31, 2023						
Opening net book amount	119,852	30,010	24,966	4,418	41,699	220,945
Additions	116,603	1,143	20,942	797	154,295	293,780
Increase in capitalized interest	–	–	–	–	1,304	1,304
Disposals	(1,710)	–	(4,829)	(5)	–	(6,544)
Depreciation charge	(56,096)	(12,021)	(6,705)	(1,440)	–	(76,262)
Currency translation differences	24	–	11	3	–	38
Closing net book amount	178,673	19,132	34,385	3,773	197,298	433,261
At December 31, 2023						
Cost	378,116	54,867	48,499	9,185	197,298	687,965
Accumulated depreciation	(199,443)	(35,735)	(14,114)	(5,412)	–	(254,704)
Net book amount	178,673	19,132	34,385	3,773	197,298	433,261
Year ended December 31, 2024						
Opening net book amount	**178,673**	**19,132**	**34,385**	**3,773**	**197,298**	**433,261**
Additions	**153,140**	**11,883**	**59,065**	**308**	**234,033**	**458,429**
Increase in capitalized interest	**–**	**–**	**–**	**–**	**5,835**	**5,835**
Disposals	**(2,933)**	**–**	**(6,146)**	**(82)**	**–**	**(9,161)**
Depreciation charge	**(86,653)**	**(13,710)**	**(12,886)**	**(1,195)**	**–**	**(114,444)**
Currency translation differences	**39**	**7**	**5**	**1**	**–**	**52**
Closing net book amount	**242,266**	**17,312**	**74,423**	**2,805**	**437,166**	**773,972**
At December 31, 2024						
Cost	**522,110**	**66,758**	**97,260**	**9,241**	**437,166**	**1,132,535**
Accumulated depreciation	**(279,844)**	**(49,446)**	**(22,837)**	**(6,436)**	**–**	**(358,563)**
Net book amount	**242,266**	**17,312**	**74,423**	**2,805**	**437,166**	**773,972**

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant, and equipment are stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

• Computer and electronic equipment	3-5 years
• Leasehold improvements	Shorter of the lease terms or 5 years
• Vehicles and vehicle devices	3-5 years
• Office furniture and equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in consolidated statement of profit or loss.

17 LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

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

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
Land-use right	**65,519**	66,915
Office buildings	**108,172**	135,934
Others	**37,826**	14,520
	211,517	217,369
Lease liabilities		
Current	**71,751**	52,010
Non-current	**81,539**	112,346
	153,290	164,356

During the year ended December 31,2021, the Group obtained a land-use-right at RMB69,823,000. The land-use right was mortgaged as collaterals for the Group's borrowings (Note 29).

Additions to office buildings leases during the year ended December 31, 2024 were RMB41,855,000 (2023: RMB1,486,000). Additions to others during the year ended December 31, 2024 were RMB35,156,000 (2023: RMB14,264,000).

Modifications to office buildings leases during the year ended December 31, 2024 was RMB8,775,000 (2023: nil).

17 LEASES (CONTINUED)

(ii) Amounts recognized in the consolidated statements of profit or loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land-use right	**1,396**	1,396
Office buildings	**46,600**	49,346
Others	**10,543**	1,411
	58,539	52,153

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Interest expense (included in finance cost)	**7,413**	8,651
Expense relating to short-term leases not included in lease liabilities	**19,734**	3,910

The total cash outflows for lease payments during the year ended December 31, 2024 were RMB86,511,000 (2023: RMB64,285,000).

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

The Group leases properties, offices, land-use right and automobiles as lessee. Lease contracts are typically made for fixed periods from 1 to 50 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. 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 lessor. Leased assets may not be used as security for borrowing purposes.

17 LEASES (CONTINUED)

(iii) The Group's leasing activities and how these are accounted for (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option, and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

17 LEASES (CONTINUED)

(iii) The Group's leasing activities and how these are accounted for (continued)

The Group's lease payments are deductible upon payment for tax purposes. In accounting for the deferred tax relating to the lease, the Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

18 INTANGIBLE ASSETS

	Licensed technology RMB'000	Computer software RMB'000	Total RMB'000
At January 1, 2023			
Cost	530,386	181,984	712,370
Accumulated amortization	(287,944)	(105,351)	(393,295)
Net book amount	242,442	76,633	319,075
Year ended December 31, 2023			
Opening net book amount	242,442	76,633	319,075
Additions	143,767	68,380	212,147
Amortization charge	(160,459)	(67,857)	(228,316)
Closing net book amount	225,750	77,156	302,906
At December 31, 2023			
Cost	674,153	250,364	924,517
Accumulated amortization	(448,403)	(173,208)	(621,611)
Net book amount	225,750	77,156	302,906
Year ended December 31, 2024			
Opening net book amount	**225,750**	**77,156**	**302,906**
Additions	**165,494**	**117,335**	**282,829**
Amortization charge	**(197,774)**	**(67,710)**	**(265,484)**
Closing net book amount	**193,470**	**126,781**	**320,251**
At December 31, 2024			
Cost	**839,647**	**367,699**	**1,207,346**
Accumulated amortization	**(646,177)**	**(240,918)**	**(887,095)**
Net book amount	**193,470**	**126,781**	**320,251**

18 INTANGIBLE ASSETS (CONTINUED)

Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Research and development expenses	**264,529**	222,599
Administrative expenses	**948**	5,712
Selling and marketing expense	**7**	5
Total amortization expenses charged to profit or loss	**265,484**	228,316

(i) Licensed technology

Separately acquired licensed technologies are shown at historical cost. They have limited useful lives and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

(iii) Research and development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

18 INTANGIBLE ASSETS (CONTINUED)

(iv) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Licensed technology — Shorter of the contract terms or 3-5 years
- Computer software — Shorter of the contract terms or 3-5 years

19 FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during the years ended December 31, 2024 and 2023 is as below:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets measured at FVPL:		
Investment in a listed company	**12,483**	–
Investment in unlisted companies	**617,155**	80,825
Financial assets measured at FVOCI:		
Note receivables classified as financial assets at FVOCI	**26,900**	–
Financial assets measured at amortized cost:		
Trade and note receivables	**703,600**	541,091
Other receivables and other current and non-current assets (excluding deductible input VAT)	**26,687**	40,471
Restricted cash	**8,141**	717,814
Cash and cash equivalents	**15,370,925**	11,359,641
	16,765,891	12,739,842

19 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables and accruals and other payables (excluding non-financial liabilities)	**318,786**	405,222
Lease liabilities	**153,290**	164,356
Borrowings	**407,272**	112,844
Financial liabilities at fair value through profit or loss:		
Preferred shares	**204,410**	33,509,674
Convertible loan	**6,383,299**	5,729,904
	7,467,057	39,922,000

20 TRADE AND NOTE RECEIVABLES AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2024	**2023**
	RMB'000	RMB'000
Non-current:		
Trade receivables		
Third party debtors	**26,303**	–
Total trade receivables, gross	**26,303**	–
Less: Credit loss allowance	**(1,473)**	–
Total non-current trade receivables, net	**24,830**	–
Current:		
Note receivables	**–**	3,434
Trade receivables		
Third party debtors	**704,819**	504,820
Related parties	**66,647**	76,190
Total trade and note receivables, gross	**771,466**	584,444
Less: Credit loss allowance	**(92,696)**	(43,353)
Total current trade and note receivables, net	**678,770**	541,091
Total trade and note receivables, net	**703,600**	541,091
Financial assets at FVOCI		
Note receivables classified as financial assets at FVOCI	**26,900**	–
Total trade-related receivables	**730,500**	541,091

Note receivables are bank acceptance notes received from the Group's customers. During year ended December 31, 2024, the Group changed its intention and started to hold note receivables for both collection of contractual cash flows and for sale. As a result, all note receivables are classified and measured as financial assets at fair value through other comprehensive income since then. The maturity date of all note receivables as at December 31, 2024 are within one year.

20 TRADE AND NOTE RECEIVABLES AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

The aging analysis of trade and note receivables based on revenue recognition date is as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Up to 3 months	**355,571**	361,866
3 to 6 months	**166,861**	89,163
6 to 9 months	**123,491**	61,020
9 to 12 months	**27,127**	10,097
Over 12 months	**124,719**	62,298
Total	**797,769**	584,444

The Group's credit risk management is disclosed in Note 3.1 to the consolidated statement of financial position.

21 PREPAYMENTS, OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Non-current:		
Trade receivables	**26,303**	–
Prepaid bonuses	**25,233**	51,602
Rental and other deposits	**18,260**	16,856
Prepayments for construction in progress	**13,501**	61
Prepayments for property, plant and equipment	**9,033**	12,826
Prepayments for intangible assets	**3,271**	2,824
Others	**675**	1,544
Less: Credit loss allowance	**(1,473)**	–
Total prepayments and other non-current assets	**94,803**	85,713
Current:		
Prepayments to suppliers	**434,528**	65,284
Input VAT and CIT to be deducted	**64,264**	23,345
Prepaid bonuses	**26,370**	26,370
Other receivables	**8,134**	2,356
Rental and other deposits	**424**	1,332
Amounts due from a related party	**–**	18,383
Less: Credit loss allowance	**(131)**	(341)
Total prepayments and other current assets	**533,589**	136,729
Total prepayments, other current assets and other non-current assets	**628,392**	222,442

Total other current assets and other non-current assets are mainly denominated in RMB.

