AGI

AI

AIGC

CoPilot

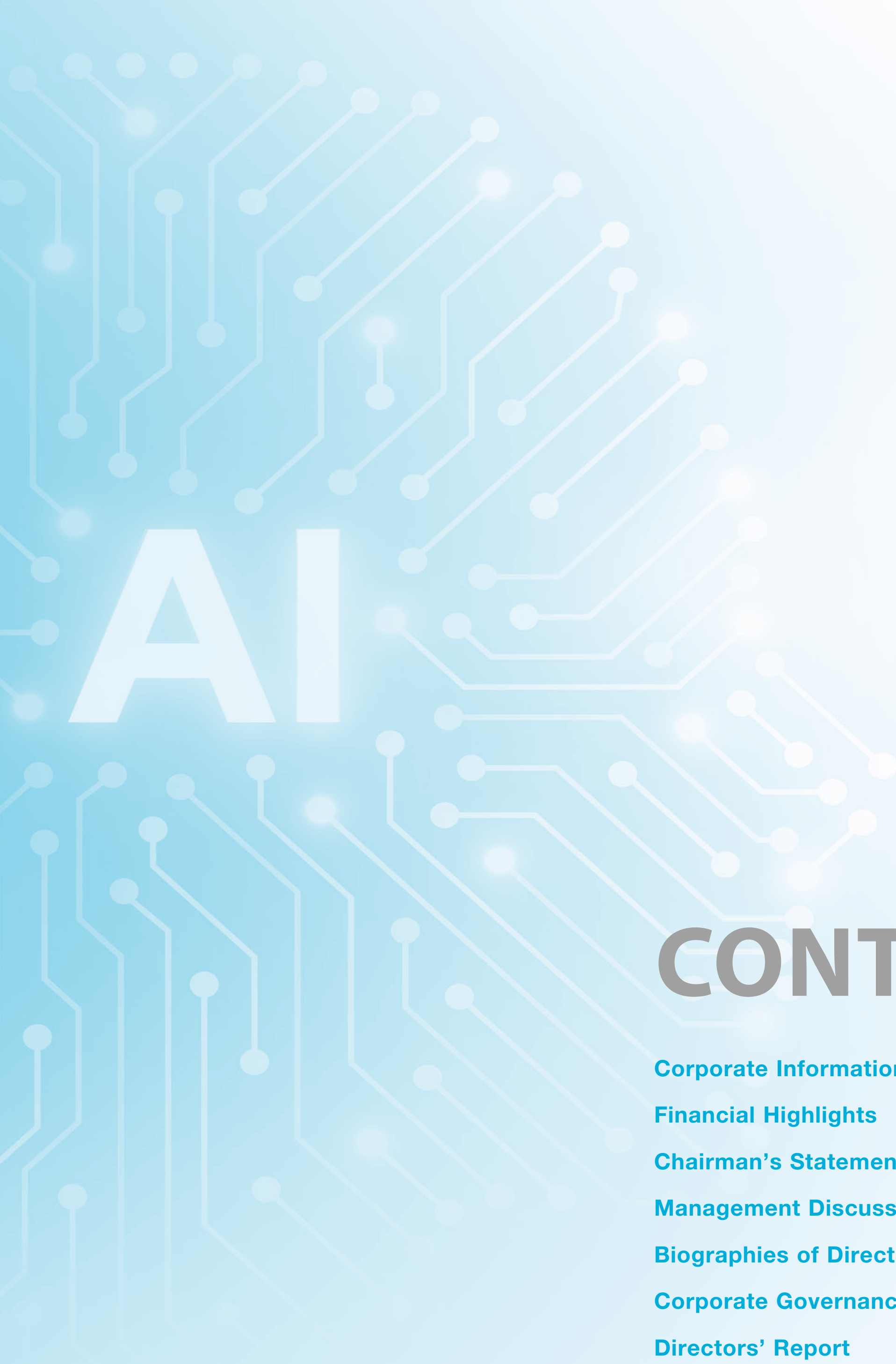
出门问问
mobvoi

Mobvoi Inc.
出門問問有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2438

2024
ANNUAL REPORT



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Corporate Information

BOARD

Executive Directors

Dr. Li Zhifei
Ms. Li Yuanyuan

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Li Yuanyuan
Ms. Tsang Wing Man

AUTHORIZED REPRESENTATIVES

Ms. Li Yuanyuan
Ms. Tsang Wing Man

AUDITOR

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Hong Kong

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HEADQUARTERS IN CHINA

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Economic and Technology Development Zone
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Hong Kong

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China

China Merchants Bank Beijing Dayuncun Branch
No. 27 Zhichun Road
Haidian District, Beijing
China

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83 Hoi Bun Road
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HSBC Bank USA, N.A.
1800 Tysons Blvd
Tysons, VA 22102

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as to Cayman Islands laws
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15 Queen's Road Central
Hong Kong

as to Hong Kong laws
Haiwen & Partners LLP
Suites 1101–1104, 11/F
One Exchange Square
8 Connaught Place
Central
Hong Kong
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KY1-9010, Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

02438

COMPANY'S WEBSITE

www.chumenwenwen.com

Financial Highlights

For the year ended December 31, 2024, the Group's revenue was RMB390.3 million, of which RMB221.7 million was from AIGC solutions, RMB16.4 million was from AI enterprise solutions, and RMB152.2 million was from Smart Devices and Other Accessories.

Among which, our AIGC business has grown rapidly, achieving scaled growth. For the years ended December 31, 2021, 2022, 2023 and 2024, the revenue from AIGC solutions was RMB6.8 million, RMB39.9 million, RMB117.6 million and RMB221.7 million, respectively, accounting for 1.7%, 8.0%, 23.2% and 56.8% of the Group's total revenue, respectively.

As the Group actively adjusts its business strategy and ceases to increase revenue through traditional project-based revenue generating model, the following highlights are all comparisons with data from the full year of 2023 after deducting the revenue of RMB138.8 million from IP rights arrangements with Automotive Sub A:

— The Group's revenue increased by 6.0%, from RMB368.3 million for the year ended December 31, 2023 to RMB390.3 million for the year ended December 31, 2024.

— Revenue from AIGC solutions maintained a high growth momentum, significantly increasing by 88.5% from RMB117.6 million for the year ended December 31, 2023 to RMB221.7 million for the year ended December 31, 2024.

FOUR-YEAR FINANCIAL HIGHLIGHTS

	Year ended December 31,			
	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Revenue	397,914	500,194	507,060	**390,348**
Gross profit	149,196	336,151	326,079	**203,408**
(Loss)/profit from operations	(61,759)	71,588	(47,542)	**(207,067)**
Loss before income tax	(274,543)	(668,509)	(800,807)	**(721,484)**
Loss for the year	(276,296)	(669,805)	(802,602)	**(721,490)**
Total assets	606,456	419,494	407,140	**525,245**
Total liabilities	3,529,504	3,724,090	4,537,481	**220,947**
Total (deficit)/equity attributable to equity shareholders of the Company	(2,923,048)	(3,304,596)	(4,130,341)	**304,298**

Note: The Company was listed on the Main Board of the Stock Exchange on April 24, 2024. The Company disclosed financial information of the Group since 2021 in the prospectus, and therefore the above table sets out the financial highlights for the four accounting years since 2021.

Dear Shareholders,

I am pleased to present our annual report for the year ended December 31, 2024 to our shareholders.

I. OVERVIEW

In 2024, we achieved a performance characterized by both ground-breaking progress and robust resilience.

This year, our AIGC business achieved a historic leap, with revenue reaching RMB221.7 million, representing a year-on-year increase of 88.5%. As the core business of the Group, the proportion of revenue from AIGC solution business has been steadily increasing year by year, demonstrating a strong growth momentum. We proactively and decisively changed our business strategy by ceasing to expand revenue derived from traditional project-based models, and completed a healthy transformation into an AIGC enterprise during the Reporting Period. Specifically, for the years ended December 31, 2021, 2022, 2023 and 2024, the revenue from AIGC solutions was RMB6.8 million, RMB39.9 million, RMB117.6 million and RMB221.7 million, respectively, accounting for 1.7%, 8.0%, 23.2% and 56.8% of the Group's total revenue, respectively. We have demonstrated the value of being the "AIGC First Share" through our actions.

In 2024, our technological research and development (R&D) continued to lead the industry, with comprehensive advancements in areas such as AI Agent, large language model and digital avatar, reaching internationally leading standards. With the support of the technologies, our AIGC product matrix has been continuously enriched and iterated. The core products include: the AI voiceover assistant "Moyin Workshop" (overseas version "DupDub"), the AI avatar "Weta365" (overseas version "LivGen"), the enterprise AI interactive digital employee generation platform "AI Ask365", and the AI video creation platform "Yuan365".

At the same time, we have continuously refined our business model, establishing a differentiated competitive track through the ToSMB/ToPC model, and persistently exploring a healthy and sustainable AIGC business model.

We have never stopped our steps in going overseas and strategizing our global ecological deployment. Over the past year, beyond our product layout in the United States and Europe, we have collaborated with numerous globally recognized enterprises to jointly build technological high grounds. These efforts have continuously gained recognition from both domestic and international media, further amplifying our brand influence on a global scale.

All of this stems from our unwavering commitment to our core strategic focus–forging a technological moat through the integration of production and models, and driving sustainable growth with a healthy business model. Amid the global popularity of DeepSeek, we have become even more convinced that product companies with genuine model iteration capabilities will embrace a more certain potential for sustained growth. We seek to rise steadily with the tide brought by enhancement of large language model capabilities, rather than be engulfed by unrestrained and disorderly growth.

Our reflections on 2024 serve not only as a milestone in the commercialization of our technology, but also as a key step toward the evolution of AGI. Moving forward, we will continue to anchor long-term value through our strategy of product and model integration, a healthy and sustainable business model, and an open approach to building a global ecosystem, striving to build a future driven by AGI.

Chairman's Statement

Our performance during the Reporting Period is as follows:

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

	For the year ended December 31, 2024 RMB'000	2023 RMB'000	% of change
Disaggregated by major products or service lines			
AI Software Solutions			
— AIGC solutions	**221,677**	117,605	88.5%
— AI enterprise solutions	**16,423**	225,642	(92.7%)
Smart Devices and Other Accessories	**152,248**	163,813	(7.1%)
	390,348	507,060	(23.0%)

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

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Disaggregated by major products or service lines			
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— AIGC solutions	**221,677**	117,605	88.5%
— AI enterprise solutions	**16,423**	86,890	(81.1%)
Smart Devices and Other Accessories	**152,248**	163,813	(7.1%)
	390,348	368,308	6.0%

II. PERFORMANCE REVIEW

1. AIGC's annual revenue was RMB221.7 million, representing a year-on-year increase of 88.5% and achieving revenue at scale

As the core segment of the Group's strategic layout, focusing on the creative needs of diversified user groups, our AIGC business has established an AIGC product matrix covering audio, video, graphics and other fields, including core products such as the AI voiceover assistant "Moyin Workshop" (overseas version "DupDub"), the AI avatar "Weta365" (overseas version "LivGen"), the enterprise AI interactive digital employee generation platform "AI Ask365", and the AI video creation platform "Yuan365 (元創島)". In 2024, our AIGC business recorded revenue of RMB221.7 million, achieving revenue at scale. Looking back at the entire development journey of the Group's AIGC business, its growth trajectory is clearly visible. For the years ended December 31, 2021, 2022, 2023 and 2024, the revenue from AIGC solutions was RMB6.8 million, RMB39.9 million, RMB117.6 million and RMB221.7 million, respectively.

Meanwhile, with the refinement of our business and further enhancement of our operational capabilities and brand influence, we have achieved dual growth in both user numbers and ARPPU (average revenue per paying user). As of December 31, 2024, the number of our AIGC registered users exceeded 10 million, the number of paying users exceeded 1 million. We continue to serve users globally, including those from China, North America, Europe and Southeast Asia.

2. **Adhering to the development strategy of "product and model integration", and aiming to become a product company with model iteration capabilities**

As a pioneer in the field of large language models in China, we position ourselves as a product company with model iteration capabilities. Building on our self-developed large language models "Sequence Monkey", we have successively integrated globally leading large language models such as DeepSeek, continuously enhancing our product strength and competitiveness. We seek to rise steadily with the tide brought by enhancement of large language model capabilities, rather than be engulfed by unrestrained and disorderly growth.

In contrast to traditional large language model companies or single-product companies, we adopt a "product and model integration" approach as our fulcrum to bridge the gap between R&D and scenario applications, enabling us to establish a development model that combines technological depth with commercial viability. The core advantage of this strategy lies in our end-to-end user-in-the-loop data capability — whereby high-quality data accumulated through product scenarios is fed back into model training, creating a "data flywheel" effect and enabling an automated cycle from demand insight to technological upgrades and then to product iteration.

3. **Continuous technological upgrades and leadership, achieving multiple significant technological breakthroughs throughout the year**

In 2024, we continuously upgraded our technologies and achieved significant technological breakthroughs in fields such as AI Agent, voice, text-to-image generation, image-to-video generation, video understanding, and digital avatar:

In the field of AI Agent:

- In 2024, we made early strides in the field of Agent, successively collaborating with leading enterprises across various sectors to launch products such as enterprise knowledge assistants, data analysis assistants, and custom process assistants. For instance, our enterprise knowledge assistant (a relatively mature Agent) developed in partnership with a private bank enriches the knowledge reserves of large language model by integrating private knowledge bases.

  At the same time, we have also developed a product that integrates large language models, embodied intelligence and AI Agent — Xiaowen Mobile Digital Human. Xiaowen Mobile Digital Human features a flexible and mobile body capable of intelligent following, customized route cruising and smart obstacle avoidance. It also possesses a smart brain, capable of intelligent Q&A, empowered by leading large language models such as "Sequence Monkey" and "DeepSeek".

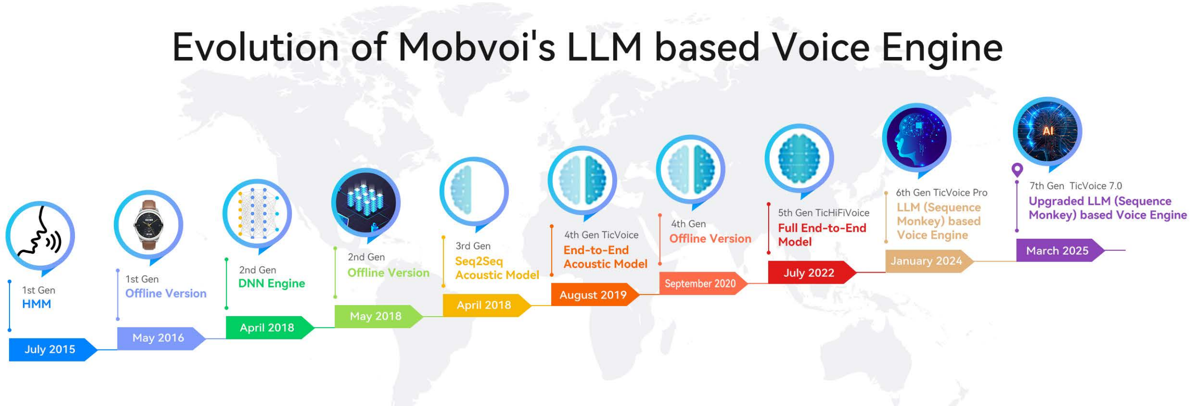
In the field of text:

- We released the first open-source large language models dataset for "Sequence Monkey" on GitHub, driving the development of the large language model industry;

- "Sequence Monkey" has passed multiple Huawei Ascend certifications, accelerating the application and iteration efficiency of large language models and fully meeting users' core needs.

In the field of voice:

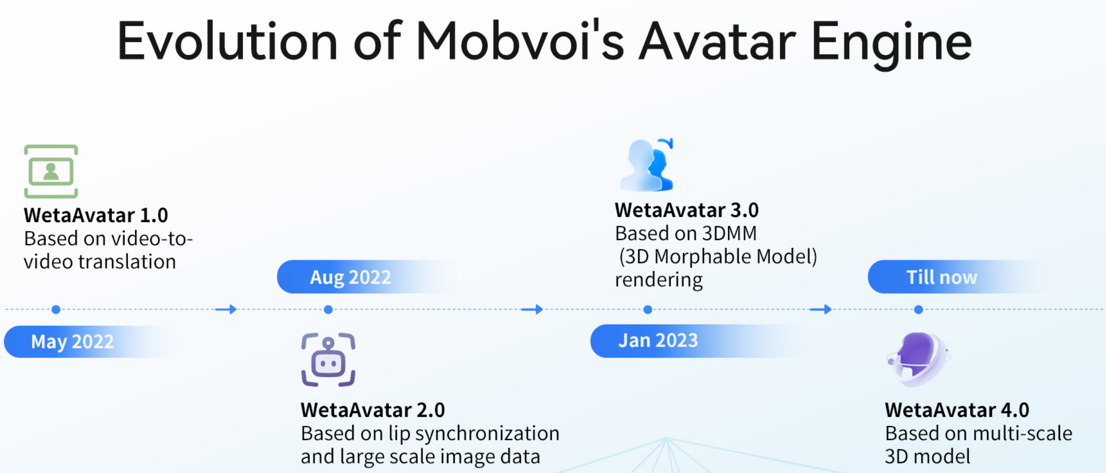
- We launched a large language model based voice engine, achieving revolutionary upgrade by leveraging the capabilities of large language models;



- We introduced a video translation feature that retains the original speaker's voice timbre, provides accurate language translation, and quickly matches lip movements. This feature is applicable to various scenarios, including business negotiations, watching TV shows and movies, and online learning.

In the field of digital avatar:

- We continuously expanded our digital avatar capabilities and launched the fourth generation of 2.5D digital avatar, WetaAvatar 4.0, with exquisite appearance, rapid responsiveness, and diverse customization options, setting a new standard for smart living;



- We released digital avatar capable of real-scene walking, delivering more natural and realistic interaction effects and reshaping the dimensions of digital interaction;

- We launched the new generation photo-based digital avatar engine, WetaAvatar 4.0 Talking Photo, which offers doubled synthesis speed, enhanced person-background separation, precise replication of teeth and lip movements, and supports animal-driven animations;

- We launched the AI video dubbing feature leveraging WetaAvatar 4.0 and TicVoice Pro, which enables rapid voice and image cloning, reduces the difficulty of video production, and easily facilitates live streaming and video creation. For example, in 2024, our collaborative case video with the Yiwu Small Commodity Market made a striking appearance, dominating the screens in New York Times Square. Moving forward, both parties will continue to work together to provide better technical services for over 65,000 small merchants. Weta365 avatar of Mobvoi allows local shops to engage in global dialogue, breaking down the boundaries of business.