22 INVENTORIES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Finished goods	**239,466**	359,755
Working in progress	**332,706**	431,649
Raw materials	**9,193**	22,763
Contract fulfilment costs	**20,103**	1,455
Inventories, gross	**601,468**	815,622
Less: allowance for impairment	**(16,054)**	(24,724)
	585,414	**790,898**

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Cost of inventories sold	**409,293**	384,787
Provision for impairment of inventories	**17,987**	7,314
Reversal of provision for impairment of inventories	**(22)**	–
Total	**427,258**	392,101

Inventories are stated at the lower of cost and net realisable value. Cost mainly comprises bill of materials for processing hardware. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

23 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TERM DEPOSITS

The Group

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Cash at banks	**15,379,066**	12,077,455
Less: restricted cash	**(8,141)**	(717,814)
Cash and cash equivalents	**15,370,925**	11,359,641
Balances per consolidated statement of cash flows	**15,370,925**	11,359,641

Cash and cash equivalents are denominated in:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
RMB	**5,193,256**	4,231,031
US$	**10,065,726**	7,128,517
HK$	**111,943**	93
	15,370,925	11,359,641

Restricted cash is denominated in:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
RMB	**5,423**	5,423
US$	**2,718**	712,391
	8,141	717,814

The restricted cash balance as at December 31, 2023 primarily included a US$100,000,000 deposit in an escrow account set up according to the Joint Venture Agreement with CARIAD in order to secure and compensate CARIAD if the Group commits any material breach of the Joint Venture Agreement until the completion of the IPO. The escrow asset was released after the completion of the IPO on October 24, 2024.

23 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TERM DEPOSITS (CONTINUED)

The Company

Cash and cash equivalents are denominated in:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
RMB	**36,480**	43,153
US$	**5,274,491**	3,192,369
HK$	**95,698**	46
	5,406,669	3,235,568

24 SHARE CAPITAL AND SHARE PREMIUM

Share capital

	Class A ordinary shares		Class B ordinary shares	
	Number	Nominal value	Number	Nominal value
		USD		USD
Authorised, US$0.0000025 each:				
At January 1, 2023 and December 31, 2023	2,350,582,688	5,876	9,271,123,237	23,178
At December 31, 2024	2,124,389,270	5,311	17,875,610,730	44,689

	Class A ordinary shares		Class B ordinary shares	
	Number	Amount	Number	Amount
		RMB'000		RMB'000
Issued, US$0.0000025 each:				
At January 1, 2023 and December 31, 2023	2,305,932,525	38	125,471,515	1
Conversion of preferred shares to ordinary shares (c)	–	–	7,798,405,226	139
Issuance of ordinary shares relating to the IPO and exercise of over-allotment options (b)	–	–	1,525,534,200	27
Issuance of ordinary shares reserved for 2018 share incentive plan (d)	–	–	1,444,950,216	–
Shares re-designation	(181,543,255)	(3)	181,543,255	3
At December 31, 2024	2,124,389,270	35	11,075,904,412	170

24 SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

Share premium:

	RMB'000
At January 1, 2023 and December 31, 2023	146,257
Conversion of preferred shares to ordinary shares (c)	28,550,014
Issuance of ordinary shares relating to the IPO and exercise of over-allotment options, netting of underwriting commissions and other issuance costs (b)	5,391,464
At December 31, 2024	34,087,735

(a) Each Class A ordinary share carries ten (10) votes at meetings of shareholders while each Class B ordinary share is entitled to one (1) vote. Each Class A ordinary share is convertible into one (1) Class B ordinary share at any time by the holder thereof, and Class B ordinary shares are not convertible into Class A ordinary shares or preferred shares under any circumstances. Upon any transfer of Class A ordinary shares by a holder thereof to any person or entity which is not an affiliate of such person, such Class A ordinary shares shall be automatically and immediately converted into the equal number of Class B ordinary shares.

(b) On October 24, 2024, the Company completed its IPO of 1,355,106,600 Class B ordinary shares at an initial offering price of HK$3.99 per share on the Main Board of the Stock Exchange of Hong Kong. In November 2024, the Company issued 170,427,600 Class B ordinary shares at an exercise price of HK$3.99 per share pursuant to the partial exercise of the over-allotment option. The issuance of these Class B ordinary shares, net of underwriting commission and other issuance cost, resulting in an increase of share capital and share premium by RMB27,000 and RMB5,391,464,000, respectively.

(c) Upon the completion of the IPO on October 24, 2024, all the 7,798,405,226 preferred shares of the Company were converted to 7,798,405,226 Class B ordinary shares and were reclassified from liabilities to equity accordingly. The difference between the offer price and the par value of each Class B ordinary share were recorded as share premium. In addition, the cumulative fair value changes of the Company's preferred shares due to its own credit risk were transferred from other reserve to accumulated losses on the same date.

(d) On August 10, 2024, the Company issued an aggregate of 1,444,950,216 Class B ordinary shares to its employee shareholding platforms, namely Pirates Gold Holding Limited, Pirates Silver Holding Limited and Pirates Bronze Holding Limited for the 2018 Share Incentive Plan. As at December 31, 2024, all these shares are controlled by the Company and are not considered outstanding from accounting perspective, and therefore are disclosed as treasury shares and deducted from contributed equity.

25 OTHER RESERVES

	Share-based payments RMB'000	Changes in the fair value attributable to credit risk changes RMB'000	Statutory reserve RMB'000	Currency translation differences RMB'000	Repurchase of non-controlling interests RMB'000	Total RMB'000
As at January 1, 2023	511,013	968,029	1,337	(226,127)	(6,743)	1,247,509
Share-based payments – Share Incentive Plans (Note 26(a))	341,751	–	–	–	–	341,751
Fair value changes on preferred shares due to own credit risk (Note 28)	–	(457,686)	–	–	–	(457,686)
Currency translation differences	–	–	–	(371,859)	–	(371,859)
Appropriations to statutory reserves	–	–	127	–	–	127
As at December 31, 2023	852,764	510,343	1,464	(597,986)	(6,743)	759,842
Share-based payments – Share Incentive Plans (Note 26(a))	537,855	–	–	–	–	537,855
Share-based payments to employees of joint ventures (Note 13)	12,162	–	–	–	–	12,162
Share-based payments – Warrant of D-Robotics issued to founders (Note 26(b))	12,906	–	–	–	–	12,906
Fair value changes of preferred shares due to own credit risk (Note 28)	–	(76,226)	–	–	–	(76,226)
Transfer of accumulated changes in fair value due to own credit risk upon conversion of preferred shares issued by the Company	–	(434,117)	–	–	–	(434,117)
Currency translation differences	–	–	–	(195,638)	–	(195,638)
As at December 31, 2024	**1,415,687**	**–**	**1,464**	**(793,624)**	**(6,743)**	**616,784**

26 SHARE-BASED PAYMENTS

Total expenses arising from share-based payment transactions recognised during the years ended December 31, 2024 and 2023 were as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Share Incentive Plans (a)	**537,855**	341,751
Warrant of D-Robotics issued to founders (b)	**12,906**	–
	550,761	341,751

(a) Share Incentive Plans

In November 2015, the Company adopted the 2015 share incentive plan (the "2015 Share Incentive Plan"). On November 16, 2018, the 2018 share incentive plan (the "2018 Share Incentive Plan") was adopted by the Company to replace the 2015 Share Incentive Plan. In October 2024, the Company adopted the Post-IPO share incentive plan, under which no share-based awards have been granted as of December 31, 2024.

Under the 2015 Share Incentive Plan and the 2018 Share Incentive Plan, the Company have granted share options and RSUs to relevant directors and employees of the Company. The fair value of the services received in exchange for the grant of equity instruments (share options and RSUs) is recognised as an expense in the consolidated statement of profit or loss with a corresponding increase in other reserve.

The total amount to be expensed is determined by reference to the fair value of the options and RSUs granted:

- including any market performance conditions,
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. The expected retention rate of grantees was 88% for 2024 (2023: 92%). The Company recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

26 SHARE-BASED PAYMENTS (CONTINUED)

(a) Share Incentive Plans (continued)

Most of options and RSUs vest over a one-year or four-year requisite service period, depending on the terms of each award agreement. And granted options and RSUs generally follow one of the three vesting schedules ("Schedule A", "Schedule B", "Schedule C") below:

- Schedule A: 25% of the awards vest upon each of the four anniversaries of vesting commencement date;
- Schedule B: 50% of the awards vest upon the second anniversary of vesting commencement date, and 25% of the awards vest upon the third and fourth anniversary respectively;
- Schedule C: 100% of the awards vest on the first anniversary of vesting commencement date.