In the field of videos/images:

- Our self-developed anime text-to-image model has undergone four generations of updates in one year, ushering in a new era of creativity. It can accurately interpret text descriptions, quickly generate high-quality, diverse-style anime images, and help enterprises and creators unleash their limitless creative potential;

- We launched the "Sequence Monkey" video understanding large language model, capable of processing video frames of any aspect ratio with precision and detailed multi-dimensional analysis. With powerful OCR and fast reasoning capabilities, it efficiently empowers content creation.

In addition, in 2024, we have obtained several technology-related certifications. For instance, our "Sequence Monkey" voice large language model has completed the filing for generative AI services, demonstrating the Group's strong capabilities in the field of multi-modal large language models.

4. Continuously building a healthy and sustainable business model, and fully transforming into an AIGC innovative leader

The Group has always centered on efficient allocation of resources and technological innovation, successfully establishing a business model that embodies both resilience and growth potential.

Leveraging the vertical integration of large language models and applications, we have developed a distinctive ToSMB/ToPC business model. This approach not only avoids the pitfalls of the project-based approach of traditional ToB but also sidesteps the competition with ToC internet giants for stagnant traffic growth. Simultaneously, in 2024, we proactively and assertively changed our business strategy, ceasing to increase revenue through traditional project-based model, and completed a healthy transformation into an AIGC enterprise during the Reporting Period, with AIGC solutions accounting for 56.8% of the Group's total revenue.

As a "block-building" company, we have adopted a standardized and modular business system that disassembles the complex ecosystem into flexible and functional units. This approach not only significantly reduces production and collaboration costs and enhances resource utilization efficiency, but also enables us to swiftly respond to market demand changes, maintaining strategic flexibility in technological iteration and business expansion, and building a differentiated risk-resistance capability.

5. **Driven by the global strategy, successfully achieving innovation in AI products and breakthroughs in the market**

The Group initiated its overseas strategy at an early stage, taking the lead in deploying operations across North America, Europe, Southeast Asia and other regions.

We possess valuable experience in global business development, as well as resources in global sales teams and media. At the same time, our product-oriented development framework ensures that our products can be more quickly and efficiently localized and brought to market.

Leveraging our global accumulation and brand influence in consumer hardware, our overseas AI dubbing product "DupDub" has gained high recognition from global creators immediately after its launch. In 2024, we launched "LivGen", a one-stop digital avatar generation platform, which not only brings an exceptional creation experience to creators but also helps enterprises build a "24-hour AI employees without borders" with its rich digital avatar images and multilingual advantages, truly achieving cost reduction and efficiency improvement.

6. **Anchoring a global ecosystem strategy, and building an open and win-win innovation community**

We have consistently regarded ecosystem collaboration as the core engine for technological evolution and business breakthroughs. Adhering to the principle of "global vision and local focus", we continuously refine our cross-regional and cross-domain ecosystems.

Simultaneously, we are deeply integrating into the global innovation system with an open posture. We adhere to the internationalization of our technology ecosystem and have established partnerships with numerous globally recognized enterprises. On another front, we are also actively enhancing our influence in the global market. During the Reporting Period, we have received authoritative awards such as "Top 50 Large Language Models in China" and "Selection of 2024 Forbes China AI Technology Enterprises Top 50". Our technological innovation capabilities have been professionally recognized by prestigious awards such as the CIC "Shining Star" Enterprises and "the Most Valuable China AGI Innovative Organizations Top 50", our ESG practices have been selected as benchmark cases for listed companies, further strengthening our brand influence in international markets.

III. STRATEGIES AND OUTLOOK

1. **Deepening the "product and model integration" strategy and continuously breaking innovation boundaries**

Looking ahead, we will continue to anchor the "product and model integration" as our core strategy, driving the deep integration and iterative development of technology and scenarios, and striving to become a global benchmark practitioner of product and model collaborative innovation, including:

- Modeling driven by product, deepening scenario feedback efficiency: By leveraging real-time feedback data from our multi-scenario product matrix, we accelerate model iteration through data flywheel in vertical domains, enabling precise alignment of "user demand — model optimization — product upgrades".

- Product expansion driven by modeling, breaking innovation boundaries: Building on the generalization capabilities of our self-developed large language models and multi-modal technological reserves, we will explore the native application forms of AI, focusing on cutting-edge directions such as Agent interaction and AI hardware.

We will always adhere to our strategy of "product and model integration" by deeply embedding technology into scenarios, nurturing innovation with data, and forging irreplaceable industrial value through the process of continuously solving complex problems in the real world.

2. **Adhering to a healthy and sustainable AIGC business model and establishing a three-dimensional profit moat**

   We will continue to anchor our core strategy of "health and sustainability", and aim to establish a growth paradigm that balances innovation vitality with risk resilience across three key dimensions: technological popularization, commercial closed-loop, and ecological win-win.

   On one hand, we will upgrade our modular architecture to achieve a spiral enhancement of "highly flexible R&D investment — scenario-based technology transformation — cash flow feedback for innovation". On the other hand, we will increase the annual iteration rate of core product lines such as TicWatch, while simultaneously expanding subscription-based service revenues, thereby constructing a three-dimensional profit moat of "hardware + software + services".

3. **Building an Agentic AI hardware engine, and reshaping the development of the industry ecosystem**

   Against the backdrop of accelerating iteration of global AI technology, AI hardware, as a crucial vehicle for technology implementation, is becoming a core engine driving industrial upgrading and consumer transformation.

   Recognizing the development and future of AI Agent, we are committed to building general Agent capabilities. Building upon our existing foundations in multi-modal exploration and accumulation, we are pursuing deep integration between AI Agent and AI hardware, with a focus on both business (B-end) and consumer (C-end) application scenarios, so as to unlock greater product potential.

   In terms of product operation strategies, we will accelerate the process of technology export and brand internationalization through global layout and localized operations, aiming to secure a leading position in the AI hardware sector.

   In addition, by fully integrating world-leading large language models such as DeepSeek, we are enabling our hardware devices with the capability for continuous evolution, reinforcing our advantages in voice by continuously upgrading our large language models, TicVoice (now in its seventh generation, offering higher quality and more natural sound), and collaborating with university laboratories to conduct research on multi-modal interaction technologies and open-source related technologies (Spark TTS).

   The development of AI hardware and AI Agent represents not only a technological revolution but also a reconstruction of the industrial ecosystem. We will steadfastly implement the "AI + Agent + hardware" strategy, creating long-term value for shareholders and contributing technological strength to society through continuous innovation and resource integration.

4. **Comprehensively embracing organizational AI-ization, and becoming an explorer in the era of intelligent commerce**

   We firmly believe that "organizational AI-ization" will become the core pathway for enterprise evolution. Moving forward, we will use AI Agent as our strategic fulcrum to continue driving dual leaps in both our organization and products.

   Leveraging our proprietary technology, we will form a "digital employee matrix" that covers the entire value chain, enabling AI to permeate organizational operations and management, enhancing collaboration between AI and humans, and driving the innovation of production relations, thereby achieving exponential gains in productivity.

   We will embrace change with a reverence for technology and reconstruct the business ecosystem with an open posture, enabling every organizational cell to possess the capabilities of perception, thinking, and evolution. Through the deep practice of organizational AI-ization, we are committed to becoming an explorer and leader in the era of intelligent business.

REVIEW OF FINANCIAL RESULTS

Revenue

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

	For the year ended December 31, 2024 RMB'000	2023 RMB'000	% of change
Disaggregated by major products or service lines			
AI Software Solutions			
— AIGC solutions	**221,677**	117,605	88.5%
— AI enterprise solutions	**16,423**	225,642	(92.7%)
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	390,348	507,060	(23.0%)

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Smart Devices and Other Accessories	**152,248**	163,813	(7.1%)
	390,348	368,308	6.0%

The Group's revenue decreased from RMB507.1 million for the year ended December 31, 2023 to RMB390.3 million for the year ended December 31, 2024, mainly due to the Group's proactive change in business strategy in 2024, ceasing to develop business from AI enterprise solutions through traditional project-based model such as the business arrangement with Automotive Sub A.

Revenue from our AIGC solutions increased from RMB117.6 million for the year ended December 31, 2023 to RMB221.7 million for the year ended December 31, 2024, primarily attributable to the increase in the number of paying users and the launch of a wider variety of AIGC matrix products.

Cost of sales

For the year ended December 31, 2024, the Group's cost of sales was approximately RMB186.9 million, representing an increase of approximately RMB5.9 million or approximately 3.3% compared to RMB181.0 million for the year ended December 31, 2023. For the year ended December 31, 2023, the Group's cost of sales accounted for 35.7% of revenue, while for the same period in 2024, this proportion was 47.9%. Our cost of sales primarily consists of cost of inventories, fulfillment related expenses and staff costs. Increase in cost of sales was mainly due to the increase in the cost from Smart Devices and Other Accessories and AIGC solutions. Increase in cost of sales from Smart Devices and Other Accessories was mainly due to the increase in fulfillment related expenses. Increase in cost of sales from in AIGC solutions was mainly due to the increase pro-rata in revenue in AIGC solutions.

Gross profit and gross profit margin

The Group's gross profit decreased by 37.6% from RMB326.1 million for the year ended December 31, 2023 to RMB203.4 million for the year ended December 31, 2024. The Group's gross profit margins were 64.3% and 52.1% for the year ended December 31, 2023 and for the year ended December 31, 2024, respectively. The decline of the gross profit margin was primarily due to a decrease in revenue from the IP rights arrangements with Automotive Sub A, which contributed RMB138.8 million revenue for the year ended December 31, 2023 and the gross profit margin was close to 100%. If we exclude revenue from Automotive Sub A for comparison purpose, the gross profit and gross profit margin for the year ended December 31, 2023 were RMB187.3 million and 50.9%, respectively, which were generally in line with those for the year ended December 31, 2024.

Research and development expenses

The Group's research and development expenses decreased from RMB154.7 million for the year ended December 31, 2023 to RMB136.9 million for the year ended December 31, 2024, mainly due to an overall decrease in the number of employees and related research and development expenditures of the Group. The Group had material initial investment on UCLAI and "Sequence Monkey" in previous years. With the accumulation in technology, the Group was able to maintain the same operational level with less human expenditure.

Selling and marketing expenses

The Group's selling and marketing expenses increased from RMB150.7 million for the year ended December 31, 2023 to RMB196.0 million for the year ended December 31, 2024, mainly due to the revenue increase in AIGC solutions leading to the increase of corresponding sales promotion fees.

Administrative expenses

The Group's administrative expenses remained generally stable, amounting to RMB89.0 million and RMB88.3 million for the year ended December 31, 2023 and for the year ended December 31, 2024, respectively.

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

The Group had changes in the carrying amount of contingently redeemable preferred shares and ordinary shares, which decreased by 36.3% from RMB753.8 million for the year ended December 31, 2023 to RMB480.5 million for the year ended December 31, 2024. Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares (the "**Changes**"), which were affected primarily by the changes in the redemption price of the preferred shares and ordinary shares. We do not expect to record such changes in the future as our contingently redeemable preferred shares and ordinary shares had been automatically converted into equity upon completion of the Listing.

The redemption terms and conversion terms of the contingently redeemable preferred shares and ordinary shares are disclosed in Note 26(a) to the financial statements in this report. As disclosed in Note 26(a), the Company's obligation to redeem preferred shares upon the occurrence of a Maturity Redemption Event or Breach Redemption Event, or to repurchase the ordinary shares that cause a Governmental Authority to prohibit the distribution of earnings or to refuse to grant, revoke or suspend the Consent, gives rise to financial liabilities that are measured at the present value of the redemption amount (see IAS 32.25 & BC12). As the contingent redemption events are mutually exclusive, the financial liability is measured at the highest of the amounts that could be payable on a present value basis, i.e. the worst-case approach. The present value of redemption amount of the preferred shares is the higher of (1) 100% of the issue price with an 8% compound per annum return calculated from the issue date plus any accrued but unpaid dividends; (2) 150% of the issue price plus any accrued but unpaid dividends; and (3) the fair value of the preferred shares. Under the worst-case approach, the carrying amounts of the financial liability arising from the redemption obligation on preferred shares are measured at the fair value of the preferred shares as of December 31, 2023 and the Listing Date (except for Series D-2 where 150% of the issue price plus any accrued but unpaid dividends is the worst-case scenario as of December 31, 2023).

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

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

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

The expiration of the contingently redeemable preferred shares and ordinary shares is disclosed in Note 26(b) to the financial statements in this report. As stated in the first paragraph of Note 26(b), all preferred shares were automatically converted into ordinary shares upon the Listing Date. We would like to clarify that the Company issued only one class of ordinary shares so there was no conversion from one class of ordinary shares to another. Prior to the Listing Date, the Company had an obligation to repurchase the ordinary shares upon the occurrence of contingent events. As stated in the second paragraph of Note 26(b), such obligation was terminated when the ninth amended and restated memorandum and articles of association of the Company became effective on the Listing Date. Following the automatic conversion of preferred shares to ordinary shares and the termination of the obligation to repurchase ordinary shares on the Listing Date, the financial liabilities arising from the obligation to redeem/repurchase preferred shares and ordinary shares are derecognized by reclassification to equity.

The Changes represent the difference of the carrying amounts of the financial liability arising from the redemption/repurchase obligation between each reporting date/Listing Date. The Changes is primarily attributable to the substantial change in the carrying amounts of the financial liability for the year ended December 31, 2024, mainly due to the increase in the underlying equity value of the Company, driven by the success of the initial public offering of ordinary shares. The offer price per share under the Global Offering serves as an observable benchmark for determining the fair value of both preferred shares and ordinary shares.

Management Discussion and Analysis

Following the automatic conversion of preferred shares to ordinary shares and the termination of the obligation to repurchase ordinary shares on the Listing Date, the financial liabilities arising from the obligation to redeem/repurchase preferred shares and ordinary shares are derecognized by reclassification to equity. There will not be any remeasurement of the financial liabilities after the Listing Date as they have already been derecognized.

Non-GAAP measures

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

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

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

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

- Listing expenses relating to the Global Offering.

Due to a decrease in revenue from the IP rights arrangements with Automotive Sub A, which contributed revenue of RMB138.8 million for the year ended December 31, 2023, we recorded an adjusted net loss (non-GAAP measure) for the year ended December 31, 2024 and recorded adjusted net profit (non-GAAP measure) for the year ended December 31, 2023.

The Group incurred a loss of RMB721.5 million for the year ended December 31, 2024 under IFRS Accounting Standards, mainly due to changes in the carrying amount of contingently redeemable preferred shares and ordinary shares of RMB480.5 million, share-based compensation of RMB12.9 million, listing expenses of RMB17.9 million, changes in fair value of financial assets of RMB33.4 million, staff reduction expenses of RMB20.1 million, inventory impairment of RMB19.5 million, and other net losses of RMB137.2 million.

Liquidity and financial resources

The Group has historically funded our cash requirements principally from capital contribution from shareholders, bank borrowings and business revenues.

As of December 31, 2024, the Group had cash and cash equivalents amounting to approximately RMB156.5 million (December 31, 2023: approximately RMB144.3 million), representing an increase of approximately 8.5%. The Group has completed the Listing on April 24, 2024, and the proceeds from issuance of shares by initial public offering has led to an increase in cash and cash equivalents.

Bank loan

The Group had bank loan of RMB20.0 million as of December 31, 2024. The bank loan was unsecured, bears a fixed interest rate of 2.9% per annum and is repayable within one year.

Gearing ratio

As of December 31, 2024, gearing ratio of the Group (total liabilities/total assets) reached 42.1%, which was much lower than gearing ratio of 1,114.5% as of December 31, 2023, mainly due to the proceeds from the initial public offering and the expiration of the redemption rights upon the Listing of the Company's shares.

Net current assets/(liabilities)

The Group recorded net current assets of approximately RMB309.6 million as of December 31, 2024, while net current liabilities of approximately RMB4,121.2 million as of December 31, 2023. The current ratio, calculated by dividing the current assets by current liabilities, was approximately 2.5 as of December 31, 2024 (December 31, 2023: approximately 0.1). The net current liabilities as of December 31, 2023 were mainly composed of contingently redeemable preferred shares and ordinary shares that can be temporarily redeemed. Redeemable preferred shares and ordinary shares issued by the Group were converted from liabilities to equity due to their automatic conversion into ordinary shares, so they had been converted from net liabilities to net assets after the Listing.

Capital structure

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

Contingent liabilities

As of December 31, 2024, the Group did not have any material contingent liabilities.

Human Resources

As of December 31, 2024, the Group had a total of approximately 222 full-time employees in Chinese Mainland and Hong Kong, China. For the year ended December 31, 2024, the total staff costs, including the directors' emoluments, amounted to RMB149.6 million.

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

During the vesting period, the number of share options that are expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based payment reserve) except where forfeiture is only due to failure to meet vesting conditions related to the market price of the Company's shares. The equity amount is recognized in the share-based payment reserve until either the option is exercised (in which case it is included in the amount recognized in share capital and share premium for the shares issued) or the option expires (in which case it is transferred directly to retained profits).

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

Financial Risks

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

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

(a) Credit risk

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

(b) Liquidity risk

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

(c) Interest rate risk

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

(d) Currency risk

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

Significant Investments Held, Material Acquisitions and Disposals

On July 22, 2024, the Company subscribed for the wealth management product (the "**Wealth Management Product**"), issued by Huatai International Financial Products Limited through HK SmartMV Limited, its indirect wholly-owned subsidiary, with the amount of US$8,877,000. For details, please refer to the Company's announcement dated July 22, 2024.

For the year ended December 31, 2024, the Company recorded investment income from the Wealth Management Product of RMB0 and gains on change in fair value from the Wealth Management Product of approximately RMB1,493,000 in the consolidated income statement. As of December 31, 2024, the balance of the Company's Wealth Management Product was approximately RMB65,319,000, with a fair value of approximately RMB65,319,000, representing approximately 12.4% of the Company's total assets as of December 31, 2024.

The use of part of the idle foreign exchange funds to subscribe for Wealth Management Product by the Company is aimed at increasing the Company's revenue and achieving greater returns for the Company and its shareholders, under the premise of ensuring the Company's daily operation and fund security.

Save as disclosed above, the Group did not hold any significant investments, nor did it have any significant acquisitions or disposals of subsidiaries, associates, and joint ventures during the Reporting Period.

Pledge of Assets

As of December 31, 2024, none of the Group's assets was subject to any encumbrance, mortgage, lien, charge or pledge.

Future Plans for Material Investments and Capital Assets

As of December 31, 2024, the Group did not have plans for material investments and capital assets.

Biographies of Directors and Senior Management

DIRECTORS

The Board currently consist of five Directors, including two executive Directors and three independent non-executive Directors.

The following table sets forth information regarding the Directors.

Name	Age	Position(s)	Date of appointment as a Director
Dr. Li Zhifei	48	Founder, Chairman of the Board, executive Director and chief executive officer	August 31, 2012
Ms. Li Yuanyuan	41	Co-founder, executive Director, chief operating officer and joint company secretary	February 8, 2013
Mr. Chen Yilyu	50	Independent non-executive Director	May 17, 2023 (with effect from the Listing Date)
Prof. Lu Yuanzhu	47	Independent non-executive Director	May 23, 2023 (with effect from the Listing Date)
Mr. Yang Zhe	41	Independent non-executive Director	March 30, 2024 (with effect from the Listing Date)

Executive Director

Dr. Li Zhifei, aged 48, is our founder, Chairman of the Board, executive Director and chief executive officer of our Company. Dr. Li served as a director and chief executive officer of our Company since August 2012 and was re-designated as our executive Director in May 2023. He is primarily responsible for overseeing the overall management and business operation, board affairs, formulating strategies and operation plans particularly on AI research and development, making major business decisions of our Group.

Dr. Li has over 14 years of experience in AI industry. Prior to starting our Group, Dr. Li served as a research scientist of Google Inc. (now known as Google LLC) from May 2010 to August 2012, where his primary responsibility was working on research and development of algorithms for its language translation model.

Dr. Li obtained a bachelor's degree in Thermal Engineering from Nanjing University of Science and Technology (南京理工大學) in Nanjing, China in July 1999, a master's degree in Computer Application Technology from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in Nanjing, China in April 2002, a PhD degree in Computer Science from Nanyang Technological University (南洋理工大學) in Singapore in July 2005 and a PhD degree in Computer Science from Johns Hopkins University (約翰霍普金斯大學) in the United States in May 2010.

Ms. Li Yuanyuan, aged 41, is our co-founder, executive Director, chief operating officer and joint company secretary. Ms. Li served as a director of the Company since February 2013 and was re-designated as an executive Director in May 2023, and was appointed as a joint company secretary of the Company since August 1, 2024. She is primarily responsible for overseeing the overall management and business operation, board affairs, formulating strategies and operation plans particularly on sales, marketing and business development, making major business decisions of the Group.

Ms. Li has over 15 years of experience in software development industry. Prior to joining our Group, Ms. Li has taken up various positions in MicroStrategy Services, Corp. with her last position as a senior product support manager from July 2008 to October 2012.

Ms. Li obtained a bachelor's degree in Software Engineering from Wuhan University (武漢大學) in Wuhan, China in June 2006 and a master's degree in Information Management from University of Maryland (馬里蘭大學) in the United States in May 2008.

Independent Non-executive Director

Mr. Chen Yilyu, aged 50, was appointed as our independent non-executive Director on May 17, 2023, with effect from the Listing Date. He is primarily responsible for providing independent judgment on our Group's strategy, performance and standard of conduct.

Mr. Chen has over 27 years of experience in auditing, investment banking, venture capital and technology industry. In his various capacities, Mr. Chen served as an assistant audit manager at KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)) from 1997 to 2000. From 2000 to 2014, Mr. Chen successively served as an assistant general manager of the investment banking division of Southern Securities Co., Ltd. (南方證券有限公司), a vice president of Changjiang BNP Paribas Peregrine Securities Co., Ltd. (長江巴黎百富勤證券有限公司) and an executive director of Goldman Sachs Gao Hua Securities Limited (高盛高華證券有限公司). From 2014 to 2016, Mr. Chen successively served as an executive director of Fosun Kinzon Capital (復星昆仲資本) and the chief financial officer of Jia.com (齊家網). In December 2016, Mr. Chen joined Rong360 Inc. as the chief financial officer and has been successively serving as the chief financial officer of Jianpu Technology Inc. (簡普科技公司) ("**Jianpu**", stock code: OTC: AIJTY, a company spun off from Rong360 Inc.) since October 2017 and concurrently serving as a director of Jianpu Technology Inc. since May 2019, where he is primarily responsible for overseeing daily operations of the company and strategy, financial, legal and compliance, and internal control functions.

Mr. Chen obtained a bachelor's degree in Business Management (International Accounting major) from Shanghai University of International Business and Economics (上海對外經貿大學) in Shanghai, China in July 1997.

Mr. Chen is a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Mr. Chen had been named as one of the defendants in his capacity as the chief financial officer of Jianpu in a securities class action lawsuit filed in the U.S. District Court for the Southern District of New York (the "**U.S. Court**") in 2021. The plaintiffs in the case alleged, in sum and substance, that certain of Jianpu's quarterly reports and other public statements contained material misstatements and omissions in violation of the Securities Exchange Act of 1934, resulting in an overstatement of Jianpu's revenue and costs and expenses for the fiscal years 2018 and 2019. In 2021, the plaintiffs filed a first amended class action complaint and in 2022, the U.S. Court granted Jianpu's motion to dismiss the first amended complaint, with leave for the plaintiffs to amend. The motion-to-dismiss briefing on the second amended complaint was completed in April 2023 and in August 2023, the Court dismissed the second amended complaint with prejudice and denied leave to amend.

As of the Latest Practicable Date, to our best knowledge, (a) there was no specific allegation raised against Chen Yilyu individually; and (b) Chen Yilyu had never been served in respect of the alleged class action.

Prof. Lu Yuanzhu, aged 47, was appointed as our independent non-executive Director on May 23, 2023, with effect from the Listing Date. He is primarily responsible for providing independent judgment on our Group's strategy, performance and standard of conduct.

Prof. Lu has over 18 years of experience in the education industry. From September 2006 to July 2020, Prof. Lu successively served as assistant professor, associate professor and professor of Central University of Finance and Economics (中央財經大學), where his research fields included economics and management. From August 2020 to February 2022, Prof. Lu served as a professor of Sun Yat-sen University (中山大學), where his research fields include economics and management. Prof. Lu has been serving as a professor at University of Science and Technology Beijing (北京科技大學) since March 2022, where his research fields include economics and management.

Prof. Lu has been an independent non-executive director of Beijing Yuanlong Yato Culture Communication Co., Ltd. (北京元隆雅圖文化傳播股份有限公司) (stock code: 002878.SZ) since December 2024. He was elected as an external supervisor of Wuxi Rural Commercial Bank Co., Ltd. (無錫農村商業銀行股份有限公司) (stock code: 600908.SH) on August 21, 2024. Prof. Lu has previously served as an independent non-executive director of eFuture Holding Inc. (北京富基融通科技有限公司) (stock code: NASDAQ: EFUT) from March 2016 to January 2017, an independent non-executive director of Guolian Securities Co., Ltd (國聯證券股份有限公司) (stock code: 601456.SH; 1456.HK) from March 2017 to October 2022, an independent non-executive director of Beijing Tianyishangjia High-tech Materials Corp., Ltd. (stock code: 688033.SH) from December 2018 to December 2024 and an independent non-executive director of Beijing Global Safety Technology Co., Ltd. (stock code: 300523.SZ) from December 2018 to January 2025.

Prof. Lu was selected into the New Century Excellent Talents Support Program by the Ministry of Education of the PRC in December 2011. In January 2015, Prof. Lu was awarded with the third prize of the Young Teacher Award for Higher Institutions by the Huo Yingdong Education Foundation (霍英東教育基金會). In September 2017, Prof. Lu was named as an Outstanding Teacher of Beijing by the Beijing Municipal Education Commission (北京市教育委員會).

Prof. Lu obtained a dual bachelor's degree in Applied Chemistry and Economics from Peking University in Beijing, China in July 1999, a master's degree in Industrial Economics from Peking University in Beijing, China in July 2002, and a PhD degree in Economics from National University of Singapore (新加坡國立大學) in Singapore in April 2007.

Mr. Yang Zhe, aged 41, was appointed as our independent non-executive Director on March 30, 2024, with effect from the Listing Date. He is primarily responsible for providing independent judgment on our Group's strategy, performance and standard of conduct.

Mr. Yang has nearly 19 years of experience in financial industry. Mr. Yang consecutively served as a rotational intern, an assistant manager of the operation management department, an assistant manager and manager of the investor relations department at the head office of Bank of China (中國銀行) (stock code: 601988; SH: 3988.HK) from June 2006 to April 2016. Since April 2016, Mr. Yang has been serving as a manager of research of a subsidiary insurance company of Bank of China (中國銀行).

Mr. Yang obtained a double bachelor degree in Literature and Economics from Beijing Foreign Studies University (北京外國語大學) in Beijing, China in July 2006, a master's degree in Economics from Renmin University of China (中國人民大學) in Beijing, China in January 2013, a master's degree in Business Administration from Chinese University of Hong Kong in Hong Kong in November 2017.

Senior Management

Our senior management is responsible for the day-to-day management of our business. The executive Directors (namely Dr. Li Zhifei and Ms. Li Yuanyuan) concurrently hold senior management positions within the Group. For their respective biographical details, please refer to the information disclosed above.

During the Reporting Period, Mr. Sun Junbo, the Company's former chief financial officer and joint company secretary, resigned in July 2024, Dr. Lin Shih-Hsiang, former vice president, resigned in October 2024, and Ms. Wu Yujin, former vice president, resigned in December 2024.

Our Company is committed to maintaining a high-level corporate governance, with the aim of promoting effective internal control measures. We emphasize the rigorous adherence to ethical practices, transparency, responsibility, and integrity across all aspects of our business operations. We ensure that all business operations comply with applicable laws and regulations, and we strive to enhance the transparency of the Board's work and strengthen our accountability to all shareholders.

The Board is also dedicated to ensuring that our corporate culture aligns with the Company's mission, values, and strategy. Corporate culture and corporate governance are mutually reinforcing. The values of integrity and honesty advocated by our corporate culture lay a solid foundation for establishing a robust compliance management system, ensuring that all decisions and operational activities strictly adhere to relevant laws, regulations, and the regulatory requirements of the securities market. The innovative and proactive cultural atmosphere inspires the Company's management to continuously review and optimize the corporate governance structure and processes, introducing advanced management concepts and methods to make corporate governance more efficient and scientific.

The Board will continue to strengthen corporate governance practices that are suitable for the conduct and development of its business. It will also periodically review these practices to ensure they comply with legal and professional standards and remain aligned with the latest developments, thereby safeguarding the Company's long-term and stable sustainable growth.

CORPORATE GOVERNANCE PRACTICES

Our Company's corporate governance practices are based on the principles and code provisions set out in the CG Code. The Company has adopted the code provisions of the CG Code as our own code of corporate governance. Since the Company was listed on the Stock Exchange on April 24, 2024, the CG Code set out in Appendix C1 to the Listing Rules was not applicable to the Company prior to the Listing Date. The Board confirms that, from the Listing Date to December 31, 2024, the Company has complied with all the code provisions of the CG Code, except for the provision under code provision C.2.1 of the CG Code as detailed below.

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

BOARD OF DIRECTORS

Board Composition

The Board oversees the business, strategic decisions, and performance of the Group, and makes decisions objectively in the best interests of the Company.

Since the Listing Date and up to the Latest Practicable Date, the Board comprises two executive Directors, namely Dr. Li Zhifei and Ms. Li Yuanyuan, and three independent non-executive Directors, namely Mr. Chen Yilyu, Prof. Lu Yuanzhu and Mr. Yang Zhe. The biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this report. An up-to-date list of the Directors and their roles and functions is maintained on the Company's website and the Stock Exchange's website.

Each Director of the Company confirms that he/she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in March 2024, and understood his/her obligations as a director of a listed issuer under the Listing Rules.

Since the Listing Date and up to the Latest Practicable Date, the Board has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Since the Listing Date and up to the Latest Practicable Date, our Company has complied with Rule 3.10A of the Listing Rules regarding the appointment of independent non-executive Directors constituting at least one-third of the Board. The Board has received annual written confirmations from each independent non-executive Director regarding his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Additionally, no independent non-executive Director has served for more than nine years since their initial appointment date. Our Company believes that all independent non-executive Directors have consistently adhered to the relevant guidelines set out in the rule and are considered as independent.

To the best knowledge of the Company, none of the Directors has any relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors or any chief executive.

RESPONSIBILITIES OF THE BOARD AND SENIOR MANAGEMENT

The Board is accountable to the shareholders and responsible for facilitating the development of the Company's business by directing and guiding the business developments and operations in a responsible and effective manner. Board members have a duty to act in good faith, with due diligence and care, and in the best interests of the Company and the shareholders as a whole.

The Board, directly and indirectly through its committees, provides leadership and guidance to management, monitors the Group's operational and financial performance and ensures the establishment of sound risk management and internal control systems by formulating strategies and overseeing their implementation.

All Directors (including independent non-executive Directors) have a wide range of valuable business experience, knowledge and expertise to enable the Board to perform its duties efficiently and effectively. All Directors have full and timely access to all information relating to the Company and may request, where appropriate, to seek independent professional advice in the discharge of their duties with the Company at the Company's expense.

The functions and responsibilities of the Board include, but are not limited to, determining the business strategies and investment plans of the Company, internal controls and risk management, convening general meetings and reporting on the Board's work at such meetings, implementing resolutions passed at such meetings, formulating the Group's annual financial budgets and final accounts, developing the Group's profit distribution plans, and exercising other powers, functions, and responsibilities granted by the Articles of Association. We have entered into service contracts with executive Directors and letters of appointment with independent non-executive Directors.

Our executive Directors and senior management are responsible for the daily management and operations of the Group's business. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management.

Chairman and Chief Executive Officer

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

Board Independence

The Company recognizes the importance of board independence, which enhances the effectiveness of the Board and the governance of the Group. In light of this, the Company adopts the following key mechanisms under its governance structure, the implementation and effectiveness of which is subject to annual review by the Board, to ensure that independent views and inputs are provided to the Board:

- the Board of the Company seeks independent professional advice where appropriate;
- the Company has complied with the requirements as to appointment of independent non-executive Directors under the Listing Rules since its Listing, and all or majority of the members of the Board committees comprise independent non-executive Directors only;
- the Company has adopted a board diversity policy to adopt formal practices for assessing the independence of the independent non-executive Directors annually with regards to all relevant factors, and to ensure that a wide range of criteria will be taken into account in considering suitable candidates to serve as a Director. Please refer to the paragraph headed “Board Diversity Policy” below for further details;
- the Board and the Nomination Committee will evaluate on an annual basis as to whether an independent non-executive Director is independent in accordance with the CG Code and the relevant requirements under Rule 3.13 of the Listing Rules. Annual confirmations will also be obtained from each independent non-executive Director in this regard;
- in the event that any independent non-executive Director proposes to serve beyond nine years since the date of his or her first appointment, the Board and the Nomination Committee will carefully consider whether such reappointment will affect his or her independence.

Since the Listing Date and up to the end of the Reporting Period, the Board reviewed the implementation and effectiveness of these mechanisms and the results were satisfactory.

General Meetings, Board Meetings and Committee Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year and at approximately quarterly interval in accordance with code provision C.5.1 of the CG Code. Notices of not less than fourteen days are given for all regular Board meetings to all Directors. The agenda and accompanying board papers are despatched to the Directors or Board committee members at least three days before such meetings to ensure that they have been given an opportunity to attend meetings and have sufficient time to review the papers and are adequately prepared for the meetings.

The matters considered by the Board and Board committees during the meetings and the decisions reached are recorded in sufficient details in the minutes of the meetings kept by the internal joint company secretary. 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 meeting is held. All minutes are properly maintained by the internal joint company secretary and are available for the inspection by the Directors or members of the Board committees.

Corporate Governance Report

During the period from the Listing Date to December 31, 2024, the Company held four Board meetings, two Audit Committee meetings, one Remuneration Committee meeting and one Nomination Committee meeting. During the period from the Listing Date to December 31, 2024, one general meeting was held by the Company (i.e. the annual general meeting held on June 28, 2024) at which all Directors have attended to communicate with the shareholders and encourage their participation. The attendance of the Directors at the general meetings, board meetings and committee meetings (either in person or through electronic means of communications) is set out in the table below:

	For the period from the Listing Date to December 31, 2024 Number of attendance of the Directors/Number of meetings				
Directors	**General Meeting**	**Board Meeting**	**Audit Committee Meeting**	**Nomination Committee Meeting**	**Remuneration Committee Meeting**
Executive Directors					
Dr. Li Zhifei	1/1	4/4	—	1/1	—
Ms. Li Yuanyuan	1/1	4/4	—	—	1/1
Independent Non-executive Directors					
Mr. Chen Yilyu	1/1	4/4	2/2	1/1	1/1
Prof. Lu Yuanzhu	1/1	4/4	2/2	—	1/1
Mr. Yang Zhe	1/1	4/4	2/2	1/1	—

On the Board meetings held during the period from the Listing Date to December 31, 2024, the Board discussed and approved various matters, including but not limited to the overall strategy and policies of the Company, reviewed and approved changes to the joint company secretaries and authorized representatives, changes to the principal place of business in Hong Kong, the re-appointment of auditor, discloseable transactions, the granting of award shares to employees under the Post-IPO RSU Scheme, and the unaudited interim results of the Group for the six months ended June 30, 2024 and its publication.

Appointment and Re-election of Directors

Each of our executive Director has entered into a service contract with our Company, with an initial term of three years commencing from the date the appointment is approved by the Board or until the third annual general meeting of the Company after the Listing Date (whichever is earlier). Each of the independent non-executive Director has entered into an appointment letter with our Company. The initial term for their appointment letters commenced from the Listing Date for a period of three years or until the third annual general meeting of the Company after the Listing Date (whichever is earlier), until terminated in accordance with the terms and conditions of the service contract or appointment letter or by either party giving to the other not less than three months' prior written notice.

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 a 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. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election thereat. 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.

The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board under Articles of Association. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board's composition, and for making recommendations to the Board on the appointment, re-election and succession planning of Directors.