Set out below are summaries of options granted under the 2018 Incentive Plan:

	Weighted average exercise price per share option US$	Number of options	Weighted-average remaining contract life	Weighted average fair value of options granted during the period US$
Outstanding at January 1, 2023	0.13	402,950,925	4.77	–
Granted	–	–	–	–
Forfeited	0.39	(3,416,450)	–	–
Outstanding at December 31, 2023	0.13	399,534,475	3.74	–
Exercisable as of December 31, 2023	0.12	391,540,725	–	–
Granted	0.47	300,000	–	0.29
Forfeited	0.43	(1,150,000)	–	–
Outstanding at December 31, 2024	0.13	398,684,475	2.73	–
Exercisable as of December 31, 2024	**0.13**	**398,236,975**	**–**	**–**

26 SHARE-BASED PAYMENTS (CONTINUED)

(a) Share Incentive Plans (continued)

Share options outstanding at the end of the years have the following expiry date and exercise prices:

			Number of share options	
Grant Date	Expiry date	Exercise price per share option US$	**December 31, 2024**	December 31, 2023
2015	2025	0.000025	**128,875,150**	128,875,150
2016	2026	0.000025-0.0625	**46,726,740**	46,726,740
2017	2027	0.000025-0.09175	**19,706,960**	19,706,960
2018	2028	0.00025-0.302	**88,972,415**	88,972,415
2019	2029	0.001-0.3777	**70,017,800**	70,017,800
2020	2030	0.05408-0.3777	**16,059,350**	16,084,350
2021	2031	0.10249-0.4677	**25,721,060**	25,771,060
2022	2032	0.4677	**2,305,000**	3,380,000
2024	2034	0.4677	**300,000**	–
Total			**398,684,475**	399,534,475

Set out below are summaries of RSUs granted under the 2018 Incentive Plan:

	Number of RSUs	Weighted-average remaining contract life	Weighted average fair value of RSUs granted during the period US$
Outstanding at January 1, 2023	467,523,062	7.84	–
Granted	215,740,216	–	0.37
Forfeited	(22,701,502)	–	–
Outstanding at December 31, 2023	660,561,776	7.58	–
Exercisable as of December 31, 2023	342,725,801	–	–
Granted	327,153,745	–	0.56
Forfeited	(54,588,668)	–	–
Outstanding at December 31, 2024	**933,126,853**	**7.53**	**–**
Exercisable as of December 31, 2024	**480,736,309**	**–**	**–**

26 SHARE-BASED PAYMENTS (CONTINUED)

(a) Share Incentive Plans (continued)

RSUs outstanding at the end of the years have the following expiry date:

		Number of RSUs	
Grant Date	Expiry date	**December 31, 2024**	December 31, 2023
2015	2025	**–**	–
2016	2026	**7,967,430**	7,967,430
2017	2027	**–**	–
2018	2028	**89,478,400**	89,478,400
2019	2029	**19,713,439**	19,713,439
2020	2030	**108,809,319**	109,128,138
2021	2031	**71,284,715**	71,322,215
2022	2032	**143,656,303**	151,189,468
2023	2033	**202,103,776**	211,762,686
2024	2034	**290,113,471**	–
Total		**933,126,853**	660,561,776

Fair value of options and RSUs granted

Prior to the IPO, the directors have 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 for options and RSUs granted. Key assumptions, such as projections of future performance, are determined by the directors with best estimate.

Based on fair value of the underlying ordinary shares, the directors use binomial model to determine the fair value of the share options as of the grant date.

Key assumptions used by directors are set as below:

	Year ended December 31,	
	2024	2023
Risk-free interest rate	**4.09%**	N/A
Volatility	**39.71%**	N/A
Expected dividend yield	**0%**	N/A

26 SHARE-BASED PAYMENTS (CONTINUED)

(a) Share Incentive Plans (continued)

Fair value of options and RSUs granted (continued)

The fair value of RSUs at the grant date was determined by reference to the fair value of the underlying ordinary shares on the dates of grant.

	Year ended December 31,	
	2024	2023
Fair value of underlying ordinary shares (US$)	**0.47~0.58**	0.37~0.47

Key assumptions used by directors to estimate the underlying ordinary shares' fair value for options and RSUs granted prior to the IPO are set as below:

	Year ended December 31,	
	2024	2023
Discount rate	**20%**	20%
Risk-free interest rate	**4.45%-5.45%**	3.73%-4.40%
DLOM	**4%**	8.0%-9.5%
Volatility	**36.69%-41.72%**	40.77%-48.79%

(b) Warrant of D-Robotics issued to founders

On June 25, 2024, during the D-Robotics Financing, 43,940,218 class A ordinary shares of D-Robotics were issued to the three founders of the Company. According to the Amended and Restated Memorandum of Association of D-Robotics, all these shares shall bear the interests, rights and privileges, provided that the unpaid shares shall not be entitled to any economic rights and/or interests (including the right to claim or receive any dividend, the right to claim or receive any distribution or otherwise any property upon the winding up, liquidation, bankruptcy or insolvency or dissolution of the D-Robotics).

As of December 31, 2024, among the class A ordinary shares of D-Robotics issued to the three founders of the Company, 413,435 shares have been fully paid at price specified in the share purchase agreement dated June 25, 2024. For the remaining unpaid shares, founders have the right to pay the consideration for these shares at the same price specified in share purchase agreement at any time to entitle the economic rights and interests of these unpaid shares. Founders have been in-substance granted a warrant without any condition to buy 43,526,783 class A ordinary shares of D-Robotics at the predetermined subscription price on June 25, 2024. The Group recognized share-based payment expenses of RMB12,906,000 at the grant date fair value of the warrant which is derived using the Black-Scholes model. Significant assumptions including, 60.41% expected volatility and 4.35% risk-free interest, rate are made by the directors with reference to a third-party valuation report.

27 TRADE PAYABLES, ACCRUALS, OTHER PAYABLES AND OTHER NON-CURRENT LIABILITIES

The Group	As at December 31, 2024 RMB'000	2023 RMB'000
Current liabilities		
Trade payables (i)	**14,552**	11,164
Tax liabilities		
– Income tax payable	**492**	170
– Other taxes payable	**29,627**	142,448
Other payables		
– Payables for third-party service fees and deposit	**167,414**	173,775
– Payables for purchase of intangible assets	**62,806**	171,559
– Payables for construction in progress	**17,669**	30,803
– Accrued warranty liabilities	**4,171**	3,768
– Payables for an investment	**3,594**	–
– Accrued listing expenses	**616**	–
– Others	**20,462**	17,921
Total trade payables and accruals and other payables	**321,403**	551,608

(i) The aging analysis of the trade payables based on purchase date were as follows:

	As at December 31, 2024 RMB'000	2023 RMB'000
Up to 3 months	**13,670**	10,647
3 to 6 months	**458**	–
6 months to 1 year	**112**	262
1 to 2 years	**60**	12
Over 2 years	**252**	243
Total trade payables	**14,552**	11,164

27 TRADE PAYABLES, ACCRUALS, OTHER PAYABLES AND OTHER NON-CURRENT LIABILITIES (CONTINUED)

The Company

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Current liabilities		
Other payables		
– Payables for third-party service fees	**28,714**	712
– Accrued listing expense	**616**	–
– Others	**2,256**	2,010
Total trade payables and accruals and other payables	**31,586**	2,722

The Group

	As at December 31,	
	2024	2023
Other non-current liabilities	**RMB'000**	RMB'000
Payables for purchase of intangible assets	**31,673**	–
Deferred income in relation to financial subsidies	**295,616**	61,954
Total other non-current liabilities	**327,289**	61,954

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Preferred shares (a)		
The Company (i)	**–**	33,509,674
D-Robotics (ii)	**204,410**	–
Convertible loan (b)	**6,383,299**	5,729,904
	6,587,709	39,239,578

(a) Preferred shares

(i) Preferred shares of the Company

Since the incorporation of the Company, preferred shares have been issued to investors for the funding requirement of the Company.

The details of the issuance are set out in the table below (after taking into consideration of share splits):

	Issue price per Share US$	Issued shares	Total consideration received US$'000
Series Seed-1 Preferred Shares	0.02	820,000,000	12,551
Series Seed-2 Preferred Shares	0.03	80,000,000	2,400
Series A Preferred Shares	0.06	614,300,320	39,302
Series A1 Preferred Shares	0.09	547,100,600	50,214
Series A3 Preferred Shares	0.10	404,327,650	40,805
Series A5 Preferred Shares	0.10	97,570,490	10,000
Series B1 Preferred Shares	0.25	1,244,898,062	313,739
Series B2 Preferred Shares	0.30	247,532,056	74,405
Series B3 Preferred Shares	0.38	105,904,158	38,936
Series C Preferred Shares	0.47	3,353,574,611	1,568,460
Series D Preferred Shares	0.74	283,197,279	210,000
		7,798,405,226	2,360,812

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(a) Preferred shares (continued)

(i) Preferred shares of the Company (continued)

The details of the movements of number of preferred shares issued during the years ended December 31, 2024 and 2023 are as follows:

	Number of shares
Opening as of January 1, 2023	7,515,207,947
Issuance of Series D preferred shares	283,197,279
Outstanding as of December 31, 2023	7,798,405,226
Opening as of January 1, 2024	**7,798,405,226**
Conversion of preferred shares to ordinary shares	**(7,798,405,226)**
Outstanding as of December 31, 2024	**–**

All Preferred Shares of the Company were automatically converted into ordinary shares upon the IPO on October 24, 2024.