Training and Professional Development of Directors

Pursuant to code provision C.1.4 of Part 2 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. The Company arranges and provides fund for all the Directors to participate in continuous professional development organized in the form of in-house training, seminars or other appropriate courses to keep them refresh of their knowledge, skill and understanding of the Group and its business or to update their skills and knowledge on the latest development or changes in the relevant regulations, the Listing Rules and CG Code and practices.

During the Reporting Period, the Company also arranged for Hong Kong legal advisor to provide training to all Directors (including independent non-executive Directors). The training session covered a wide range of relevant topics including Directors' duties and responsibilities, corporate governance and requirements under the Listing Rules. Circulars or guidelines are issued to Directors and senior management by the Company, where appropriate, to ensure the awareness of relevant regulations, rules and best practices.

Throughout the Reporting Period, the training received by the Directors was as follows:

Directors	Type of continuous professional development training attended
Executive Directors	
Dr. Li Zhifei	A and B
Ms. Li Yuanyuan	A and B
Independent Non-executive Directors	
Mr. Chen Yilyu	A and B
Prof. Lu Yuanzhu	A and B
Mr. Yang Zhe	A and B

Notes:

A: Attending training course(s), seminar(s), conference(s) arranged by the Company or external parties.

B: Perusing materials provided by the Company or external parties, such as materials relating to the Company's business updates, Directors' duties and responsibilities, corporate governance and regulatory updates, and other applicable regulatory requirements.

Remuneration of Directors and Senior Management

Details of remuneration of Directors and the five highest paid individuals of the Group during the year ended December 31, 2024 are set out in notes 8 and 9 to the financial statements in this report.

Pursuant to code provision E.1.5 of Part 2 of the CG Code, details of the remuneration of the Company's members of senior management, including those members of senior management who are also executive Directors, by band for the year ended December 31, 2024 are set out below:

Remuneration bands	**Number of individuals**
HK$500,000 to HK$1,000,000	3
HK$1,000,000 to HK$2,000,000	2

Note: Such information does not include equity-based compensation benefits.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes: (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Reporting Period, the Company has complied with the relevant provisions set out in the CG Code. The Board has performed the above-mentioned corporate governance functions and this corporate governance report has been reviewed by the Board in discharge of its corporate governance functions.

BOARD COMMITTEES

The Board has established and delegated authorities and responsibilities to three Board committees with written terms of reference to assist it in performing its functions effectively, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. All Board committees are established with specific terms of reference which deal clearly with their authorities and duties, and are published on the Company's website and the Stock Exchange's website for shareholders to review.

Audit Committee

Our Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and the CG Code. The primary duties of the Audit Committee include, among others: (i) reviewing our compliance, accounting policies and financial reporting procedures; (ii) supervising the implementation of our internal audit system; (iii) advising on the appointment or replacement of external auditors; (iv) liaising between our internal audit department and external auditors; and (v) other responsibilities as authorized by our Board.

The Audit Committee consists of three independent non-executive Directors, being Mr. Chen Yilyu, Prof. Lu Yuanzhu and Mr. Yang Zhe. The chairperson of the Audit Committee is Mr. Chen Yilyu, who has the appropriate professional accounting or related financial management expertise required under Rule 3.10(2) and Rule 3.21 of the Listing Rules.

During the period from the Listing Date to December 31, 2024, the Audit Committee held two meetings to review the unaudited interim results of the Group for the six months ended June 30, 2024 and the re-appointment of the external auditor.

The Audit Committee has reviewed the audited financial results of the Group for the year ended December 31, 2024 and confirmed that it has complied with all applicable accounting principles, standards and requirements and that adequate disclosures have been made. The Audit Committee has also reviewed and examined important matters relating to the financial reporting, the effectiveness of the risk management and internal control systems and the internal audit function, as well as the arrangements for employees to report possible misconducts.

Remuneration Committee

Our Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 and Rule 3.26 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee include, among others: (i) making recommendations to the Board on our policy and structure concerning remuneration of our Directors and members of the senior management; (ii) making recommendations to the Board on the specific remuneration package of each Director and members of the senior management; (iii) reviewing and approving compensations payable to executive Directors and members of senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (iv) reviewing and approving compensation arrangements relating to dismissal or removal of any Director for his or her misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate; (v) reviewing and/or approving matters relating to the share scheme as set out in Chapter 17 of the Listing Rules; and (vi) other responsibilities as authorized by our Board.

The Remuneration Committee consists of one executive Director and two independent non-executive Directors, being Ms. Li Yuanyuan, Prof. Lu Yuanzhu and Mr. Chen Yilyu. The chairperson of the Remuneration Committee is Prof. Lu Yuanzhu.

During the period from the Listing Date to December 31, 2024, the Remuneration Committee held one meeting to review the grant under the Post-IPO RSU Scheme with an approval date of December 27, 2024 (the "**2024 Grant**"). For the 2024 Grant, there are no performance targets attached to the grant. In considering the grant of share awards to the employees of the Group, the Remuneration Committee has taken into account the following factors: (i) the relevant grantees are employees of the Group who will contribute directly to the overall business performance and sustainable development of the Group; (ii) the encouragement and retention of the grantees' participation in the Group's continual operation and development; (iii) the provision of additional incentives for the grantees to achieve performance targets; and (iv) in the overall, the relevant grant can serve the purpose of the Post-IPO RSU Scheme. The Remuneration Committee is of the view that it is not necessary to set additional performance targets, and without the additional performance targets, the relevant grant could align the interests of the relevant grantees with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain the relevant grantees to make contributions to the long-term growth of the Group, which is in line with the purpose of the Post-IPO RSU Scheme. For details of the share awards granted to the employees of the Group, please refer to the announcement of the Company dated December 27, 2024.

Nomination Committee

Our Company has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. The primary duties of the Nomination Committee include, among others: (i) reviewing the structure, size and composition of the Board annually, and advising on any changes of the Board proposed in accordance with the strategies of our Company; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (iii) making recommendations to the Board on relevant matters relating to the appointment and re-appointment of our Directors; (iv) assessing the independence of independent non-executive Directors; and (v) other responsibilities as authorized by our Board.

The Nomination Committee consists of one executive Director and two independent non-executive Directors, being Dr. Li Zhifei, Mr. Chen Yilyu and Mr. Yang Zhe. The chairperson of the Nomination Committee is Dr. Li Zhifei.

During the period from the Listing Date to December 31, 2024, the Nomination Committee held one meeting to review the re-appointment of Dr. Li Zhifei, Ms. Li Yuanyuan, Mr. Chen Yilyu, Prof. Lu Yuanzhu and Mr. Yang Zhe and to assess and review the structure and composition of the Board, the confirmation and disclosure given by the Directors, the qualifications, skills and experience, time commitment and contribution of the Directors with reference to the nomination principles and criteria set out in the Company's board diversity policy.

BOARD DIVERSITY POLICY

Our Company have adopted a board diversity policy which sets out the approach to achieve diversity on our Board and to ensure an appropriate balance of competencies, experience and perspectives to enhance the effective functioning of our Board and to maintain a high standard of corporate governance. According to the board diversity policy, selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience and qualifications, skills, knowledge and length of service, and any other factors as our Board may consider relevant and applicable from time to time. The ultimate decision shall be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee also reviews the board diversity policy from time to time to ensure its continued effectiveness.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, AI technologies knowledge, investment and financing, accounting and financial management. They obtained degrees in various majors, including in, electrical engineering, economics, computer science and international business management. We have three independent non-executive Directors with different industry backgrounds, representing more than half of the Board. In addition, our Board has a wide range of age, ranging from 41 years old to 50 years old. In terms of gender diversity, our Board currently has one female member. The Board considers that the current composition of our Board satisfies our board diversity policy. The Board expects that the number of female members will remain at least at the current level. The Board will continue to seek opportunities to increase the proportion of female members in the future if suitable candidates become available.

The Company will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the senior management levels. The Company will encourage the current Board members to recommend female candidate Directors and take other actions to help achieve greater Board diversity, for example inviting some of outstanding female staff at mid to senior level to attend and observe Board meetings. In addition to gender diversity within the Board, the Company is also committed to promoting gender and age diversity among its workforce generally. As of December 31, 2024, the proportion of diversity in the Company's workforce (including senior management) is as follows:

Type	Employee Structure	Proportion
Gender	Male	54.6%
	Female	45.4%
Age group	<30	31.9%
	30–39	57.5%
	≥40	10.6%

It is the Company's objective to continue to maintain and enhance the diversity of its workforce across various aspects including but not limited to gender and age. In order to achieve these objectives and meet the Company's business needs, we will continue to adopt a non-discriminatory employment policy to ensure that all candidates with the right skills and background qualities are given equal opportunities. This enables the Company to select employees from a diversified talent pool. Given the AI industry is a highly specialized industry, employees are often required to have professional skills and experience in order to meet business needs. To this end, we systematically hire and cultivate young and middle-aged talents with diversified backgrounds and gradually guide them to grow into technical leaders and innovative management talents. We also actively facilitate the communication between the Company's senior experts and young employees, so as to enable our workforce to form a good technical echelon and growth atmosphere in a diversified environment, and to ensure the sustainable development of our research and development tasks and business operations.

DIRECTORS' NOMINATION POLICY

The Nomination Committee and the Board may nominate candidates for election as Directors. In accordance with the nomination policy, in assessing the suitability and potential contribution of a proposed candidate to the Board, the Nomination Committee will consider certain selection criteria, including integrity, qualifications (such as cultural and educational backgrounds, professional qualifications and skills, industry experience, and diversity aspects under the diversity policy), as well as his/her willingness and ability to devote sufficient time to fulfill his/her duties as a member of the Board and/or the Board committees.

Upon receipt of the proposal on appointment of a new Director and biographical information (or relevant details) of the candidate, the Nomination Committee and/or the Board shall evaluate such candidate based on the aforementioned criteria and determine whether such candidate is qualified for directorship. The Nomination Committee shall then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates by order of preference based on the needs of the Company and reference check of each candidate.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility of preparing the financial statements of the Company for the year ended December 31, 2024 to give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows. For the purpose of preparing the consolidated financial statements for the Reporting Period, the Directors have selected appropriate accounting policies, adopted suitable accounting principles, exercised prudent and reasonable judgments and assessments, and ensured that the accounts have been prepared on a going concern basis. The Directors have confirmed that the financial statements of the Group have been prepared in accordance with applicable laws and accounting principles. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the section headed "Independent Auditor's Report" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring that the Company has established and maintained adequate and effective risk management and internal control systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

We have established, and maintained, risk management and internal control systems consisting of policies and procedures which we consider appropriate for our business operations. We are dedicated to continually improving these systems. We adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as information security and data privacy, financial reporting, compliance, and human resources. Our Board is responsible for the establishment and updating our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

In addition, we review the implementation of our risk management and internal control systems at least on an annual basis to ensure that management maintains and operates a robust system in accordance with agreed programs and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions.

The management of the Group has confirmed to the Board and the Audit Committee the effectiveness of the risk management and internal control systems for the period from the Listing Date to the year ended December 31, 2024. With the support of the Audit Committee, the Board is of the view that the risk management and internal control systems of the Group for the period from the Listing Date to the year ended December 31, 2024 are effective and adequate.

INTERNAL CONTROL RISK MANAGEMENT

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. To ensure the effectiveness of our internal control, our business department works closely with our operational departments (which are, legal and compliance, finance, and procurement department). Our internal audit department reviews material internal control aspects of the Group, including financial, operational and compliance controls and risk management, they would also conduct regular reviews and reports to the Audit Committee and the Board to monitor the status and effectiveness of our risk management procedures and policies, to ensure the effectiveness and adequacy of our procedures and policies in place.

INFORMATION SECURITY AND DATA PRIVACY

We attach the greatest importance to data security and protection. We have adopted our standard protective measures including confidentiality management, access control and personal information deidentification to prevent unauthorized access, leakage, improper use or modification of, damage to or loss of data and personal information. We obtain appropriate consents from our customers to access data from them and their end users. We prioritize transparency and maintain comprehensive records of consent obtained, ensuring compliance with privacy laws and regulations.

We have adopted both technical and organizational measures to protect data security and privacy. For technical measures, we deploy a data backup mechanism, which automatically distributes data to multiple data centers for backup. Different app key IDs distinguish and separate data from different clients and projects, ensuring that data within different business domains is stored in isolated environments. We have also adopted vulnerability management tools and network attack detection mechanisms. For organizational measures, we have published and implemented a comprehensive set of personal information protection policies and employed an account and permission management system to ensure data security. Specifically, we implement account authorization management for our staff, as well as a multi-factor authentication mechanism. We ensure that only authenticated users have access to their own accounts, and authorized staff only could access users' personal information when it is necessary for service provision or upon user request. These measures involve the implementation of multiple layers of protection to safeguard the integrity and confidentiality of data.

We have allocated substantial resources to establish a data compliance system to ensure full compliance with the PRC Personal Information Protection Law and other related regulations. Our data compliance team, algorithmic security committee and science and technology ethics review committee attend to our compliance policies in relation to data privacy and personal information protection. We have built up a comprehensive personal information management system and formulated a series of internal rules and policies to ensure data and personal information security throughout their life cycle.

Compliance and Intellectual Property Risk Management

In order to effectively manage the compliance of our business operations with the relevant rules and regulations and legal risk exposures, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations, as well as the protection of our intellectual property rights. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers, partners and suppliers. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

Our in-house legal department is also responsible for obtaining any requisite governmental pre-approvals or consents, within the prescribed regulatory timelines, ensuring that the Company's business operations comply with relevant laws and regulatory requirements, and securing the required business licenses, permits, or approvals. It also conducts regular reviews to monitor the status and validity of these business qualifications.

Our intellectual property department has designed and implemented rigorous internal procedures to safeguard the Company's intellectual property rights. Our intellectual property department reviews the relevant clauses prior to entering into any contracts or business arrangements to ensure the scope of authorized permissions for the intellectual property involved. The intellectual property department also applies for and maintains the intellectual property rights arising from the Company's technologies, products, services, etc., to ensure all necessary applications, renewals, or filings for trademark, copyright, and patent registrations are timely submitted to the relevant authorities.

Financial Reporting Risk Management

We have a set of policies in connection with our financial reporting risk management, such as financial system management, assets protection management, budget management, and operation analysis management. We also have procedures in place to implement such policies, which our financial department follows when reviewing our management accounts. In addition, we provide regular training to our financial department staff to ensure that they understand our accounting policies and procedures.

Human Resources Risk Management

We have established internal controls and risk management policies covering various aspects of human resources management, such as recruitment, training, professional ethics, and legal compliance. We maintain high standards in recruitment, have established rigorous procedures to ensure the quality of newly hired personnel, and provide tailored training according to the specific needs of employees in different departments. This includes an ongoing commitment to new employee onboarding, deepening the cultivation of core workplace competencies, reinforcing our internal training team's capabilities, and vigorously supporting pivotal talent development programs. We have an employee code of conducts in place, which contains internal rules and guidelines regarding basic working rules, professional ethics, confidentiality, negligence, anti-bribery and anti-corruption. We provide our employees with regular training and resources to explain the guidelines contained in the employee code of conducts. We also conduct periodic performance reviews for employees, with their remuneration determined based on performance. We periodically monitor the implementation of internal risk management policies to identify, manage, and mitigate internal risks associated with potential violations of our Code of Conduct, professional ethics, internal policies, or illegal activities by employees at all levels of the Group.

Anti-Corruption Risk Management

We have established a comprehensive anti-corruption and anti-bribery policy and reporting system to promote and support compliance with applicable anti-corruption laws and regulations, while providing guidance on anti-corruption and anti-bribery standards, reporting channels, and responsibilities for implementing the policies. All our employees and third-party agents are required to understand and comply with the anti-corruption policies, and we provide anti-corruption training to both employees and third-party agents from time to time. According to our current reporting policy, any act that may breach applicable laws or our anti-corruption policies shall be reported to the legal department immediately. All reports will be handled with confidentiality. The reported matters will be investigated and dealt with in a prompt, independent and fair manner.

Investment Risk Management

We invest in or acquire businesses that are complementary to our operations and in line with our overall growth strategy. Our investment committee is primarily accountable for sourcing, screening, conducting due diligence, assessing risks, appraising values, implementing investments, and monitoring post-investment activities for our investment projects. When assessing each investment, we consider strategic value, synergies across business lines, risks, and returns. We have established procedures for evaluating and approving investment projects. The investment committee reviews and determines all new investments and material disposals.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has adopted the information disclosure management policy which sets out comprehensive guidelines in respect of handling and dissemination of inside information. The Board is responsible for monitoring and implementing the procedural requirements in this policy. This policy is applicable to persons including the Directors, senior management of the Company, the department in charge of information disclosure management of the Company and departments, branches and subsidiaries of the Company, and their responsible officers and contact persons designated thereby. This policy provides detailed guidelines on the appropriate timing, contents, formats, internal vetting processes and disseminating procedures of information under different circumstances, the review and disclosure procedures of releasing results announcements, ad hoc announcements and regular reports and duties of confidentiality for all persons involved in information disclosure.

COMPLIANCE WITH MODEL CODE OF LISTING RULES

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Directors. Having made specific enquiry with all Directors, each Director has confirmed his/her compliance with the Model Code from the Listing Date to December 31, 2024.

JOINT COMPANY SECRETARIES

During the Reporting Period, Mr. Sun Junbo and Ms. Lam Chi Ching Cecilia have resigned as the joint company secretaries of the Company, effective from July 31, 2024. On August 1, 2024, the Board appointed Ms. Li Yuanyuan ("**Ms. Li**") and Ms. Tsang Wing Man ("**Ms. Tsang**") as the Company's joint company secretaries. For details, please refer to the Company's announcement dated August 1, 2024.

Ms. Li Yuanyuan, is the Company's co-founder, executive Director and chief operating officer. For details of Ms. Li's biography, please refer to the section headed "Biographies of Directors and Senior Management" in this annual report.

Ms. Tsang Wing Man obtained a bachelor's degree in Business Administration from City University of Hong Kong. She is currently a manager at SWCS Corporate Services Group (Hong Kong) Limited and has over 10 years of experience in company secretarial matters. She is a fellow of the Chartered Governance Institute and the Hong Kong Chartered Governance Institute. Ms. Tsang's principal contact within the Company is Ms. Li.