The key terms of the preferred shares issued by the Company are as follows:

Conversion rights

Unless converted earlier pursuant to the provisions with respect to automatic conversion as set out below, preferred shares shall be convertible, at the option of the holder thereof, at any time into such number of fully paid Class B ordinary shares at an initial conversion ratio of 1:1, and thereafter shall be subject to adjustment and readjustment from time to time for (a) share splits and combinations, (b) ordinary share dividends and distributions, (c) other dividends, (d) reorganizations, mergers, consolidations, reclassifications, exchanges, substitution, (e) dilutive issuance.

Each preferred share shall automatically be converted, based on then-effective conversion price, without the payment of any additional consideration, into fully-paid Class B ordinary shares upon the earlier of (i) the consummation of the qualified initial public offering ("Qualified IPO"), or (ii) the date specified by the written consent of at least two-thirds (2/3) of the voting power of then outstanding preferred shares of each class with respect to conversion of each class.

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(a) Preferred shares (continued)

(i) Preferred shares of the Company (continued)

Redemption rights

Preferred shareholders may redeem of all or any part of then outstanding shares held, at any time after the occurrence of (i) the failure by the Company to consummate a Qualified IPO prior to December 31, 2026, (ii) any occurrence of a material breach or violation of the transaction documents or relevant laws or (iii) occurrence of any other factors, which has resulted in the Company's chief executive officer terminating his employment relationship with the Group or losing control of the Company.

The redemption price of each share to be redeemed shall equal to (i) 100% of each series stated issue price with a compounded rate of ten percent (10%) per annum return, plus (ii) any accrued but unpaid dividends on each applicable preferred shares.

Under the redemption, the redemption price will be paid to the preferred shareholders in the following order: first to holders of Series D preferred shares, second to holders of Series C preferred shares, third to holders of Series B1/B2/B3/B4 preferred shares, fourth to holders of Series A1/A2/A3/A4/A5 preferred shares, fifth to holders of Series A preferred shares, and lastly to holders of Series Seed-1/Seed-2 preferred shares.

Voting rights

Each preferred share has voting rights equivalent to the number of Class B ordinary shares into which such preferred shares could be then convertible.

Dividend rights

Each preferred shareholder shall be entitled to receive the dividends at a simple annual rate of eight percent (8%) on pro-rata basis according to the relative number of shares held by them on an as-converted basis, only when, as and if declared by the Board of Directors and shall be non-cumulative. The distribution sequence should be in the following order: first to holders of Series D preferred shares, second to holders of Series C preferred shares, third to holders of B1/B2/B3/B4 preferred shares, fourth to holders of Series A1/A2/A3/A4/A5 preferred shares, fifth to holders of Series A preferred shares, sixth to holders of Series Seed-1/Seed-2 preferred shares and lastly to holders of ordinary shareholders.

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(a) Preferred shares (continued)

(i) Preferred shares of the Company (continued)

Liquidation preference

In the event of any liquidation or deemed liquidation, dissolution, winding up of the Company, either voluntary or involuntary, the assets and funds of the Company legally available for distribution to the shareholders shall be distributed to shareholders in the following manner and order:

Each preferred shareholder shall be entitled to receive, prior and in preference to any distribution of any of the assets or funds of the Company to the holders of any previous preferred shares and ordinary shares, the amount equal to one hundred and ten percent (110%) of the original issue price on each preferred shares, plus all declared but unpaid dividends thereon up to the date of liquidation. The liquidation preference amount will be paid in the following order: first to holders of Series D preferred shares, second to holders of Series C preferred shares, third to holders of Series B1/B2/B3/B4 preferred shares, fourth to holders of Series A1/A2/A3/A4/A5 preferred shares, fifth to holders of Series A preferred shares, and lastly to holders of Series Seed-1/Seed-2 preferred shares. After distributing or paying in full the liquidation preference amount to all of the preferred shareholders, the remaining assets of the Company available for distribution, if any, shall distributed to the holders of ordinary shares and the preferred shareholders on a pro rata basis, based on the number of ordinary shares then held by each shareholder on an as-converted basis. If the value of the remaining assets of the Company is less than aggregate liquidation preference amount payable to the holders of a particular series of preferred shares, then the remaining assets of the Company shall be distributed pro rata amongst the holders of all outstanding preferred shares of that series.

Deemed Liquidation Events

Deemed Liquidation Events (as defined in the Company's memorandum and articles of association) include: (1) any consolidation, amalgamation, scheme of arrangement or merger of the Company and/or its subsidiaries with or into any other person or other reorganization in which the shareholders of the Company and/or its subsidiaries immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50%) of the voting power of the surviving company immediately after such transaction; or (2) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Company and/or its subsidiaries; or (3) exclusive and irrevocable licensing of all or substantially all of the Company and/or its subsidiaries' intellectual property to a third party.

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(a) Preferred shares (continued)

(i) Preferred shares of the Company (continued)

Deemed Liquidation Events (continued)

A Deemed Liquidation Event shall be deemed to be a liquidation, dissolution or winding up of the Company, and any proceeds, whether in cash or properties, resulting from a Deemed Liquidation Event shall be distributed.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire preferred share instruments as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the consolidated statements of profit or loss and the component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in profit or loss but are transferred to retaining earnings when realized. Any directly attributable transaction costs are expensed as incurred.

The preferred shares issued by the Company have been presented 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 option doesn't meet the definition of equity instrument.

(ii) Preferred shares of D-Robotics

On June 25, 2024, the Company's subsidiary D-Robotics issued preferred shares to investors for external financing.

The details of the issuance are set out in the table below:

	Issue Price per Share US$	Number of shares as of January 1, 2024	Number of Shares as of December 31, 2024	Total consideration received by December 31, 2024 US$'000
Series A1 Preferred Shares	0.33	–	80,706,526	27,000
		–	80,706,526	27,000

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(a) Preferred shares (continued)

(ii) Preferred shares of D-Robotics (continued)

The details of the movements of number of preferred shares issued by D-Robotics during the year ended December 31, 2024 are as follows:

D-Robotics	Number of shares
Opening as of January 1, 2024	–
Issuance of Series A1 preferred shares	80,706,526
Outstanding as of December 31, 2024	80,706,526

The key terms of the preferred shares issued by D-Robotics are as follows:

Conversion rights

Unless converted earlier pursuant to the provisions with respect to automatic conversion as set out below, preferred shares shall be convertible, at the option of the holder thereof, at any time into such number of fully paid Class B ordinary shares at an initial conversion ratio of 1:1, and thereafter shall be subject to adjustment and readjustment from time to time for (a) share splits and combinations, (b) ordinary share dividends and distributions, (c) other dividends, (d) reorganizations, mergers, consolidations, reclassifications, exchanges, substitution, (e) dilutive issuance.

Each preferred share shall automatically be converted, based on then-effective conversion price, without the payment of any additional consideration, into fully-paid Class B ordinary shares upon the earlier of (i) the consummation of the qualified initial public offering of D-Robotics ("Qualified IPO of D-Robotics"), or (ii) the date specified by the written consent or agreement of at least two-thirds (2/3) of the voting power of then outstanding preferred shares.

Redemption rights

Preferred shareholders may redeem of all or any part of then outstanding shares held, at any time after the occurrence of (i) the failure by D-Robotics to consummate a Qualified IPO prior to June 25, 2029, (ii) any occurrence of a material breach or violation of the transaction documents or relevant laws, (iii) occurrence of any other factors, which has resulted in the Kai Yu losing control of D-Robotics, or (iv) any share required to be redeemed by any preferred shareholders of D-Robotics.

The redemption price of each share to be redeemed shall equal to (i) 100% of each series stated issue price with a compounded rate of ten percent (10%) per annum return, plus (ii) any accrued or declared but unpaid dividends on each applicable preferred shares.

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(a) Preferred shares (continued)

(ii) Preferred shares of D-Robotics (continued)

Voting rights

Each preferred share has voting rights equivalent to the number of Class B ordinary shares into which such preferred shares could be then convertible.

Dividend rights

Each preferred shareholder shall be entitled to receive, when, as and if declared by the Board of D-Robotics, out of any assets of D-Robotics legally available therefor, such dividends as may be declared from time to time by the Board of D-Robotics.

Liquidation preference

In the event of any liquidation or deemed liquidation, dissolution, termination or winding up of D-Robotics, whether voluntary or involuntary, all assets and funds of D-Robotics legally available for distribution to shareholders in the following manner and order:

Each preferred shareholder shall be entitled to receive, prior and in preference to any distribution of any of the assets or funds of the D-Robotics to the holders of any ordinary shares, the amount equal to one hundred and ten percent (110%) of the original issue price on each preferred shares, plus all declared but unpaid dividends thereon up to the date of liquidation. The liquidation preference amount will be paid firstly to holders of Series A1 preferred shares. After distributing or paying in full the liquidation preference amount to all of the preferred shareholders, the remaining assets of the D-Robotics available for distribution, if any, shall distributed to the holders of ordinary shares and the preferred shareholders on a pro rata basis, based on the number of ordinary shares then held by each shareholder on an as-converted basis. If the value of the remaining assets of the D-Robotics is less than aggregate liquidation preference amount payable to the holders of series A1 preferred shares, then the remaining assets of the D-Robotics shall be distributed pro rata amongst the holders of all outstanding preferred shares of that series.

Deemed Liquidation Event

Deemed Liquidation Events (as defined in the D-Robotics' memorandum and articles of association) include: (1) any consolidation, amalgamation, scheme of arrangement or merger of any D-Robotics or its subsidiaries with or into any other Person or other reorganization in which the shareholders of D-Robotics immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50%) of D-Robotics' 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 D-Robotics is a party in which in excess of fifty percent (50%) of D-Robotics' voting power is transferred; or (2) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Company and/or its subsidiaries; or (3) exclusive and irrevocable licensing of all or substantially all of the Company and/or its subsidiaries' intellectual property to a third party.

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(a) Preferred shares (continued)

(ii) Preferred shares of D-Robotics (continued)

Deemed Liquidation Event (continued)

The preferred shares issued by D-Robotics have been presented 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 option doesn't meet the definition of equity instrument.

The movements of the preferred shares carrying amount are set out as below:

The Company	RMB'000
At January 1, 2023	26,451,328
Issuance of Series D Preferred Shares	1,494,494
Change in fair value through profit or loss	4,695,950
Change in fair value through other comprehensive income	457,686
Currency translation differences	410,216
At December 31, 2023	33,509,674
At January 1, 2024	**33,509,674**
Change in fair value through profit or loss	**(5,248,547)**
Change in fair value through other comprehensive income	**76,226**
Conversion of convertible redeemable preferred shares to ordinary shares	**(28,550,153)**
Currency translation differences	**212,800**
At December 31, 2024	**–**

D-Robotics	RMB'000
At January 1, 2024	**–**
Issuance of Series A1 Preferred Shares	**192,332**
Change in fair value through profit or loss	**10,214**
Currency translation differences	**1,864**
At December 31, 2024	**204,410**

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(b) Convertible loan

In November 2022, the Company entered into an agreement to issue a convertible loan with the principal amount of US$924,855,000 with CARIAD, which is also a Series D preferred share investor. The convertible loan has a repayment term of three years from the closing date ("Maturity date") and with an interest rate of 2% for the first two annum and an 5% for the remaining annum.

Pursuant to the agreement, at any time after the date of closing and prior to the repayment in full, the convertible loan shall be automatically and mandatorily converted into the relevant equity interests in the Company when any of the following events occurs:

- In the event the Company consummates a Qualified IPO prior to the Maturity Date, upon the closing of the Qualified IPO, all the principal amount and accrued interest (the "Conversion Amount") shall be automatically and mandatorily converted into Class B Ordinary shares of the Company at a conversion price equal to the final per share offer price for the Qualified IPO, subject to the total beneficial interests cap of CARIAD in the Company being 9.90% upon Listing. The Company will repay the remaining Conversion Amount by cash on the Listing date, if any.

- In the event the Company fails to consummate a Qualified IPO but one or more rounds of Qualified Financing occurs prior to the Maturity Date, on the Maturity Date, the convertible loan shall be automatically and mandatorily converted into the same class of shares issued by the Company to the investors in the Qualified Financing at a conversion price equal to the price per share for the relevant class of shares.

- In the event neither a Qualified IPO nor a Qualified Financing occurs prior to the Maturity Date, on the Maturity Date, the convertible loan shall be automatically and mandatorily converted into the most senior series shares at a conversion price which implies a pre-determined valuation agreed by both parties.

Qualified Financing means a bona fide equity financing of the Company that takes place after the closing of the share purchase transaction under the Series D Preferred Share Purchase Agreement, the amount of total proceeds to the Company from which shall be no less than US$350,000,000 and at least US$100,000,000 of such total proceeds shall be invested by a single external investor.

On October 11, 2024, an amendment agreement was entered into between the Company and CARIAD to mainly amend arrangements with respect to the settlement of the convertible loan and the interest rate. According to the amendment agreement, Conversion Amount shall be automatically and mandatorily converted into Class B ordinary shares at the Company's IPO offering price HK$3.99 per share upon maturity of the convertible loan on December 7, 2026 subject to a 9.9% shareholding threshold of CARIAD in the Company's then issued share capital.

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(b) Convertible loan (continued)

As the lender has rights to ask the Company to repay all outstanding and unpaid principal amount when some contingent events occur, the convertible loan is classified as a liability given the Company does not have the unconditional right to avoid delivering cash to settle the loan.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire convertible loan as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the consolidated statements of profit or loss and the component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income.

Prior to the IPO, due to one of the contingent events that related to certain rights of preferred shareholders, the convertible loan was classified as a current liability as the Company had no right to defer the settlement for at least 12 months. Upon the completion of the IPO, all preferred shares were converted to ordinary shares, the Company only needs to settle the convertible loan upon maturity on December 7, 2026 if no breach of loan covenant. The convertible loan is classified as a non-current liability as of December 31, 2024 given that there's no breach of any loan covenant.

The movements of the convertible loan carrying amount are set out as below:

	RMB'000
At January 1, 2023	–
Issuance of convertible loan	5,694,080
Change in fair value through profit or loss	64,404
Currency translation differences	(28,580)
At December 31, 2023	5,729,904
At January 1, 2024	**5,729,904**
Change in fair value through profit or loss	**561,609**
Currency translation differences	**91,786**
At December 31, 2024	**6,383,299**

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(c) Fair value measurements

Fair value of the preferred shares

The Group applied the discounted cash flow method to determine the underlying equity value of the Company prior to the IPO and the underlying equity value of D-Robotics and adopted equity allocation model to determine the fair value of the preferred shares. Key assumptions are set out as below:

The Company

	As at December 31,	
	2024	2023
Discount rate	**N/A**	20%
Risk-free interest rate	**N/A**	4.01%
DLOM	**N/A**	8.0%
Volatility	**N/A**	41.26%

D-Robotics

	As at December 31,	
	2024	2023
Discount rate	**21%**	N/A
Risk-free interest rate	**4.35%**	N/A
DLOM	**12.5%**	N/A
Volatility	**60.41%**	N/A

Discount rate (post-tax) was estimated by weighted average cost of capital as at each valuation date. Management estimated the risk-free interest rate based on the yield to maturity of U.S. treasury bonds denominated in US$ with maturity close to expected liquidation date/redemption date as at the valuation date. 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. Volatility was estimated based on annualized standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term. In addition to the assumptions adopted above, the Company's and D-Robotics' projections of future performance were also factored into the determination of the fair value of preferred shares on each valuation date.

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(c) Fair value measurements (Continued)

Fair value of the preferred shares (Continued)

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of the preferred shares. 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 D-Robotics' key valuation assumptions used to determine the fair value of the preferred shares had increased/decreased certain percentage, the estimated fair value changes from carrying amount ended December 31, 2024 listed in below table (assuming the change of key assumptions would not have significant impact on fair value change attributable to credit risk)

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Risk-free interest rate +10%	**(1,718)**	–
Risk-free interest rate -10%	**1,742**	–

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
DLOM +10%	**(2,890)**	–
DLOM -10%	**2,890**	–

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Volatility +10%	**(4,745)**	–
Volatility -10%	**4,170**	–

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL (CONTINUED)

(c) Fair value measurements (Continued)

Fair value of the convertible loan

The Company estimated the fair value of the convertible loan using the scenario analysis method with key assumptions are as follows:

	As at December 31,	
	2024	2023
Bond yield	**11.30%**	11.13%

The changes in unobservable input including bond yield will result in a significantly higher or lower fair value measurement. If the bond yield had been 10% higher, profit for the year ended December 31, 2024 would have been approximately RMB49,789,000 higher (2023: loss for the year would have been approximately RMB114,496,000 lower). If the bond yield had been 10% lower, profit for the year ended December 31, 2024 would have been approximately RMB49,789,000 lower (2023: loss for the year would have been approximately RMB121,652,000 higher).