During the Reporting Period, in accordance with the provisions of Rule 3.29 of the Listing Rules, Ms. Li and Ms. Tsang participated in a total of not less than 15 hours of training courses covering aspects such as the Listing Rules, corporate governance, information disclosure, investor relations, and the functions and responsibilities of company secretaries for Hong Kong listed issuers.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditor of the Company, KPMG, in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

Service Category	**Charges paid/ payable** (RMB)
Audit Services	2,480,000
Non-audit services	Nil
Total	2,480,000

RELATIONSHIP WITH SHAREHOLDERS

Communication with Shareholders

The Board believes that effective communication with shareholders is crucial for enhancing investor relations and enabling investors to understand the Group's business, performance, and strategies. The Company also acknowledges the importance of timely and non-selective disclosure of information to enable shareholders and investors to make informed investment decisions. The Company has adopted a shareholders' communication policy to ensure that shareholders and investors can obtain comprehensive, consistent, balanced, and easily understandable information of the Company in due time, enabling shareholders to exercise their rights in an informed manner and facilitating active engagement between shareholders, investors, and the Company.

The Group's information is disseminated to shareholders and investors in a timely manner through various channels, including interim reports and annual reports, annual general meetings and other possible shareholders' meetings, as well as the publication on the Company's website of all disclosure materials submitted to the Stock Exchange, corporate communications, and other corporate publications.

General Meetings

The Company's annual general meetings and other general meetings serve as the primary communication platform between the Company and its shareholders. Shareholders are welcome to attend the general meetings in person, or if they are unable to attend, they may appoint a proxy on their behalf to attend and vote at such meetings.

Notices of general meetings, related circulars, and proxy forms are made available on the websites of The Stock Exchange of Hong Kong Limited and the Company within the required period prior to the general meetings and dispatched to shareholders.

Members of the Board, particularly the chairpersons of the Board Committees or their authorized representatives, appropriate senior management members of the Company, and external auditor will attend the general meetings to address shareholders' enquiries.

The procedures for the Company's general meetings will be regularly monitored and reviewed. Changes will be made when needed to best meet shareholders' needs.

Convening of Extraordinary General Meetings and Making Proposals at General Meetings

Pursuant to the Articles of Association, a general meeting may be convened upon the written request of one or more shareholders to include resolutions in the meeting agenda. Such request shall be delivered to the Company's principal office in Hong Kong (or the registered office if the Company no longer maintains such principal office), specifying the principal matters to be discussed at the meeting and the resolutions to be proposed, and signed by the requisitionists, provided that the requisitionists shall collectively hold not less than one-tenth of the paid-up capital of the Company carrying voting rights at general meetings as at the date of delivery of the request. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board, provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to them by the Company.

Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

The Company's Website

The Company has set up a website, www.chumenwenwen.com, as a platform for communication with shareholders and investors. The information on the Company's website will be regularly updated. The information released by the Company on the Stock Exchange's website will also be promptly posted on our website for corporate communications. The information includes financial statements, results announcements, circulars, notices of general meetings, and related explanatory documents.

Shareholders' Enquiries

Shareholders and investors may submit written enquiries or concerns to the Board of the Company, the contact details of which are set out as follows:

Address: Room 1–728, 7th Floor, Building 1, No. 42, Gaoliangqiao Xie Street, Haidian District, Beijing
Email: ir@mobvoi.com

Shareholders may submit enquiries regarding their shareholdings to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. The Company ensures that the Hong Kong Share Registrar maintains up-to-date records of shares to facilitate effective responses to shareholders' enquiries.

POLICIES RELATING TO SHAREHOLDERS

Shareholders' Communication Policy

The Company has established the Shareholders' communication policy with the objective of ensuring that the Shareholders and the investor community at large are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication among Shareholders, the investment community and the Company.

The Board of the Company has reviewed the shareholders' communication policy on a regular basis to ensure its effectiveness. For the year ended December 31, 2024, the Company reviewed the implementation and effectiveness of its shareholders' communication policy by examining its shareholder engagement and communication activities in 2024 and concluded that it was effective.

Dividend Policy

Subject to the Cayman Companies Act and the Articles of Association, the Company may declare dividends in any currency in general meeting, but no dividends shall exceed the amount recommended by the Directors. Under the Cayman Islands law, the Company may pay a dividend out of profits and reserves of the Company available for distribution including share premium, provided that in no circumstances may a dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. In addition, the Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.

Any dividends declared by the Company will be determined at the sole discretion of the Board after considering various factors, including the Company's actual and expected operating results, cash flows and financial condition, overall business conditions and strategies, anticipated working capital requirements and future expansion plans, legal, regulatory, and other contractual restrictions and such other factors as the Board deems appropriate. Shareholders may approve any dividend declared at a general meeting, provided that the amount approved shall not exceed the amount recommended by the Board.

AMENDMENT OF ARTICLES OF ASSOCIATION

For the period from the Listing Date to December 31, 2024, the Company's Articles of Association have not been amended. The latest version of the Articles of Association is also available on the websites of the Company and the Stock Exchange.

Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is an AI company with a focus on generative AI and voice interaction technologies. In line with the vision of "Make AGI Accessible and AI CoPilot everywhere", we are committed to building internationally leading general large models and becoming a global leader in AI CoPilot through the integrated development of AI technology, products and commercialization.

The Company endeavors to provide AIGC-empowered content creation for content creators. Currently, we have developed a rich product matrix of AIGC CoPilot, including the AI voiceover assistant "Moyin Workshop" (overseas version "**DupDub**"), the AI avatar "Weta365" (overseas version "**LivGen**"), the enterprise AI interactive digital employee generation platform "AI Ask365", and the AI video creation platform "Yuan365". We have established a one-stop content creation platform that empowers creators to generate content efficiently.

BUSINESS REVIEW AND RESULTS

A review of the Group's business for the year ended December 31, 2024, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group since the end of the financial year ended December 31, 2024, and an indication of likely future developments in the Group's business can be found in the sections headed "Chairman's Statement" on pages 5 to 12, "Management Discussion and Analysis" on pages 13 to 19 and "Subsequent Events" on page 63 in this report.

The results of the Group for the year ended December 31, 2024 are set out in the consolidated financial statements of this report.

FINANCIAL SUMMARY

A summary of the Group's condensed consolidated results and financial position for the last four financial years is set out on page 4 of this report. This summary does not form part of the audited consolidated financial statements.

PRINCIPAL SUBSIDIARIES

The names, places and dates of incorporation, details of the registered and paid-in capital, ownership interest percentages and principal business activities of the Company's principal subsidiaries are set out in note 14 to the financial statements.

COMPLIANCE WITH LEGAL PROCEDURES AND LAWS AND REGULATIONS

The Group's business operations are mainly conducted in China, and the Company's shares are listed on the Stock Exchange. The business operations of the Group shall comply with the laws of relevant jurisdictions including China and Hong Kong. The Company is a holding company incorporated in the Cayman Islands. To the best of the knowledge of the Board, the Group has complied with all relevant laws and regulations of Mainland China, the Cayman Islands and Hong Kong in all material respects during the Reporting Period, and there were no material litigations or claims pending or threatened against any member of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes the importance of environmental protection and has not noticed any material non-compliance with relevant laws and regulations in relation to its business (including health and safety, workplace conditions, employment and the environment). The Group has implemented environmental protection measures and also encouraged its employees to be environmentally friendly at work by utilising resources such as electricity and paper according to actual needs, so as to reduce energy consumption and minimise unnecessary wastage. For details of the Company's environmental policies and performance, please refer to the "Environmental, Social and Governance Report" published separately by the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2024, the Group's five largest customers in aggregate accounted for approximately 28.8% of the Group's total revenue. The Group's largest customer accounted for 18.6% of the Group's total revenue.

During the year ended December 31, 2024, the Group's five largest suppliers in aggregate accounted for approximately 80.1% of the Group's total inventory purchases amount. The Group's largest supplier accounted for approximately 47.5% of the Group's total inventory purchases amount.

During the year ended December 31, 2024, to the best of the knowledge of the Directors, none of the Directors, their close associates or any Shareholder (which, to the best knowledge of the Directors, owns more than 5% of the issued shares (excluding treasury shares) of the Company) had any interest in any of the Group's five largest customers and suppliers.

MAJOR RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2024, the Group has maintained good relationships with its stakeholders including employees, customers and suppliers. The Group will continue to ensure effective communication and good relations with all key stakeholders. For details of the Group's relationships with its employees, customers and suppliers, please refer to the "Environmental, Social and Governance Report" published separately by the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of the changes in property and plant of the Group during the year ended December 31, 2024 are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of the changes in the Company's issued shares during the year ended December 31, 2024 are set out in note 30 to the financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company's distributable reserves were RMB1,748.5 million. Details of the changes in the Company's reserves for the year ended December 31, 2024 are set out in note 30 to the financial statements.

BANK LOANS AND OTHER BORROWINGS

As of December 31, 2024, the Group's bank loans were RMB20.0 million. The bank loan was unsecured with a fixed interest rate of 2.9% per annum and repayable within one year, details of which are set out in note 24 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Incentive Schemes" below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the Reporting Period.

MATERIAL CONTRACTS

Save as disclosed in this report, there were (i) no material contracts entered into by and/or subsisted between the Company or any of its subsidiaries with the Controlling Shareholders or any of their subsidiaries; and (ii) no material contracts in relation to the provision of services by the Controlling Shareholders or any of their subsidiaries to the Group since the Listing Date and up to December 31, 2024.

MANAGEMENT CONTRACTS

Save as the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence during the Reporting Period and up to the date of this report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

ISSUED BONDS

During the Reporting Period and up to the date of this report, the Group had not issued any bonds.

ISSUED SHARES

Details of the Shares issued by the Company during the Reporting Period are set out in note 30 to the financial statements.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On April 24, 2024, the Company's Shares were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering of the Company (including the partial exercise of the over-allotment option as disclosed in the announcement of the Company dated April 23, 2024) amounted to approximately HK$290.2 million (after deduction of the underwriting fees and commissions and the related costs and expenses). The Company intends to utilize such net proceeds in accordance with the purposes set out in the prospectus. The following table sets out the utilization of the net proceeds of the Global Offering by the Company and the planned timetable as of December 31, 2024:

	Approximate percentage of total net proceeds from the Global Offering	**Net proceeds from the Global Offering**	**Total net proceeds from the Global Offering utilized as of December 31, 2024**	**Remaining net proceeds from the Global Offering as of December 31, 2024**	**Expected timetable of full utilization of the remaining net proceeds from the Global Offering**
	%	HK$ in millions	HK$ in millions	HK$ in millions	
Development of our multi-modal large language model	44.3%	128.6	45.8	82.8	By the end of 2026
Solution development and marketing	35.7%	103.6	95.3	8.3	By the end of 2026
Pursuing potential strategic alliances, investments and acquisitions	10.0%	29.0	2.2	26.8	By April 2027
Working capital and general corporate purposes	10.0%	29.0	28.9	0.1	By the end of 2026
Total	100.0%	290.2	172.2	118.0	

Notes:

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

2. Net proceeds from the Global Offering utilized as of December 31, 2024 translated using the average exchange rate for the year ended December 31, 2024.

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

Directors' Report

DIRECTORS

Since the Listing Date and up to the date of this report, the Directors of the Company are set out below:

Executive Directors

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

Independent Non-executive Directors

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

Biographical details of the Directors of the Group are set out in the section headed "Biographies of Directors and Senior Management" of this report.

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

Prof. Lu Yuanzhu, an independent non-executive director of the Company, was elected as an external supervisor of Wuxi Rural Commercial Bank Co., Ltd. (無錫農村商業銀行股份有限公司) (stock code: 600908.SH) on August 21, 2024. He has served as an independent non-executive director of Beijing Yuanlong Yato Culture Communication Co., Ltd. (北京元隆雅圖文化傳播股份有限公司) (stock code: 002878.SZ) since December 2024, and ceased to serve as an independent non-executive director of Beijing Tianyishangjia High-tech Materials Corp., Ltd. (stock code: 688033.SH) since December 2024 and ceased to serve as an independent non-executive director of Beijing Global Safety Technology Co., Ltd. (stock code: 300523.SZ) since January 2025.

Save as disclosed above, since the Listing Date and up to December 31, 2024, there were no changes to the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Executive Directors

Each of our executive Director has entered into a service contract with our Company. Pursuant to the service contracts, they agreed to act as executive Directors for an initial term of three years with effect from the date the appointment is approved by the Board or until the third annual general meeting of our Company after the Listing Date (whichever is earlier). Either party has the right to give not less than three months' written notice to terminate the agreement.

Independent Non-executive Directors

Each of our independent non-executive Director has entered into an appointment letter with our Company. The initial term of their appointment shall be three years from the date of appointment or until the third annual general meeting of the Company after the Listing Date, whichever is earlier, (subject to retirement as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

Save as disclosed above, none of our Directors has or will 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).

REMUNERATION POLICY

The Company has established the Remuneration Committee to make recommendations to the Board on the specific remuneration package of each Director and members of the senior management. The Group's Remuneration policies are formulated based on the performance and experience of employees and in line with the salary trends in Mainland China and Hong Kong. Other employee benefits include annual bonuses, insurance and medical coverage and share options. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority.

PENSION PLANS

Employees of the Group's subsidiaries in the PRC are required to contribute a certain percentage of their salaries to a pension plan to fund the benefits. The Group's only obligation with respect to the pension plan is to make specified contributions. During the Reporting Period, the Group did not use forfeited contributions to reduce the current level of contributions.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals of the Group are set out in notes 8 and 9 to the financial statements in this report.

None of the Directors had waived or agreed to waive any remuneration, and no remuneration was paid by our Group to the Directors or other individuals as an inducement to join or upon joining the Group or as a compensation for loss of office.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Since the Listing Date and up to December 31, 2024, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, directly or indirectly, with the business of the Group, which require disclosure under Rule 8.10 of the Listing Rules, other than being a director of the Company and/or its subsidiaries.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, none of the Directors or any entity connected with them had, whether directly or indirectly, any interest of significance to the Company's business in any contract, transaction or arrangement to which the Company or any of its subsidiaries was a party during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section below headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations", neither the Company nor any of its subsidiaries had entered into any arrangements that enable the Directors and chief executive of the Company to obtain benefits by means of the acquisition of shares or debentures of the Company or any other surviving corporations during the Reporting Period.

PERMITTED INDEMNITY PROVISIONS

The Articles of Association provide that every Director, Auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

Subject to the Cayman Companies Act, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

These indemnity provisions shall come into effect from the Listing Date. The Company has purchased and maintained appropriate liability insurance for the Directors.

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

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

Name of Director	Capacity/Nature of interest	Number of Shares and underlying shares(1)	Approximate percentage of shareholding(2)
Li Zhifei(3)(4)	Founder of a discretionary trust	375,862,577	24.71%
	Interest of concert parties	99,648,479	6.55%
	Beneficial owner	14,867,279	0.98%
Li Yuanyuan(4)(5)	Founder of a discretionary trust	42,505,195	2.79%
	Interest of concert parties	433,005,861	28.46%
	Beneficial owner	14,867,279	0.98%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 1,521,381,437 Shares in issue as of December 31, 2024.

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

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

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

As of December 31, 2024, except as disclosed above, none of the Directors had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of December 31, 2024, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares(1)	Approximate percentage of shareholding(2)
Mobvoi Limited(3)(4)	Beneficiary of a discretionary trust	375,862,577	24.71%
	Interest of concert parties	114,515,758	7.53%
AGI Management Limited(3)(4)	Interest in controlled corporation	375,862,577	24.71%
	Interest of concert parties	114,515,758	7.53%
AGI Limited(3)(4)	Interest in controlled corporation	375,862,577	24.71%
	Interest of concert parties	114,515,758	7.53%
Mobvoi AGI Limited(3)(4)	Beneficial owner	375,862,577	24.71%
	Interest of concert parties	114,515,758	7.53%
CMWW Limited(4)(5)	Beneficiary of a discretionary trust	42,505,195	2.79%
	Interest of concert parties	447,873,140	29.44%
W&H Management Limited(4)(5)	Interest in controlled corporation	42,505,195	2.79%
	Interest of concert parties	447,873,140	29.44%
Wen&Hui Limited(4)(5)	Interest in controlled corporation	42,505,195	2.79%
	Interest of concert parties	447,873,140	29.44%
CMWW AGI Limited(4)(5)	Beneficial owner	42,505,195	2.79%
	Interest of concert parties	447,873,140	29.44%
Lei Xin(4)(6)	Interest in controlled corporation	42,276,005	2.78%
	Interest of concert parties	448,102,330	29.45%
Amberlei Limited(4)(6)	Beneficial owner	42,276,005	2.78%
	Interest of concert parties	448,102,330	29.45%
Suntera Corporate Trustees (Hong Kong) Limited(3)(5)	Trustee/Interest in controlled corporation	418,367,772	27.50%

Name of Shareholder	Capacity/Nature of interest	Number of Shares[(1)]	Approximate percentage of shareholding[(2)]
SIG I[(7)]	Beneficial owner/Interest of concert parties	239,613,768	15.75%
SIG III[(7)]	Beneficial owner/Interest of concert parties	239,613,768	15.75%
Google[(8)]	Beneficial owner	186,593,844	12.26%
Shen Nan Peng[(9)]	Interest in controlled corporation	195,611,163	12.86%
SNP China Enterprises Limited[(9)]	Interest in controlled corporation	195,611,163	12.86%
HSG Holding Limited[(9)]	Interest in controlled corporation	195,611,163	12.86%
HSG Venture IV Management, L.P.[(9)]	Interest in controlled corporation	148,238,583	9.74%
HongShan Capital Venture Fund IV, L.P.[(9)]	Interest in controlled corporation	148,238,583	9.74%
HSG CV IV Senior Holdco, Ltd.[(9)]	Interest in controlled corporation	148,238,583	9.74%
HSG CV IV Holdco, Ltd.[(9)]	Beneficial owner	148,238,583	9.74%
Goertek (HongKong) Co., Limited[(10)]	Beneficial owner	141,053,024	9.27%
Weifang Goertek Trading Co., Ltd.[(10)]	Interest in controlled corporation	141,053,024	9.27%
Goertek Inc.[(10)]	Interest in controlled corporation	141,053,024	9.27%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 1,521,381,437 Shares in issue as of December 31, 2024.

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

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

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

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

(7) Each of SIG I and SIG III is a Delaware limited liability limited partnership. SIG I was established on January 10, 2018. SIG III was incorporated on January 10, 2012. As of December 31, 2024, SIG Pacific Holdings, LLLP was the limited partner, holding 80% of the partnership interest in each of SIG I and SIG III. SIG Global Investments GP, LLC was the general partner of SIG I, holding 20% of the partnership interest of SIG I. SIG China Investments GP, LLC was the general partner of SIG III, holding 20% of the partnership interest of SIG III. SIG Asia Investment, LLLP, a Delaware limited liability limited partnership, is the investment manager of both SIG I and SIG III. Heights Capital Management, Inc., a Delaware Corporation, is the investment manager of SIG Asia Investment, LLLP. Each of SIG I, SIG III, SIG Pacific Holdings, LLLP and SIG China Investments GP, LLC is ultimately beneficially owned by Mr. Jeffrey Yass, an Independent Third Party who is a US citizen. SIG I and SIG III have been acting in concert with each other and by virtue of SFO, SIG I and SIG III are deemed to be interested in the Shares held by each other.

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

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

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

As of December 31, 2024, except as disclosed above, our Directors are not aware of any person who (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

CONTINUING CONNECTED TRANSACTION

Partially Exempt Continuing Connected Transaction

Beijing Xiaowen Intelligence Technology Co., Ltd. ("**Beijing Xiaowen**") was directly wholly-owned by Ms. Li Yuanyuan, our executive Director. Pursuant to Rule 14A.07(4) of the Listing Rules, Beijing Xiaowen was a connected person of the Group.

On May 16, 2023, the Group and Beijing Xiaowen entered into a service agreement with a term commencing on May 16, 2023 and expiring on December 31, 2025. On March 30, 2024, the parties entered into an amended and restated service agreement (the "**Service Agreement**") to extend the term of the aforesaid service agreement to December 31, 2026. The transaction contemplated under the Service Agreement will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempt from circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The principal terms of the Service Agreement are set forth as follows:

Service scope: In relation to the Group's AI Software Solutions, Smart Devices and Other Accessories, Beijing Xiaowen shall provide operating agent services, which include accounts maintenance, operations monitoring, marketing, advertising, promotion and data analysis services, through operating various applications and digital platforms for the Group.

Pricing policy: The service fees to be paid by our Group to Beijing Xiaowen shall be determined after arm's length negotiations between the parties with reference to the prevailing market rate in respect of similar services provided by other independent service providers and taking into account various other factors such as the services operation capabilities and competency in the field of AI Software Solutions and Smart Devices and Other Accessories, understanding of our solutions, relationship and mutual trust with the Group. The transaction contemplated under the Service Agreement has been and will be entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better. The service fees are fair and reasonable and no less favorable to us than the prevailing market rates for similar services.

Under the Service Agreement, the Group shall pay Beijing Xiaowen a fixed annual service fee in the amount of RMB5.5 million, RMB6.0 million and RMB6.5 million for the years ending December 31, 2024, 2025 and 2026, respectively, for the services provided by Beijing Xiaowen. During the Reporting Period, the actual transaction amount between the Group and Beijing Xiaowen under the Service Agreement was RMB5.5 million.

The Company confirms that the execution and fulfillment of specific agreements under the continuing connected transaction during the Reporting Period have complied with the pricing principles of such continuing connected transactions.

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the continuing connected transactions disclosed in this report and are of the view that such transactions were: (i) entered into in the usual course of business of the Group; (ii) on normal or more favorable commercial terms; and (iii) according to the Service Agreement governing them on terms that were fair and reasonable and in the interest of our Company and Shareholders as a whole.

LETTER FROM THE AUDITOR

The Company's 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, "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 the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Main Board Listing Rules.

The Board has received a letter from the independent auditor of the Company in respect of the above disclosed continuing connected transactions, which stated that:

- nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;

- nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

- with respect to the aggregate amount of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

RELATED PARTY TRANSACTIONS

The related party transactions during the year ended December 31, 2024 are set out in note 33 to the financial statements. Save for the transactions disclosed in "Continuing Connected Transaction" (which have complied with the disclosure requirement under Chapter 14A of the Listing Rules), no other related party transactions during the year ended December 31, 2024 constitute connected transaction or continuing connected transaction that is subject to, among others, reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SHARE INCENTIVE SCHEMES

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on October 19, 2015. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as no option will be granted under the Pre-IPO Share Option Scheme after the Listing. The following is a summary of the principal terms of the Pre-IPO Share Option Scheme:

(a) Purpose

The purpose of the Pre-IPO Share Option Scheme is to reward the participants for their contributions in the development of the Group, and to encourage them to contribute to the growth and development of the Company for the benefit of the Company and its Shareholders as a whole.

(b) Selected participants

Persons (the "**selected participants**") eligible to participate in the Pre-IPO Share Option Scheme include Directors, employees, officers and consultants of the Group, and other individuals, as determined, authorized and approved by the Board or a committee authorized by the board (the "**Administrator**").

(c) Administration

The Administrator is the administrator of such scheme and shall have the exclusive right to determine all the matters with respect to the awards under the Pre-IPO Share Option Scheme, including, among others, (i) determine the number of options to be granted and the number of underlying Shares for each options; and (ii) determine the terms and conditions of any options granted pursuant to the Pre-IPO Share Option Scheme.

(d) Option grants

The Administrator is authorized to grant options to purchase the number of Shares at the exercise price and in accordance with the vesting schedule as determined by the Administrator in its sole discretion. Each selected participant shall enter into a share option agreement (the "**Share Option Agreement**") with, among others, the Company for the options granted to such person under the Pre-IPO Share Option Scheme.

(e) Rights and restrictions attached to the options

The options are personal to each selected participant and are not assignable or transferable. The selected participants shall not have the right in any way to sell, transfer, assign, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any options, except as otherwise pre-approved by the Administrator.

A selected participant does not have any contingent interest in this Shares unless and until the underlying Shares represented by the options are actually issued or transferred to the selected participant. Further, a selected participant may not exercise voting rights in respect of this Shares underlying the options until such Shares are issued, nor do they have any rights to any dividends.

(f) Vesting schedule

Unless as otherwise determined by the Administrator, the options under the Pre-IPO Share Option Scheme are generally vested over a period of four years commencing from the designated vesting commencement date with each 25% of the underlying Shares vested at each anniversary of the designated vesting commencement date. The Company shall have the right to accelerate the vesting of options under certain major corporate transactions, such as the merger and acquisition.

(g) Exercise price

The exercise price per Share subject to an option shall be determined by the Administrator and shall be set forth in the Share Option Agreement. The exercise price shall not be less than 100% of the fair market value per Share on the date of granting the option. The exercise price per Share subject to an option may be amended or adjusted in the absolute discretion of the Administrator, the determination of which shall be final, binding and conclusive.

(h) Exercise of options

A selected participant may exercise the options by delivering an exercise notice to the Company with the payment of the aggregate exercise price as to all Shares exercised, with applicable tax withholding delivered. Options that are vested and exercisable will terminate if they are not exercised within ten years from the date of grant.

(i) Consideration and purchase price

Pursuant to the Pre-IPO Share Option Scheme, there is no amount payable on application or acceptance of the option and no purchase price of the Award Shares.

(j) Maximum number of Shares underlying the options

The aggregate maximum number of Shares underlying the options approved under the Pre-IPO Share Option Scheme is 195,974,805 ordinary Shares. Options underlying an aggregate of 151,825,003 ordinary Shares had been granted before listing and no further options would be granted under the Pre-IPO Share Option Scheme after listing. Notwithstanding the provisions regarding termination of employment or service, the Administrator shall have the right to determine that any options that would otherwise terminate pursuant to such provisions be transferred to any other existing or additional selected participant or permitted transferees that the Administrator may in its sole discretion determine, and the Administrator may reflect any such determination in a written notice to such person(s).

(k) Maximum entitlement of each selected participant

There is no maximum entitle of each selected participant.

(l) Adjustments

In the event of any share dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of the Company assets to its shareholders, or any other change affecting the Shares or the price of a Share, the Administrator shall make such proportionate adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such change.

(m) Transfer and/or disposition of Shares

The Company may require the selected participant to hold Shares acquired pursuant to the exercise of the option with an escrow agent designated by the Company and/or require the selected participant to transfer or sell the Shares pursuant to such policies and procedures as the Company deems appropriate from time to time, including any procedures necessary to obtain approval from SAFE for the acquisition and disposition of the Shares by the selected participant. The Company may require that all proceeds received from the option be remitted to the PRC if the Company deems such action is necessary or appropriate to comply with applicable laws.

The selected participant must sell, transfer or otherwise dispose of the Shares acquired pursuant to the exercise of the option in such manner and subject to such terms and conditions as the Administrator determines within (i) six months before the selected participant's termination as a service provider, or (ii) such other period of time as the Administrator may designate from time to time to comply with applicable laws, including requirements and conditions relating to SAFE registration (the "**Disposition Deadline**"). The selected participant hereby authorizes the Company and appoints the Company as its attorney-in-fact to sell on behalf of the selected participant any Shares held by the selected participant after the Disposition Deadline, without any further action consent or instruction by the selected participant. The selected participant hereby acknowledges and agrees that the Company will not be held liable to the selected participant with respect to its actions relating to the sale, transfer or disposition of Shares after the Disposition Deadline.

(n) Term and remaining life

The Pre-IPO Share Option Scheme shall become effective upon its adoption by the Board. Unless sooner terminated pursuant to the terms of the Pre-IPO Share Option Scheme, the Pre-IPO Share Option Scheme shall continue in effect for a term of ten years.

As of the date of this report, the remaining life of the Pre-IPO Share Option Scheme was approximately six months.

(o) Termination

The Company shall have the right to revoke or terminate an option at its sole discretion if (i) the employment has been terminated for cause, or (ii) the selected participant has joined or established a competing entity as determined by the Board or otherwise caused harm to any interests of the Company.

As of the date of this report, an aggregate of 67,736,875 ordinary Shares underlying the options under the Pre-IPO Share Option Scheme were outstanding, representing 4.40% of the total number of issued Shares (excluding treasury shares) of the Company. No consideration is paid for the grant of such options. The Company will not grant additional options under the Pre-IPO Share Option Scheme.

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

Category/ Name of grantees	Number of Shares underlying the options outstanding as of the Listing Date	Vesting period (Note 2)	Date of grant	Exercise price (US$)	Exercise period	Number of Shares underlying the options outstanding as of the end of the Reporting Period	Number of Shares underlying the options lapsed from Listing Date to the end of the Reporting Period	Number of Shares underlying the options exercised from Listing Date to the end of the Reporting Period	Number of Shares underlying the options cancelled from Listing Date to the end of the Reporting Period	Weighted average closing price of the Share immediately before the date of the share options were exercised from Listing Date to the end of the Reporting Period (HK$)
Directors										
Li Zhifei	6,852,778	4 years	November 1, 2015	0.0600	Note 1	6,852,778	0	0	0	N/A
	8,014,501	4 years	April 1, 2023	0.1200	Note 1	8,014,501	0	0	0	N/A
Li Yuanyuan	6,852,778	4 years	November 1, 2015	0.0600	Note 1	6,852,778	0	0	0	N/A
	8,014,501	4 years	April 1, 2023	0.1200	Note 1	8,014,501	0	0	0	N/A
Other grantees	122,090,445	3–4 years	From October 19, 2015 to April 1, 2023	0.0045–0.1200	Note 1	79,955,215	22,674,275	19,460,955	0	0.7–1.05
Total	151,825,003					109,689,773	22,674,275	19,460,955	0	

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

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

Post-IPO RSU Scheme

The Company has adopted the Post-IPO RSU Scheme on March 30, 2024. The terms of the Post-IPO RSU Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Post-IPO RSU Scheme:

(a) Purpose

The purposes of the Post-IPO RSU Scheme are: (i) to provide the selected participants (as set out in paragraph (g) below) with an opportunity to acquire a proprietary interest in the Company; (ii) to encourage and retain such individuals to work with our Group; (iii) to provide additional incentive for them to achieve performance goals; (iv) to attract suitable personnel for further development of our Group; and (v) to motivate the selected participants to maximize the value of our Company for the benefits of both the selected participants and our Company, with a view to achieving the objectives of increasing the value of our Company and aligning the interests of the selected participants directly with the Shareholders through ownership of Shares.

(b) Conditions and present status

The Post-IPO RSU Scheme has become effective on April 24, 2024.

(c) Award

An award (the "**Award**") of the Shares under the Post-IPO RSU Scheme (the "**Award Shares**") gives a selected participant in the Post-IPO RSU Scheme a conditional right, when the Award Shares vest, to obtain Shares as determined by the Board or the administration committee authorized and established by the Board (the "**Administration Committee**") in its absolute discretion.

(d) Post-IPO RSU Mandate Limit

The maximum aggregate number of Award Shares which may be granted pursuant to the Post-IPO RSU Scheme (excluding the Awards and/or the Award Shares that have lapsed in accordance with the rules of the Post-IPO RSU Scheme) shall not exceed 5.5% of the Shares in issue (i.e. 82,032,141 Shares) immediately after Listing (assuming no exercise of the Over-allotment Option, each Preferred Share is converted into one Share and without taking into account any Shares that may be issued under the Pre-IPO Share Option Scheme) (the "**RSU Mandate Limit**"), subject to the refreshment pursuant to the Listing Rules requirements.

Among the RSU Mandate Limit, the maximum number of Shares which may be granted to Service Providers (as defined below) pursuant to the Post-IPO RSU Scheme (excluding the Awards and/or Award Shares that have lapsed in accordance with the rules of the Post-IPO RSU Scheme) shall not exceed 0.5% (i.e. 7,457,467 Shares) of the Shares in issue immediately after Listing (assuming no exercise of the Over-allotment Option, each Preferred Share is converted into one Share and without taking into account any Shares that may be issued under the Pre-IPO Share Option Scheme) (the "**Service Provider Sublimit**"), subject to the refreshment pursuant to the Listing Rules requirements.

The aggregate number of Shares issued and to be issued in respect of all options and Awards granted to a grantee (excluding any options and Awards lapsed in accordance with the terms of the relevant scheme) shall not exceed 1% of the total number of the issued Shares for any 12-month period, unless a grant to that effect has been separately approved by the Shareholders in general meeting, with such grantee and his/her close associates (or associates if the grantee is a connected person) abstaining from voting.

(e) ***Refresh of the Mandate Limit***

Our Company may seek approval of our Shareholders in the general meeting for refreshing the RSU Mandate Limit (including the Service Provider Sublimit) every three years after the Listing Date or the Shareholder approval date of the last refreshment, as the case may be. However, the RSU Mandate Limit and the Service Provider Sublimit as refreshed shall not exceed 5.5% and 0.5% of the total number of Shares in issue as of the date of approval of the Shareholders on the refreshment, respectively. The total number of Shares which may be issued in respect of all options and Awards to be granted under all of the schemes of the Company under the scheme mandate as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the refreshed scheme mandate. Any refreshment within any three-year period must be approved by our Shareholders subject to the following or other terms under the applicable Listing Rules and laws and regulations: (i) any controlling shareholders (as defined in the Listing Rules) and their associates (or if there is no controlling shareholders, Directors (excluding the independent non-executive Directors) and the chief executive of our Company and their respective associates) must abstain from voting in favor of the relevant resolutions at the general meeting.

The Company may seek separate approval of the Shareholders in general meeting for granting Awards beyond the RSU Mandate Limit provided the Awards or underlying Award Shares in excess of the limit are granted only to participants specifically identified by our Company before such approval is sought.

(f) ***The maximum number of Award Shares to be issued***

During the Reporting Period, no new Shares were issued by the Company under the Post-IPO RSU Scheme. As of the date of this report, the number of Award Shares available for issuance under the RSU Mandate Limit and the Service Providers Sublimit was 82,032,141 Shares and 7,457,467 Shares, respectively, representing approximately 5.33% and 0.48% of the Company's issued Shares as of the date of this report.

(g) ***Selected participants***

The Board or the Administration Committee may select (i) directors and employees of our Company or any of its subsidiaries (including persons who are granted Awards under the Post-IPO RSU Scheme as an inducement to enter into employment contracts with these companies); (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of our Company; and (iii) persons (or its directors and/or employees if such person providing services is an entity) who provide services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of our Group (excluding placing agents, financial advisers, professional service providers such as auditors and valuers) (the "**Service Providers**").

(h) ***Purchase price***

The purchase price (if any) shall be determined by the Board or the Administration Committee, in its sole and absolute discretion and taking into account factors including but not limited to the contemporaneous valuation of the Company, liquidity of the Shares, development phase of the Company and the incentive purposes.

(i) Term and remaining life

Subject to the fulfillment of the conditions of the Post-IPO RSU Scheme and the termination clause, the Post-IPO RSU Scheme shall be valid and effective for a term of 10 years from the Listing Date (the "**Post-IPO RSU Scheme Period**"), after which no further Award shall be granted or accepted, but the provisions of the Post-IPO RSU Scheme shall remain in full force and effect in order to give effect to the vesting and exercise of Awards granted and accepted prior to the expiration of the Post-IPO RSU Scheme Period.

As of the date of this report, the remaining life of the Post-IPO RSU Scheme was approximately nine years and one month.

(j) Administration

The Post-IPO RSU Scheme shall be subject to the administration of the Board and the trustee in accordance with the rules of the Post-IPO RSU Scheme. The Board may delegate the authority to administer the Post-IPO RSU Scheme to the Administration Committee or appoint one or more persons, entities or contractors (including without limitation the trustee) to assist in the administration of the scheme and delegate such powers and/or functions relating to the administration of the scheme as the Board thinks fit. The Board may also, in its absolute discretion, appoint any trustee to assist with the administration and vesting of the Award Shares granted pursuant to the Post-IPO RSU Scheme. Subject to complying with the Listing Rules, the Administration Committee shall have the sole and absolute discretion to (i) interpret and construe the provisions of the scheme, (ii) determine the persons who will be granted the Awards under the scheme, the terms and conditions on which the Awards are granted and under what conditions will the Awards granted pursuant to the scheme vest, (iii) make such appropriate and equitable adjustments to the terms of the Awards granted under the scheme as it deems necessary, and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of the scheme. The decisions of the Board or the Administration Committee on all matters (save for those specifically reserved for determination by the Shareholders in accordance with the Listing Rules) arising in relation to the Post-IPO RSU Scheme or its interpretation or effect shall be final, conclusive and binding on all relevant parties.