29 BORROWINGS

	As at December 31,	
	2024 **RMB'000**	2023 RMB'000
Non-current		
Bank borrowing, secured (a)	**392,605**	112,844
Current		
Bank borrowing – discount note receivables	**14,667**	–
Total borrowings	**407,272**	112,844

(a) On December 15, 2022, a subsidiary of the Company entered into a bank loan agreement, whereby a facility of up to RMB844,500,000 was granted for the financing of a construction project, with the relevant land use right mortgaged as the collateral for this loan (Note 17(i)). The Group is eligible to draw down any unutilised facility by December 14, 2025. The principal of the loan is repayable by instalments with effect from June 15, 2026 to December 14, 2037. The interest rate is charged from 2.0% to 2.6% and payable quarterly and resets on January 1 of each year during the loan period.

29 BORROWINGS (CONTINUED)

As at December 31, 2024, the weighted average effective interest rate for the borrowings was 2.34% per annum (2023: 2.60%).

As at the end of each reporting period, the Group's borrowings were repayable as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Less than 1 year	**14,667**	–
Between 1 and 2 years	**20,000**	–
Between 2 and 5 years	**90,000**	60,000
Over 5 years	**282,605**	52,844
	407,272	112,844

30 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax recoverable against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

(i) Deferred tax assets

The balance comprises temporary differences attributable to:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Lease liabilities	**20,998**	18,941
Tax losses carried forward	**106,911**	99,537
Others	**128**	–
Total gross deferred tax assets	**128,037**	118,478
Deferred tax assets:		
– to be realized within 12 months	**10,823**	5,502
– to be realized after 12 months	**117,214**	112,976
Set-off of deferred tax assets pursuant to set-off provisions	**(21,126)**	(18,511)
Net deferred tax assets	**106,911**	99,967

30 DEFERRED INCOME TAX (CONTINUED)

(ii) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	As at December 31,	
	2024 **RMB'000**	2023 RMB'000
Right-of-use assets	**20,711**	17,173
Financial assets measured at fair value	**2,041**	1,338
Total gross deferred tax liabilities	**22,752**	18,511
Set-off of deferred tax liabilities pursuant to set-off provisions	**(21,126)**	(18,511)
Net deferred tax liabilities	**1,626**	–

(iii) The movements on the carrying amount of deferred income tax assets is as follows:

	Lease liabilities RMB'000	Tax losses carried forward RMB'000	Government grants RMB'000	Expected Credit Loss RMB'000	Total RMB'000
At January 1, 2023	22,699	88,714	–	–	111,413
(Charged)/credited to profit or loss	(3,758)	10,823	–	–	7,065
At December 31, 2023	18,941	99,537	–	–	118,478
At January 1, 2024	**18,941**	**99,537**	**–**	**–**	**118,478**
Credited to profit or loss	**2,057**	**7,374**	**87**	**41**	**9,559**
At December 31, 2024	**20,998**	**106,911**	**87**	**41**	**128,037**

30 DEFERRED INCOME TAX (CONTINUED)

(iv) The movements of deferred income tax liabilities carrying value are as follows:

	Right-of-use assets RMB'000	Financial assets measured at FVPL RMB'000	Total RMB'000
At January 1, 2023	20,855	1,642	22,497
Credited to profit or loss	(3,682)	(304)	(3,986)
At December 31, 2023	17,173	1,338	18,511
At January 1, 2024	**17,173**	**1,338**	**18,511**
Charged to profit or loss	**3,538**	**703**	**4,241**
At December 31, 2024	**20,711**	**2,041**	**22,752**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable.

31 DIVIDENDS

No dividend has been paid or declared by the Company during the years ended December 31, 2024 and 2023.

32 CASH FLOW INFORMATION

(a) Cash generated/(used) in operating activities

		Year ended December 31,	
	Note	**2024 RMB'000**	2023 RMB'000
Profit/(loss) before income tax		**2,351,015**	(6,744,128)
Adjustments for			
Depreciation of property, plant and equipment	16	**114,444**	76,262
Amortisation of intangible assets	18	**265,484**	228,316
Depreciation of right-of-use assets	17	**58,539**	52,153
Provision for expected credit loss	3.1(b)	**51,249**	20,793
Provision for impairment of inventories	22	**17,965**	7,314
Share based payments	26	**550,761**	341,751
Fair value changes of financial assets at FVPL	8	**(66,658)**	(8,852)
Gains on disposal of subsidiaries	8	**–**	(623)
Share of net losses of investments accounted for using the equity method	13	**557,287**	112,074
Elimination of unrealised profits and losses from downstream transactions with equity method investees	13	**80,830**	297,301
Fair value changes of preferred shares and other financial liabilities	28	**(4,676,724)**	4,760,354
Losses on disposal of property, plant and equipment		**973**	1,912
Finance costs	10	**7,413**	8,651
Net foreign exchange differences	8	**(7,750)**	40,334
Change in operating assets and liabilities:			
Increase in trade and note receivables		**(215,445)**	(141,000)
Decrease/(increase) in inventories		**187,519**	(434,680)
Decrease/(increase) in restricted cash		**709,673**	(709,248)
Increase in other operating assets		**(364,102)**	(9,181)
Increase in trade payables		**3,312**	7,342
(Decrease)/increase in other payables and tax liabilities		**(95,997)**	260,718
Increase/(decrease) in contract liabilities		**223,818**	(38,204)
Increase in other operating liabilities		**263,997**	126,133
Cash generated/(used) in operating activities		**17,603**	(1,744,508)

(b) Non-cash investing activities

There were no material non-cash investing transactions for the years ended December 31, 2024 and 2023.

32 CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities generated from financing activities

	Preferred shares RMB'000	Convertible loan RMB'000	Lease liabilities RMB'000	Borrowings RMB'000	Total RMB'000
Liabilities from financing activities as at January 1, 2023	26,451,328	–	204,791	12,515	26,668,634
Financing cash flows	1,494,494	5,694,080	(60,140)	100,329	7,228,763
Changes in fair values	5,153,636	64,404	–	–	5,218,040
Other changes (i)	–	–	19,370	–	19,370
Currency translation differences	410,216	(28,580)	335	–	381,971
Liabilities from financing activities as at December 31, 2023	33,509,674	5,729,904	164,356	112,844	39,516,778
Financing cash flows	**192,332**	**–**	**(64,639)**	**294,428**	**422,121**
Changes in fair values	**(5,162,107)**	**561,609**	**–**	**–**	**(4,600,498)**
Conversion of preferred shares issued by the Company	**(28,550,153)**	**–**	**–**	**–**	**(28,550,153)**
Other changes (i)	**–**	**–**	**53,979**	**–**	**53,979**
Currency translation differences	**214,664**	**91,786**	**(406)**	**–**	**306,044**
Liabilities from financing activities as at December 31, 2024	**204,410**	**6,383,299**	**153,290**	**407,272**	**7,148,271**

(i) Other changes mainly include new leases, early termination and interest accruals.

33 COMMITMENTS

(a) Capital commitments

Significant capital expenditures contracted for at the end of the reporting period but not recognised as liabilities yet are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Property, plant and equipment	**96,273**	38,167
Intangible assets	**65,506**	33,920
Total	**161,779**	72,087

(b) Operating commitments

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Processor and related purchases	**619,308**	103,070
Technical service fee	**875,000**	–
Others	**50,011**	85,636
Total	**1,544,319**	188,706

For commitments in respect of investments in associates and joint ventures please see Note 13 (i).

34 RELATED PARTY TRANSACTIONS

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

The following significant transactions were carried out between the Group and its related parties 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.

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the years ended December 31, 2024 and 2023:

Company	Relationship
SAIC Motor Co., Ltd, and its subsidiaries ("SAIC")	Shareholder of the Group
Horizon Continental Technology (Shanghai) Co., Ltd. ("HCT")	An Associate of the Group
Nanjing Yuxin Technology Co., Ltd. ("NYX")	An Associate of the Group
Carizon (Beijing) Technology Co., Ltd. ("CARIZON")	A Joint venture of the Group
Chongqing Juchuangzhixing Technology Co., Ltd. ("JC")	An Associate of the Group

(b) Significant transactions with related parties

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Sales to related parties		
Product solutions, license and services to SAIC	**54,077**	82,422
Product solutions, license and services to HCT	**82,288**	8,458
Product solutions, license and services to CARIZON	**814,480**	924,000
License and services to JC	**1,805**	3,437
Product solutions, license and services to NYX	**280**	–
Property, plant and equipment to HCT	**3,877**	–
Total	**956,807**	1,018,317

The transactions with HCT for the year ended December 31, 2024 include RMB17,237,000 (2023: RMB597,000) profits from downstream transactions eliminated when applying equity method accounting.