To satisfy the Awards after vesting, our Company may, as determined by the Board or the Administration Committee in its absolute discretion:

(A) allot and issue new Shares to the grantee directly; and/or

(B) allot and issue new Shares to the trustee, and/or instruct the trustee to acquire existing Shares through on-market or off-market purchases in accordance with our Company's instructions and subject to the terms and conditions of the trust teed (if any), such new and/or existing Shares to be held by the trustee on trust for the grantee and to be transferred to the grantee after vesting,

provided that (i) the trustee holding unvested Award Shares under the Post-IPO RSU Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by applicable laws to vote in accordance with the beneficial owner's direction and such a direction is given; and (ii) to the extent any new Shares will be allotted and issued by our Company to satisfy any Award after vesting, such allotment and issue shall be subject to and conditional upon the granting of approval by the Listing Committee for the listing of, and permission to deal in, such number of new Shares which may fall to be allotted and issued.

(k) Grant of Awards

The Board or the Administration Committee may, from time to time in its sole and absolute discretion, select any participant to be a selected participant and make an Award to such selected participant on and subject to any terms and conditions that the Board or the Administration Committee may think fit.

(l) Acceptance of Awards

If the selected participant intends to accept the offer of grant of Award on the terms and conditions specified in the grant letter, he or she is required to sign the notice of acceptance and return it to our Company within the period and in a manner prescribed in the grant letter. Upon the receipt from the selected participant of a duly executed acceptance notice, the Award is granted to such selected participant, who then becomes a grantee pursuant to the Post-IPO RSU Scheme.

To the extent that the offer of Award is not accepted by any selected participant within the period or in a manner prescribed in the grant letter, the Award shall become lapsed forthwith.

(m) Restrictions on grants

The Administrator shall not grant any Award Shares to any selected participant in any of the following circumstances:

(1) after inside information (as defined under Part XIVA of the SFO) has come to the knowledge of our Company until (and including) the trading day after such inside information has been announced in accordance with the Listing Rules and the SFO;

(2) (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to (and including) the publication date of the results; (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to (and including) the publication date of the results; and (iii) during any period of delay in publishing a results announcement;

(3) where the grant of such Award would result in breach of the RSU Mandate Limit and the Service Provider Sublimit or other rules of the Post-IPO RSU Scheme;

(4) where the grant of such Award is prohibited under the Listing Rules or other applicable laws, regulations or regulatory rules, guidance, codes, decisions or guidelines from time to time;

(5) where the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of such Award, unless Board or the Administration Committee determines otherwise; or

(6) in any other circumstances where the requisite approval from any applicable regulatory authorities has not been granted.

(n) Grant to connected persons

(a) Any grant of Award to a selected participant who is a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of our Company or any of their respective associates under the Post-IPO RSU Scheme shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Award) and shall otherwise be subject to compliance with the requirements of the Listing Rules.

(b) Where any grant of Award to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all Award Shares and other awards under any other share scheme of the Company or any of its subsidiaries granted (excluding any Award Shares or awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Hong Kong Stock Exchange) of the Shares in issue at the relevant time, such further grant of Award Shares must be approved by the Shareholders in the general meeting in accordance with the requirements under the Listing Rules.

(c) Where any grant of Award to an independent non-executive Director or a substantial Shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options under any other share scheme of the Company or any of its subsidiaries granted (excluding any options and Award Shares lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Hong Kong Stock Exchange) of the Shares in issue, such further grant of Award Shares must be approved by the Shareholders in general meeting in accordance with the requirements under the Listing Rules.

(o) Rights attached to Award Shares

A grantee shall not have any contingent interest, including income, dividend and any other right, in the Award Shares unless and until these Shares are actually transferred to the grantee from the trustee. Furthermore, a grantee may not exercise any voting right in respect of the Award Shares prior to their vesting and exercise and, unless otherwise specified by the Administration Committee in its sole discretion in the grant letter to the grantee, nor do they have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Award Shares.

(p) Award Shares to be personal to grantees

Any Award made herein shall be personal to the grantee to whom it is made and shall not be assignable other than for the purpose of vesting in his/her lawful successor. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the Award Shares under the Post-IPO RSU Scheme. If a grantee makes any attempt to sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the Award Shares, whether voluntarily or involuntarily, the Award will immediately lapse upon the occurrence of such event.

(q) Vesting

(1) The Board or the Administration Committee has the sole discretion to determine the vesting schedule and vesting conditions for any Award to any grantee, which may also be adjusted and re-determined by the Board or the Administration Committee from time to time provided that the vesting period for the Award Shares shall not be less than 12 months unless under specific circumstances as otherwise determined by the Board or the Administration Committee, including but not limited to such specific circumstances as permitted under applicable guidance and the Listing Rules. No general requirements for any performance target have to be achieved before the vesting of the Award Shares unless under specific circumstances as otherwise determined by the Board or the Administration Committee.

(2) If the Board or the Administration Committee is satisfied that a grantee has satisfied the vesting conditions, the Board or the Administration Committee shall send to the grantee (or his/her legal representative or lawful successor as the case may be) a vesting notice (which may also be made through the designated online or electronic portal facilities) (the "**Vesting Notice**"). The Board or the Administration Committee shall have the sole and absolute discretion in determining whether the Award Shares shall be satisfied by Shares or cash of the equivalent value of such Award Shares at the date of vesting in the following manners:

(a) If the Board or the Administration Committee determines that the Award Shares shall be satisfied by Shares, after withholding or deducting any amount, actual Award Shares will be transferred to an account operated by the trustee or any other online or electronic portal facilities operated by an administrator designated by the Board or the Administration Committee in its sole and absolute discretion (the "**Nominee Account**") in which the vested Award Shares are held on behalf of the grantee. For the avoidance of doubt, unless otherwise determined by the Board or the Administration Committee, the Award Shares shall not be registered under the name of the grantee or transferred to any account other than the Nominee Account and shall be subject to any restrictions as set out in the Vesting Notice.

(b) If the Board or the Administration Committee determines that the Award Share shall be satisfied by cash of the equivalent value of such Award Shares, after withholding or deducting any amount, such amount will be transferred to the account of the respective grantee notified by the grantee to the Board or the Administration Committee in writing before the respective date of vesting.

(3) Upon receipt of the Vesting Notice, the grantee is required to return to our Company reply slip duly executed by him/her at least five Business Days before the date of vesting. If the Board or the Administration Committee specifies in the Vesting Notice that actual Award Shares will be transferred to the Nominee Account upon vesting, the grantee shall complete the payment of the purchase price (if any) within the specified period set out in the Vesting Notice. If any grantee fails to (i) return the reply slip at the stipulated time above to the Company, or (ii) complete the payment of the purchase price in accordance with the requirements set out in the Vesting Notice, unless otherwise determined by the Board or the Administration Committee, the Award shall automatically lapse forthwith and the Award Shares shall become lapsed Shares.

(r) Acceleration of vesting

If an offer by way of a general offer, takeover, merger, scheme of arrangement, share repurchase, voluntary winding-up or otherwise is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) resulting in a change in control of our Company, and such offer is (i) approved by the necessary number of Shareholders at the requisite meeting or (ii) becomes or is declared unconditional (i.e. all conditions to which such transaction is subject have been satisfied) prior to the vesting of Shares in the grantee, then the Board or the Administration Committee shall, prior to the offer being approved by the requisite meeting or becoming or being declared unconditional, determine at its absolute discretion whether such Award Shares shall vest and the period within which such Shares shall vest. If the Board or the Administration Committee determines that such Award Shares shall vest, it shall notify the grantee within five Business Days after the Board or the Administration Committee has so determined that such Award Shares shall vest and the period within which such Award Shares shall vest.

(s) Lapse of Awards

(1) If at any time, a grantee has:

(i) been found to be any employee who resides in any country or jurisdiction where the grant of any Award or making of any payment to him or transfer of any Award Shares vested in him to the Nominee Account under the Post-IPO RSU Scheme would not be permitted under the laws and regulations of such country or jurisdictions or would be subject to such requirements under those laws and regulations, compliance with which would be unduly burdensome or impractical and the Board considers it necessary and expedient to exclude such employee;

(ii) been terminated by our Company or any subsidiary for cause, including dishonesty or serious misconduct, willful disobedience or non-compliance with the terms of his/her employment or any lawful orders given by our Company or its subsidiary, incompetence or negligence in the performance of his/her duties, or doing anything in the conclusive opinion of our Company or any of its subsidiaries that adversely affects his/her ability to perform his/her duties properly, causes substantial loss to our Company or brings our Company or any of its subsidiaries into disrepute;

(iii) lost, whether partially or fully, his ability to perform the duties assigned by our Company for reasons other than work injury;

(iv) been pronounced death during his employment with our Company;

(v) been in breach of any agreements with our Company during his employment with our Company, including but not limited to his employment agreement, confidentiality agreement and non-competition agreement, our Company's internal rules, any clause of rules of the Post-IPO RSU Scheme, and his professional ethics;

(vi) been summarily dismissed by our Company or any of its subsidiaries in so far as such grantee is an employee;

(vii) become bankrupt or failed to pay his/her debts within a reasonable time after they become due or has made any arrangement or debt restructure agreement with his/her creditors generally;

(viii) been in employment relationship with any person other than our Company without our Company's consent causing adverse effect to our Company's business and failing to rectify such behavior despite the Company's request;

(ix) been convicted for any criminal offense;

(x) been charged, convicted or held liable for any breach of the relevant securities laws or regulations in Hong Kong or any other equivalent laws or regulations in another jurisdiction in force from time to time; or

(xi) been under other circumstances where the Board or the Administration Committee considers that such grantee is no longer suitable to be entitled to the Award Shares or hold the Shares, then the Award Shares shall not vest and shall automatically lapse and such grantee shall have no claim whatsoever in respect of the Award Shares.

(t) Cancellation of Awards

The Board or the Administration Committee may at its sole discretion cancel any Award that has not vested or has lapsed.

Where our Company cancels any Award granted to a grantee and makes a new grant (whether under the Post-IPO RSU Scheme or any other share scheme(s)) to the same grantee, such new grant may only be made within the available RSU Mandate Limit approved by the Shareholders. The Award cancelled will be regarded as utilized for the purpose of calculating the RSU Mandate Limit.

(u) Reorganization of capital structure

In the event of any alternation in the capital structure of our Company, such as capitalization issue, bonus issue, rights issue, consolidation, sub-division and reduction of the share capital of our Company, subject to other provisions of the Post-IPO RSU Scheme, corresponding adjustments (if any) shall be made to the maximum number of Shares that may be issued by our Company in respect of all the Awards and other share awards and share options to be granted pursuant to all the share schemes of our Company under the unutilized RSU Mandate Limit with reference to the total number of issued Shares as at the date immediately before and after such event and rounded to the nearest whole Share. Any corresponding adjustments shall give a grantee the same proportion of the equity capital, rounded to the nearest whole share, as that to which that grantee was previously entitled and shall be in accordance with the guidance the Stock Exchange issued from time to time. The auditors or the independent financial adviser of our Company retained for such purpose shall confirm in writing to the Directors that the adjustments satisfy the requirements under the Listing Rules.

No alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to give the advantage of the grantees without specific prior approval of the Shareholders.

The capacity of the auditors or the independent financial advisor (as the case may be) is that of experts and not of arbitrators and their confirmation shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or the independent financial advisor (as the case may be) shall be borne by our Company.

(v) ***Amendment***

The terms of the Post-IPO RSU Scheme may be altered, amended or waived in any respect by the Board provided that such alteration, amendment or waiver shall not affect any subsisting rights of any grantee hereunder, and provisions of the Post-IPO RSU Scheme relating to certain terms listed in the Listing Rules shall not be altered to the advantages of the grantees. No changes to the authority of the Board or the Administration Committee in relation to any alteration of the terms of the Post-IPO RSU Scheme shall be made, without the prior approval of the Shareholders in general meeting. Any alteration, amendment or waiver to the Post-IPO RSU Scheme of a material nature shall be approved by the Shareholders in general meeting. The Post-IPO RSU Scheme so altered must comply with the applicable provisions of the Listing Rules. The Board shall have the right to determine whether any proposed alteration, amendment or waiver is material and such determination shall be conclusive.

Subject to compliance with the Listing Rules, any change to the terms of the Awards granted to a grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or Shareholders, as the case may be, if the initial Awards were approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders, as the case may be. This requirement does not apply to the alterations taking effect automatically under the existing terms of the Post-IPO RSU Scheme. The Post-IPO RSU Scheme so altered must comply with the applicable provisions of Listing Rules.

(w) ***Termination***

The Post-IPO RSU Scheme shall commence on the Listing Date and shall remain valid and effective for a period of 10 years from the Listing Date ("**Scheme Period**"). Notwithstanding anything contained to the contrary in the Post-IPO RSU Scheme and without prejudice to any subsisting rights of any grantee and subject to the requirements under the Listing Rules, the Post-IPO RSU Scheme can be terminated as determined by the Board or the Administration Committee at any time prior to the expiry of the Scheme Period.

On termination of the Post-IPO RSU Scheme, the trustee shall transfer the Award Shares to any holder as the Company may direct, unless the Company requests the Award Shares to be transferred to such other employee award scheme trust as may be selected by the Company, provided that such other employee award scheme trust selected by the Company satisfies the Articles, the Listing Rules and all applicable laws, rules and regulations.

Upon termination, no further Awards shall be granted. Our Company shall notify the trustee of such termination.

Upon receipt of the notification of termination from our Company in writing, the trustee shall vest in the grantees all Award Shares referable to the date of termination which are not vested by transferring the same held by and in the trust fund of the trust to the relevant Nominee Accounts.

As of the Listing Date, the number of Award Shares available for grant under the RSU Mandate Limit and the number of Award Shares available for grant under the Service Providers Sublimit of the Post-IPO RSU Scheme was 82,032,141 Shares and 7,457,467 Shares, respectively. From the Listing Date and up to December 31, 2024, 9,195,825 Award Shares were granted to the selected participants pursuant to the Post-IPO RSU Scheme. As of December 31, 2024, 72,836,316 Award Shares were available for grant under the RSU Mandate Limit and 7,457,467 Award Shares were available for grant under the Service Providers Sublimit, representing 4.79% and 0.49% of the total number of issued Shares (excluding treasury shares) of the Company, respectively.

The total number of Shares that may be issued in respect of options and Awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares in issue (excluding treasury shares) for the Reporting Period was 10.5%.

The following table sets out details of the movements of the Award Shares granted under the Post-IPO RSU Scheme from the Listing Date and up to December 31, 2024:

Category/ Name of grantees	Date of grant	Vesting period	Purchase price	Outstanding as of the Listing Date	Granted from the Listing Date to the end of the Reporting Period[1]	Vested from the Listing Date to the end of the Reporting Period	Cancelled from the Listing Date to the end of the Reporting Period	Lapsed from the Listing Date to the end of the Reporting Period	Unvested Award Shares as of the end of the Reporting Period	Closing price of Shares immediately before the date of grant during the Reporting Period (HK$)	Weighted average closing price of the Share immediately before the date of vesting from Listing Date to the end of the Reporting Period
Employee participants	December 27, 2024	Note 3	Nil	Nil	9,195,825	Nil	Nil	Nil	9,195,825	0.73	N/A

Notes:

(1) On December 27, 2024, the Company granted a total of 9,195,825 Award Shares, to 16 employees in accordance with the terms of the Post-IPO RSU Scheme, none of which are connected persons of the Company as of the date of grant. The Company noted that the announcement dated December 27, 2024 contains an inadvertent error in respect of the number of the grantees and would like to clarify that the grantees shall comprise 16 instead of 17 employees of the Group. For more details, please refer to the announcements of the Company dated December 27, 2024 and March 27, 2025, respectively.

(2) During the Reporting Period, the fair value of the Award Shares granted on December 27, 2024 was HK$0.70 per share. The fair value of the Award Shares was determined based on the market price of the Company's Shares on the date of grant, please refer to note 27 to the consolidated financial statements for details.

(3) The Award Shares shall vest in varying schedules, with (a) a total of 3,492,048 Award Shares to vest in equal portions on each of the first and second anniversary of the date of grant, and (b) a total of 5,703,777 Award Shares to vest in equal portions on each of the first, second, third and fourth anniversary of the date of grant. Please refer to the announcement of the Company dated December 27, 2024.

(4) The exercise period of the Award Shares shall be 10 years from the Listing Date.

(5) The Award Shares shall not be subject to any performance target before the vesting of the Award Shares, unless specific circumstances as otherwise determined by the Board or the Administration Committee.

Further details of the Post-IPO RSU Scheme are set out in the section headed "Statutory and General Information — D. Share Incentive Schemes — 2. Post-IPO RSU Scheme" of Appendix IV to the prospectus.

PRE-EMPTIVE RIGHTS

There is no provision on pre-emptive rights in the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PUBLIC FLOAT

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) since the Listing Date and up to December 31, 2024. As of December 31, 2024, there were no treasury shares held by the Company.

DONATION

During the Reporting Period, the Company did not make donations.

FINAL DIVIDEND

After due consideration of the long-term interests of the Shareholders and the Company, the Board does not recommend the payment of any final dividend for the year ended December 31, 2024.

SUBSEQUENT EVENTS

There are no significant events after December 31, 2024 and up to the date of this report that would have a material impact on the operating and financial performance of the Group.

AUDITOR

KPMG has audited the Group's consolidated financial statements for the year ended December 31, 2024.

By order of the Board
Mobvoi Inc.
Dr. Li Zhifei
Chief Executive Officer, Chairman and Executive Director

Hong Kong, March 27, 2025

Independent Auditor's Report

to the shareholders of Mobvoi Inc.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Mobvoi Inc. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 68 to 133, which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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 issued by the International Accounting Standards Board ("**IASB**") 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 Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). 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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

KEY AUDIT MATTER *(Continued)*

Revenue recognition

Refer to Note 4 to the consolidated financial statements and the accounting policies in Note 2(t).

The Key Audit Matter

The Group's revenue arises from providing AI software solutions ("**AI Software Solutions**") and sale of smart devices ("**Smart Devices and Other Accessories**"). AI Software Solutions mainly include making use of AI technologies to assist users in content generation ("**AIGC solutions**") and providing innovative full-stack AI solutions to enterprise customers ("**AI enterprise solutions**").

Revenue from different contracts have different terms and revenue recognition criteria and the Group handles individual transactions manually.