The transactions with CARIZON for the year ended December 31, 2024 include RMB63,593,000 (2023: RMB296,704,000) profits from downstream transactions eliminated when applying equity method accounting.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Purchases from related parties		
Services from NYX	**36,434**	29,076
Services from JC	**30,375**	36,140
Services from HCT	**222**	–
Total	**67,031**	65,216

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year end balances with related parties

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Account receivables due from related parties		
Due from SAIC	**51,789**	20,998
Due from HCT	**8,623**	4,262
Due from CARIZON	**5,017**	50,850
Due from JC	**1,218**	80
Total	**66,647**	76,190
Other receivables due from related parties		
Due from CARIZON	**–**	18,383
Total	**–**	18,383
Other payables due to related parties		
Due to NYX	**6,266**	5,268
Due to JC	**3,641**	6,614
Due to HCT	**162**	–
Total	**10,069**	11,882
Contract liabilities due to related parties		
Due to SAIC	**576**	924
Due to CARIZON	**150,000**	17,775
Total	**150,576**	18,699

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel compensation

The compensations to key management personnel as directors are shown below:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Director fees	**738**	498
Wages, salaries and bonuses	**14,781**	8,064
Share-based payments(i)	**77,922**	7,525
Pension costs-defined contribution plans	**274**	319
Housing fund, medical insurance and other social insurance	**381**	377
Other employee benefits	**1,148**	228
Total	**95,244**	17,011

(i) Represents the amount recognized as an expense during the years ended December 31, 2024 and 2023 in accordance with IFRS 2 Share-based Payment.

35 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director during the years ended December 31, 2024 and 2023 is set out below:

For the year ended December 31, 2024:

Name of Directors	Director fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses(a) RMB'000	Social security costs, housing benefits and other employee welfare RMB'000	Total RMB'000
Dr. Kai Yu (i)	–	2,681	851	58,152	440	62,124
Dr. Chang Huang (ii)	–	2,373	610	2,919	481	6,383
Ms. Feiwen Tao (iii)	–	2,497	958	1,265	457	5,177
Dr. Liming Chen (iv)	–	1,789	557	4,771	–	7,117
Mr. Yufeng Zhang (v)	–	1,985	480	10,722	425	13,612
Mr. Liang Li (vi)	–	–	–	–	–	–
Mr. Qin Liu (vii)	–	–	–	–	–	–
Dr. André Stoffels (viii)	–	–	–	–	–	–
Dr. Juehui Zhang (ix)	–	–	–	–	–	–
Mr. Xin Zhang (x)	–	–	–	–	–	–
Dr. Ya-Qin Zhang (xi)	498	–	–	93	–	591
Dr. Jun Pu (xii)	80	–	–	–	–	80
Mr. Yingqiu Wu (xiii)	80	–	–	–	–	80
Dr. Katherine Rong XIN (xiv)	80	–	–	–	–	80
Total	738	11,325	3,456	77,922	1,803	95,244

35 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

For the year ended December 31, 2023:

Name of Directors	Director fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses(a) RMB'000	Social security costs, housing benefits and other employee welfare RMB'000	Total RMB'000
Dr. Kai Yu (i)	–	1,506	–	–	189	1,695
Dr. Chang Huang (ii)	–	1,226	–	–	167	1,393
Ms. Feiwen Tao (iii)	–	1,597	–	–	195	1,792
Mr. Feng Zhou (xv)	–	1,516	–	16	159	1,691
Mr. Yufeng Zhang (v)	–	1,734	485	7,440	214	9,873
Mr. Liang Li (vi)	–	–	–	–	–	–
Mr. Qin Liu (vii)	–	–	–	–	–	–
Dr. André Stoffels (viii)	–	–	–	–	–	–
Dr. Juehui Zhang (ix)	–	–	–	–	–	–
Mr. Xin Zhang (x)	–	–	–	–	–	–
Dr. Ya-Qin Zhang (xi)	498	–	–	69	–	567
Total	498	7,579	485	7,525	924	17,011

35 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Represents the amount recognized as expense during the years ended December 31, 2024 and 2023 in accordance with IFRS 2 Share-based Payment.

(i) Dr. Kai Yu was appointed as a director of the Company on July 21, 2015 and re-designated as an executive director on March 18, 2024.

(ii) Dr. Chang Huang was appointed as a director of the Company on November 1, 2017 and re-designated as an executive director on March 18, 2024.

(iii) Ms. Feiwen Tao was appointed as a director of the Company on September 7, 2017 and re-designated as an executive director on March 18, 2024.

(iv) Dr. Liming Chen was appointed as an executive director of the Company on March 18, 2024.

(v) Mr. Yufeng Zhang was appointed as a director of the Company on May 20, 2020 and resigned from directorship on March 17, 2024.

(vi) Mr. Liang Li was appointed as a director of the Company on November 1, 2017 and re-designated as a non-executive director on March 18, 2024.

(vii) Mr. Qin Liu was appointed as a director of the Company on October 15, 2015 and re-designated as a non-executive director on March 18, 2024.

(viii) Dr. André Stoffels was appointed as a director of the Company on December 7, 2023 and re-designated as a non-executive director on March 18, 2024.

(ix) Dr. Juehui Zhang was appointed as a director of the Company on January 20, 2022 and re-designated as a non-executive director on March 18, 2024.

(x) Mr. Xin Zhang was appointed as a director of the Company on February 8, 2021 and resigned on October 24, 2024.

(xi) Dr. Ya-Qin Zhang was appointed as a director of the Company on January 23, 2020 and re-designated as an independent non-executive director on March 18, 2024.

(xii) Dr. Jun Pu was appointed as an independent non-executive director on October 8, 2024.

(xiii) Mr. Yingqiu Wu was appointed as an independent non-executive director on October 8, 2024.

(xiv) Dr. Katherine Rong XIN was appointed as an independent non-executive director on October 8, 2024.

(xv) Mr. Feng Zhou was appointed as a director of the Company on August 13, 2018 and resigned from directorship on March 8, 2023.

36 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On March 11, 2025, D-Robotics entered into share purchase agreements to issue a total of 109,408,158 series A2 Preferred Shares to certain investors for an aggregated cash consideration of US$36.6 million. As of the date of this report, D-Robotics has received cash consideration amounting to US$19.6 million. The Company will continue to control D-Robotics following the series A2 financing.

Except the above mentioned event, there have been no material events subsequent to the year ended December 31, 2024.

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	As at December 31, 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries		**23,911,812**	19,820,050
Financial assets at fair value through profit or loss	3.3	**30,520**	33,183
Total non-current assets		**23,942,332**	19,853,233
Current assets			
Prepayments and other current assets		**971**	–
Cash and cash equivalents	23	**5,406,669**	3,235,568
Total current assets		**5,407,640**	3,235,568
Total assets		**29,349,972**	23,088,801
LIABILITIES			
Non-current liabilities			
Preferred shares and other financial liabilities at FVPL	28	**6,383,299**	–
Total non-current liabilities		**6,383,299**	–
Current liabilities			
Preferred shares and other financial liabilities at FVPL	28	**–**	39,239,578
Accruals and other payables	27	**31,586**	2,722
Total current liabilities		**31,586**	39,242,300
Total liabilities		**6,414,885**	39,242,300

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Statement of financial position of the Company (Continued)

	Notes	As at December 31, 2024 RMB'000	As at December 31, 2023 RMB'000
Net current assets/(liabilities)		**5,376,054**	(36,006,732)
Net assets/(liabilities)		**22,935,087**	(16,153,499)
EQUITY			
Equity/(deficits) attributable to owners of Horizon Robotics			
Share capital	24	**205**	39
Share premium	24	**34,087,735**	146,257
Other reserves	25	**1,386,258**	1,284,408
Accumulated losses		**(12,539,111)**	(17,584,203)
Total deficits		**22,935,087**	(16,153,499)

The statement of financial position of the Company was approved by the Board of Directors on March 21, 2025 and was signed on its behalf:

Kai Yu	Feiwen Tao
Director	Director

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share-based payments RMB'000	Changes in the fair value attributable to credit risk change RMB'000	Currency translation differences RMB'000	Total RMB'000
As at January 1, 2023	511,013	968,029	84,106	1,563,148
Share-based payments – Share Incentive Plans (Note 26(a))	341,751	–	–	341,751
Fair value changes on convertible redeemable preferred shares due to own credit risk (Note 28)	–	(457,686)	–	(457,686)
Currency translation differences	–	–	(162,805)	(162,805)
As at December 31, 2023	852,764	510,343	(78,699)	1,284,408
Share-based payments – Share Incentive Plans (Note 26(a))	**537,855**	**–**	**–**	**537,855**
Share-based payments to joint ventures' employees (Note 13)	**12,162**	**–**	**–**	**12,162**
Fair value changes on preferred shares due to own credit risk (Note 28)	**–**	**(76,226)**	**–**	**(76,226)**
Transfer of accumulated changes in fair value due to own credit risk upon conversion of convertible redeemable preferred shares issued by the Company	**–**	**(434,117)**	**–**	**(434,117)**
Currency translation differences	**–**	**–**	**62,176**	**62,176**
As at December 31, 2024	**1,402,781**	**–**	**(16,523)**	**1,386,258**

38 SUMMARY OF OTHER ACCOUNTING POLICIES

38.1 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights or has board seats. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint ventures

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangement and determined it to be joint ventures. Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.1 Principles of consolidation and equity accounting (Continued)

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 13.

38.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill in the financial statements.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.3 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group 's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company and its subsidiaries outside the Chinese mainland are US$ as their key activities and transactions are denominated in US$. The Company's primary subsidiaries are incorporated in the PRC Chinese mainland and for these subsidiaries, RMB is the functional currency. As the major operations of the Group during the years ended December 31, 2024 and 2023 are within the Chinese mainland, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in consolidated statements of profit or loss as part of the "other (losses)/gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.3 Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income or loss.

The Group has monetary items that are receivables from or payables to foreign operations. The items for which settlements are neither planned nor likely to occur in the foreseeable future are, in substance, part of the Group's net investment in foreign operations. Such monetary items include long-term receivables or loans. They do not include trade receivables or trade payables. On consolidation, foreign exchange gains or losses arising from the exchange of any net investment in foreign entities, are recognised in the consolidated statement of comprehensive income. When a foreign operation is disposed, the related foreign exchange gains or losses are reclassified into consolidated statements of profit or loss as part of the "other (losses)/gains, net". The accumulative translation adjustments related to subsidiaries with same functional currency as the Company are presented as part of items of other comprehensive income that will not be reclassified to profit or loss.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.4 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

As of December 31, 2024 and 2023, non-financial assets of the Group mainly include leased office buildings, land use right, office building under construction, computer and electronic equipment, and licensed technologies and software. These non-financial assets are mainly used in or will be used in the Group's research and development activities and daily operations and do not generate independent cashflows by themselves. The Group operates the business as a whole, focusing on research and development of proprietary software and hardware and providing automotive solutions for passenger vehicles and non-automotive solutions, and does not maintain manufacturing facilities or develop manufacturing capacity by itself. There is significant vertical integration of the design, research and development, supply chain management, sales, supporting and other daily operation functions across the whole Group for optimizations, therefore, the Group is determined as one single cash generating unit ("CGU") for impairment testing purpose. As these non-financial assets are centralized managed at the Group level and cannot generate cash flow independently, they are considered at Group level for impairment testing. As the fair value less cost of disposal exceeds the carrying amount of the CGU with sufficient headroom at each year end of the years ended December 31, 2024 and 2023, no impairment of these non-financial assets is considered necessary.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.5 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.5 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

- *Debt instruments*

  Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

  – Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

  – FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

  – FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

- *Equity instruments*

  The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.5 Investments and other financial assets (Continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

38.6 Trade and note receivables, net

Trade and note receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and note receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and note receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and note receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1(b) for a description of the Group's impairment policies.

38.7 Cash and cash equivalents and term deposits

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits with initial terms of over three months are presented as term deposits on the consolidated statement of financial positions.

38.8 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Preferred shares are classified as financial liabilities based on the respective contract terms.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.9 Trade, accruals and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the periods presented which are unpaid. Trade, accruals and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

38.10 Current and deferred income tax

The income tax expense for the period presented is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.10 Current and deferred income tax (Continued)

Deferred income tax (Continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

38.11 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.11 Employee benefits (Continued)

(iii) Housing funds, medical insurances and other social insurances

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iv) Employee leave entitlement

Employee entitlement to annual leave is recognized when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date. Employee entitlement to sick leave and maternity leave are not recognized until the time of leave.

(v) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(vi) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

38.12 Borrowings

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.

38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.13 Provisions

Provisions for legal claims, warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

38.14 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Where the grants related to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants related to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset on straight-line basis.

38.15 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other gains.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Four-Year Financial Summary

CONSOLIDATED RESULTS

	For the Years Ended December 31,			
	2024	**2023**	**2022**	**2021**
	(RMB in thousands, except for percentages)			
Revenue from contracts with customers	**2,383,554**	1,551,607	905,676	466,720
Gross profit	**1,841,354**	1,094,310	627,713	330,986
Operating loss	**(2,144,240)**	(2,030,522)	(2,132,016)	(1,335,333)
Profit/(Loss) for the year	**2,346,508**	(6,739,053)	(8,720,428)	(2,063,550)
Non-IFRS Financial Measures:				
Adjusted operating loss	**(1,495,179)**	(1,686,991)	(1,958,318)	(1,138,964)
Adjusted net loss	**(1,681,155)**	(1,635,168)	(1,891,363)	(1,103,197)

CONSOLIDATED ASSETS AND LIABILITIES

		As at December 31,			
		2024	2023	2022	2021
	Notes	**RMB'000**	RMB'000	RMB'000	RMB'000
Non-current assets		**3,183,394**	2,335,798	1,091,548	683,445
Current assets		**17,195,598**	13,538,075	8,803,680	9,913,442
Total assets		**20,378,992**	15,873,873	9,895,228	10,596,887
Non-current liabilities		**7,186,358**	287,144	182,343	84,836
Current liabilities		**1,277,822**	40,252,113	27,151,422	18,905,972
Total liabilities		**8,464,180**	40,539,257	27,333,765	18,990,808
Net current assets/(liabilities)		**15,917,776**	(26,714,038)	(18,347,742)	(8,992,530)
Net assets/(liabilities)		**11,914,812**	(24,665,384)	(17,438,537)	(8,393,921)
Equity/(deficits) attributable to owners of Horizon Robotics		**11,914,006**	(24,665,277)	(17,438,462)	(8,394,171)
Non-controlling interests		**806**	(107)	(75)	250
Total equity/(deficits)		**11,914,812**	(24,665,384)	(17,438,537)	(8,393,921)

Definitions

"2018 Share Incentive Plan"	the share incentive plan adopted by the Company in 2015 and amended on November 16, 2018
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Auditor"	PricewaterhouseCoopers, the auditor of the Company
"Board"	the board of Directors
"CARIZON"	Carizon (Beijing) Technology Co., Ltd (酷睿程(北京)科技有限公司), the joint venture established by the Company through its wholly-owned subsidiary Horizon Together Holding Ltd. and CARIAD Estonia AS in the PRC on November 20, 2023
"China" or "the PRC"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this annual report only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"Class A Ordinary Share(s)"	class A ordinary share(s) in the share capital of the Company with a par value of US$0.0000025 each, conferring weighted voting rights in the Company such that a holder of a class A ordinary share is entitled to 10 votes per Share on any resolution tabled at the Company's general meetings, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
"Class B Ordinary Share(s)"	class B ordinary share(s) in the share capital of the Company with a par value of US$0.0000025 each, conferring a holder of a class B ordinary share one vote per Share on any resolution tabled at the Company's general meetings
"Companies Act"	the Companies Act (As Revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules

"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and refers to Dr. Kai Yu, Everest Robotics Limited and Horizon Robotics, Inc.
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Corporate Governance Committee"	the corporate governance committee of the Board
"Company"	Horizon Robotics, an exempted company incorporated in the Cayman Islands with limited liability on July 21, 2015 and whose Class B Ordinary Shares are listed on the Stock Exchange
"Director(s)"	the director(s) of the Company
"date of this annual report"	March 21, 2025
"ESG"	Environmental, Social and Governance
"Group"	the Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Global Offering"	the global offering of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IPO"	the initial public offering of the Company
"IFRS"	the IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules
"Latest Practicable Date"	April 15, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
"Listing"	the listing of the Class B Ordinary Shares on the Main Board
"Listing Date"	October 24, 2024, the date on which the Class B Ordinary Shares were listed on the Stock Exchange

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Memorandum"	the memorandum of association of the Company, as amended from time to time
"Memorandum and Articles"	the Memorandum and the Articles
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
''OEM''	original equipment manufacturer
"Post-IPO Share Incentive Plan"	the share incentive plan adopted by the Company on October 8, 2024 and taking effect on the Listing Date
"Prospectus"	the prospectus of the Company dated October 16, 2024
"Remuneration Committee"	the remuneration committee of the Board
"Relevant Period"	the period commencing from the Listing Date to December 31, 2024
"Reporting Period"	the year ended December 31, 2024
"RMB"	the lawful currency of the PRC
"Reserved Matters"	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to Rule 8A.24 of the Listing Rules, being: (i) any amendment to the Memorandum and Articles, (ii) the variation of the rights attached to any class of Shares, (iii) the appointment or removal of an independent non-executive Director, (iv) the appointment or removal of the Company's auditors, and (v) the voluntary winding-up of the Company
''R&D''	research and development
"SFO"	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	the Class A Ordinary Shares and/or Class B Ordinary Shares in the share capital of the Company, as the context so requires

"Shareholder(s)"	holder(s) of Share(s)
"Share Incentive Plans"	the 2018 Share Incentive Plan and the Post-IPO Share Incentive Plan
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"treasury Shares"	has the meaning ascribed thereto under the Listing Rules
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"weighted voting rights"	has the meaning ascribed thereto under the Listing Rules
"WVR Beneficiary(ies)"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Dr. Kai Yu and Dr. Chang Huang, being the holders of Class A Ordinary Shares
"WVR structure"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

地平线

Horizon Robotics