We identified the revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group, and there is an inherent risk that revenue may be recognized in the incorrect period or manipulated to achieve targeted or expected levels.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls over revenue recognition;

- inspecting contracts with customers, on a sample basis, to understand the terms of the transactions and assess whether the revenue recognition policies were in accordance with the requirements of the prevailing accounting standards;

- inspecting, on a sample basis, goods delivery records, acceptance reports or settlement statements ("**underlying documentation**") indicating the customers' acknowledgement of the acceptance for different types of revenue transactions recognized at a point in time during the year;

- performing recalculation on the revenue recognized over time based on contracts terms, on a sample basis;

- obtaining confirmations from customers, on a sample basis, to confirm the amounts of sales recognized during the reporting period. For unreturned confirmations, performing alternative procedures by comparing details of the transactions with underlying documentation; and

- assessing, on a sample basis, whether revenue transactions before and after the end of the reporting period had been recognized in the appropriate financial year by inspecting underlying documentation for those transactions.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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. This report is made 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 HKSAs 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 HKSAs, we exercise professional judgement 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.

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

(Continued)

- 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 group 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.

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 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 Yu Wai Sum.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

March 27, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2024
(EXPRESSED IN RENMINBI ("RMB"))

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Revenue	4	**390,348**	507,060
Cost of sales		**(186,940)**	(180,981)
Gross profit		**203,408**	326,079
Other income and loss, net	5	**16,263**	24,708
Research and development expenses		**(136,916)**	(154,746)
Selling and marketing expenses		**(196,004)**	(150,711)
Administrative expenses		**(88,313)**	(88,987)
Impairment losses recognized on trade receivables	31(a)	**(5,505)**	(3,885)
Loss from operations		**(207,067)**	(47,542)
Finance costs	6(a)	**(611)**	(253)
Gain on disposal of subsidiaries		**—**	773
Changes in fair value of financial assets		**(33,351)**	—
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	26	**(480,455)**	(753,785)
Loss before taxation	6	**(721,484)**	(800,807)
Income tax	7(a)	**(6)**	(1,795)
Loss for the year attributable to equity shareholders of the Company		**(721,490)**	(802,602)
Other comprehensive income for the year (after tax):			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements		**12,388**	(38,803)
Items that may be reclassified subsequently to profit or loss:			
Change in the fair value of financial assets measured at fair value through other comprehensive income		**401**	1,783
Exchange differences on translation of financial statements of overseas subsidiaries		**(30,363)**	(27,821)
Other comprehensive income for the year		**(17,574)**	(64,841)
Total comprehensive income for the year attributable to equity shareholders of the Company		**(739,064)**	(867,443)
Loss per share	10		
Basic and diluted (RMB)		**(0.59)**	(1.28)

The notes on pages 73 to 133 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

(EXPRESSED IN RMB)

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	11	**2,607**	2,343
Right-of-use assets	12	**7,885**	3,293
Intangible assets	13	**5,199**	5,291
		15,691	10,927
Current assets			
Inventories	15	**66,874**	66,734
Trade receivables	16	**48,292**	57,981
Prepayments, deposits and other receivables	17	**48,821**	44,484
Financial assets measured at fair value through profit or loss ("**FVPL**")	18	**65,319**	34,844
Financial assets measured at fair value through other comprehensive income ("**FVOCI**")	19	**122,400**	47,066
Restricted deposits		**1,313**	780
Cash and cash equivalents	20	**156,535**	144,324
		509,554	396,213
Current liabilities			
Trade payables	21	**33,659**	24,552
Other payables and accruals	22	**67,719**	63,312
Contract liabilities	23	**61,238**	53,131
Bank loan	24	**20,000**	—
Lease liabilities	25	**4,540**	3,148
Contingently redeemable preferred shares and ordinary shares	26	**—**	4,353,833
Current taxation	28	**10**	975
Warranty provisions	29	**12,795**	18,479
		199,961	4,517,430
Net current assets/(liabilities)		**309,593**	(4,121,217)
Total assets less current liabilities		**325,284**	(4,110,290)

Consolidated Statement of Financial Position

(EXPRESSED IN RMB)

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	25	**4,656**	313
Non-current contract liabilities		**16,330**	19,738
		20,986	20,051
NET ASSETS/(LIABILITIES)		**304,298**	(4,130,341)
CAPITAL AND RESERVES	30		
Share capital		**501**	138
Reserves		**303,797**	(4,130,479)
TOTAL EQUITY/(DEFICIT) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**304,298**	(4,130,341)

Approved and authorized for issue by the board of directors on March 27, 2025.

Li Zhifei
Director

Li Yuanyuan
Director

The notes on pages 73 to 133 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2024
(EXPRESSED IN RMB)

	Attributable to equity shareholders of the Company							
	Share capital RMB'000 Note 30(b)	Share premium RMB'000 Note 30(c)(i)	Capital reserve RMB'000 Note 30(c)(ii)	Share-based payments reserve RMB'000 Note 30(c)(iii)	Exchange reserve RMB'000 Note 30(c)(iv)	Other reserve RMB'000 Note 30(c)(v)	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2023	138	–	(662,937)	77,422	(153,170)	–	(2,566,049)	(3,304,596)
Changes in equity for 2023:								
Loss for the year	–	–	–	–	–	–	(802,602)	(802,602)
Other comprehensive income	–	–	–	–	(66,624)	1,783	–	(64,841)
Total comprehensive income	–	–	–	–	(66,624)	1,783	(802,602)	(867,443)
Equity settled share-based transactions *(Note 27)*	–	–	–	41,698	–	–	–	41,698
Balance at December 31, 2023 and January 1, 2024	138	–	(662,937)	119,120	(219,794)	1,783	(3,368,651)	(4,130,341)
Changes in equity for 2024:								
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(721,490)**	**(721,490)**
Other comprehensive income	**–**	**–**	**–**	**–**	**(17,975)**	**401**	**–**	**(17,574)**
Total comprehensive income	**–**	**–**	**–**	**–**	**(17,975)**	**401**	**(721,490)**	**(739,064)**
Equity settled share-based transactions *(Note 27)*	**7**	**75,550**	**–**	**(59,617)**	**–**	**–**	**–**	**15,940**
Termination of the Company's contractual obligation to repurchase ordinary shares *(Note 26)*	**94**	**–**	**2,158,496**	**–**	**–**	**–**	**–**	**2,158,590**
Conversion of contingently redeemable preferred shares to ordinary shares *(Note 26)*	**229**	**551,417**	**2,137,660**	**–**	**–**	**–**	**–**	**2,689,306**
Issuance of ordinary shares by initial public offering and over-allotment option *(Note 30(b))*	**33**	**309,834**	**–**	**–**	**–**	**–**	**–**	**309,867**
Balance at December 31, 2024	**501**	**936,801**	**3,633,219**	**59,503**	**(237,769)**	**2,184**	**(4,090,141)**	**304,298**

The notes on pages 73 to 133 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2024
(EXPRESSED IN RMB)

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Operating activities			
Cash (used in)/generated from operations	20(b)	**(167,770)**	30,555
Tax paid		**(971)**	(2,163)
Net cash (used in)/generated from operating activities		**(168,741)**	28,392
Investing activities			
Payment for the purchase of property, plant and equipment and intangible assets		**(8,695)**	(6,474)
Proceeds from sale of property, plant and equipment		**139**	91
Net decrease in deposits with banks		**—**	19,947
Loans to third parties		**(26,956)**	—
Loans repaid by third parties		**19,437**	—
Interest and investment income received		**11,150**	5,075
Disposal of a subsidiary, net of cash disposed		**—**	(2,793)
Investment in an unlisted equity securities		**(12,783)**	—
Payment for purchase of financial assets		**(423,620)**	(207,297)
Proceeds from sale of financial assets		**297,658**	300,286
Net cash (used in)/generated from investing activities		**(143,670)**	108,835
Financing activities			
Proceeds from issuance of shares by initial public offering, net of share issuance expenses		**305,478**	(1,666)
Proceeds from exercise of share options	27	**3,089**	—
Proceeds from a new bank loan	20(c)	**20,000**	—
Repayment of a bank loan	20(c)	**—**	(20,000)
Capital element of lease rentals paid	20(c)	**(4,125)**	(7,065)
Interest element of lease rentals paid	20(c)	**(256)**	(234)
Borrowing costs paid	20(c)	**(355)**	(19)
Net cash generated from/(used in) financing activities		**323,831**	(28,984)
Net increase in cash and cash equivalents		**11,420**	108,243
Cash and cash equivalents at January 1,		**144,324**	40,250
Effect of foreign exchange rate changes		**791**	(4,169)
Cash and cash equivalents at December 31,	20(a)	**156,535**	144,324

The notes on pages 73 to 133 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— investments in debt and equity securities (see Note 2(e)).

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Changes in accounting policies

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

- Amendments to IAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* ("**2020 amendments**") and amendments to IAS 1, *Presentation of financial statements — Non-current liabilities with covenants* ("**2022 amendments**")

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

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

None of these developments have had a material effect on how the Group's results and financial position for the current period have been prepared or presented in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

Debt investments are classified as fair value through other comprehensive income ("**FVOCI**"), if the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale and the contractual cash flows of the investment comprise solely payments of principal and interest. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)):

— right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(h)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(v)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Office and other equipment	3–5 years
— Electronic equipment	3 years
— Leasehold improvement	shorter of the lease term and 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Intangible assets (other than goodwill)

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable (see Note 2(v)). Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see Note 2(i)). Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 2(i)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

— Software and others	1–5 years

Both the period and method of amortization are reviewed annually.

Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contracts contain lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Leased assets *(Continued)*

As a lessee *(Continued)*

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortized cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on:

— financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(i) ***Credit losses from financial instruments*** *(Continued)*

Measurement of ECLs (Continued)

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments (Continued)

Basis of calculation of interest income

Interest income recognized in accordance with Note 2(t)(ii)(a) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets;

— intangible assets; and

— investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Inventories and other contract costs

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable 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.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognized for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in Note 2(t)(i)(b).

The Group takes advantage of practical expedient in paragraph 94 of IFRS 15 and recognize the incremental costs of obtaining a contract as an expense if the amortization of the asset is less than one year.

(k) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see Note 2(t)(i)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(l)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(t)(i)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see Note 2(l)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(k)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost, using the effective interest method and including an allowance for credit losses (see Note 2(i)(i)).

Insurance reimbursement is recognized and measured in accordance with Note 2(s)(i).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i).

(n) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Refund liabilities arising from rights of returns and volume rebates are recognized in accordance with the policy set out in Note 2(s)(i).

(o) Share capital

Ordinary shares are classified as equity, except for the contingently redeemable ordinary shares with redemption features. See Note 2(y) for the accounting policy on contingently redeemable preferred shares and ordinary shares.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see Note 2(v)).

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in share-based payment reserve. The fair value is measured at grant date using the Binomial option pricing model ("**Binomial Model**"), taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

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

(iii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(r) Income tax *(Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(s) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognizes revenue on a gross basis, including the sale of electronic products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

(i) Revenue from contracts with customers

The principal activities of the Group are providing AI software solutions ("**AI Software Solutions**") and sale of smart devices ("**Smart Devices and Other Accessories**"). AI Software Solutions mainly include making use of AI technologies to assist users in content generation ("**AIGC solutions**") and providing innovative full-stack AI solutions to enterprise customers ("**AI enterprise solutions**"). Smart Devices and Other Accessories include the sale of smart devices.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(t) Revenue and other income *(Continued)*

(i) Revenue from contracts with customers (Continued)

(a) AI Software Solutions

AI Software Solutions include AIGC solutions and AI enterprise solutions.

AIGC solutions

The Group uses AI technologies to assist users to generate content, such as news articles, social media posts and marketing materials. The revenue of AIGC solutions is recognized at a point of time when the customers accept the deliverables, or is recognized over time as the Group provides continuing services to the users during the member subscription period. The proceeds from member subscription fees are initially recorded as contract liabilities and are recognized as revenue ratably over the member subscription period.

AI enterprise solutions

The Group provides AI enterprise solutions to customers, including the design of artificial intelligence solution, delivery of software products, software licensing and integration of products and software. The revenue of AI enterprise solutions is recognized at a point of time when the customers accept the deliverables or when the customers obtain the control of the products and solutions, or is recognized over time as the Group provides continuing services to the enterprise customers during the service period. A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue.

(b) Sale of Smart Devices and Other Accessories

Revenue is recognized when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

The Group offers warranties for its products for 12 to 24 months from the date of sale. A related provision is recognized in accordance with the policy set out in Note 2(s)(i).

The Group typically offers customers of Smart Devices and Other Accessories that are not made-to-order rights of return for a period of 7 or 30 days upon customer acceptance. It also offers retrospective volume rebates to certain major customers of electronic products when their purchases reach an agreed threshold. Such rights of return and volume rebates give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of smart devices, the Group recognizes revenue after taking into account adjustment to transaction price arising from returns and rebates as mentioned above. A right to recover returned goods (included in finished goods of inventories, see Note 15) and corresponding adjustment to cost of sales are also recognized for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(t) Revenue and other income *(Continued)*

(i) Revenue from contracts with customers (Continued)

(b) Sale of Smart Devices and Other Accessories (Continued)

If the products are a partial fulfillment of a contract covering other goods and/or services, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis except when a variable consideration is allocated to a specific performance obligation in the contract. Generally, the Group establishes standalone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortized cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

(b) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognized in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(u) Translation of foreign currencies *(Continued)*

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(y) Contingently redeemable preferred shares and ordinary shares

The Company issued several series of redeemable preferred shares to investors. The instrument holders have the right to require the Company to redeem some or all of the preferred shares held by the holders upon certain redemption events, which are not all within the control of the Company. The Company also became obliged to buy back its ordinary shares upon the occurrence of certain specified contingent events which are not within its control in 2020. The Company recognized the financial liabilities for its obligations to buy back its ordinary shares and preferred shares upon the occurrence of contingent events.

The financial liabilities arising from the redemption obligations are measured at the present values of the redemption amounts. Any changes in the carrying amounts of the contingently redeemable preferred shares and ordinary shares for redemption obligations, except for those changes arising from transactions between the Company and its shareholders in their capacity as owners, were recognized in profit or loss as "changes in the carrying amount of contingently redeemable preferred shares and ordinary shares".

The contingently redeemable preferred shares and ordinary shares were classified as current liabilities as some of the redemption events could occur anytime. Upon the closing of a qualified IPO of the Company, the redemption obligation related to the financial liabilities will expire and the redeemable preferred shares will be automatically converted into ordinary shares of the Company. The financial liabilities will be reclassified from liabilities to equity with no gain or loss.

3 ACCOUNTING JUDGMENT AND ESTIMATES

Notes 31 contains information about the assumptions and their risk factors relating to measurement of fair value of financial assets. Other key sources of estimation uncertainty and accounting judgments are as follows:

Provisions for inventories

Inventories are stated at the lower of cost or net realizable value. Management estimates the net realizable value based on the current market condition and historical experience of similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's net asset value. The Group reviews the carrying amounts of the inventories at each reporting period end date to determine whether the inventories are carried at the lower of cost and net realizable value.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are providing AI Software Solutions and sale of Smart Devices and Other Accessories. AI Software Solutions mainly include making use of AIGC solutions and innovative full-stack AI enterprise solutions. Smart Devices and Other Accessories include the sale of smart devices. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(i) Disaggregation of revenue

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

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
AI Software Solutions		
— AIGC solutions	**221,677**	117,605
— AI enterprise solutions	**16,423**	225,642
Smart Devices and Other Accessories	**152,248**	163,813
	390,348	507,060

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Notes 4(b)(i) and 4(b)(iii) respectively.

For the years ended December 31, 2024 and 2023, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are as follows. Details of concentrations of credit risk of the Group are set out in Note 31(a).

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Customer A*	**Note**	138,752
Customer B**	**72,753**	59,523

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

* Revenue from AI enterprise solutions services.

** Revenue from Smart Devices and Other Accessories.

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Revenue *(Continued)*

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB16,330,000 (2023: RMB19,738,000). This amount represents revenue expected to be recognized in the future from sales contracts entered into by the customers with the Group. The Group will recognize the expected revenue in future when performance obligations are satisfied which is expected to occur over the next 12 to 24 months.

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 and to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales that had an original expected duration of one year or less.

(b) Segment reporting

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

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

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

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

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

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those. The measure used for reporting segment result is gross profit.

The Group's CODM monitors the Group's assets and liabilities as a whole, accordingly, no segment assets and liabilities information are presented.

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Segment results (Continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2024 and 2023 is set out below.

	For the year ended December 31, 2024			
	AI software solutions			
	AIGC solutions RMB'000	AI enterprise solutions RMB'000	Smart Devices and Other Accessories RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition				
Point in time	**57,421**	**12,288**	**152,248**	**221,957**
Over time	**164,256**	**4,135**	**—**	**168,391**
Revenue from external customers and reportable segment revenue	**221,677**	**16,423**	**152,248**	**390,348**
Reportable segment gross profit	**191,437**	**10,193**	**1,778**	**203,408**

	For the year ended December 31, 2023			
	AI software solutions			
	AIGC solutions RMB'000	AI enterprise solutions RMB'000	Smart Devices and Other Accessories RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition				
Point in time	12,364	212,939	163,813	389,116
Over time	105,241	12,703	—	117,944
Revenue from external customers and reportable segment revenue	117,605	225,642	163,813	507,060
Reportable segment gross profit	108,384	182,517	35,178	326,079

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Reconciliations of reportable segment results

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Reportable segment adjusted gross profit	**203,408**	326,079
Other income and loss, net	**16,263**	24,708
Research and development expenses	**(136,916)**	(154,746)
Selling and marketing expenses	**(196,004)**	(150,711)
Administrative expenses	**(88,313)**	(88,987)
Impairment losses recognized on trade receivables	**(5,505)**	(3,885)
Finance costs	**(611)**	(253)
Gain on disposal of interest in subsidiaries	**—**	773
Changes in fair value of financial assets	**(33,351)**	—
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	**(480,455)**	(753,785)
Loss before taxation	**(721,484)**	(800,807)

(iii) Geographic information

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

	Revenues from external customers Year ended December 31, 2024 RMB'000	2023 RMB'000
Mainland China	**227,045**	328,512
Other countries or regions	**163,303**	178,548
	390,348	507,060

5 OTHER INCOME AND LOSS, NET

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Government grants	**4,584**	19,748
Interest income	**10,971**	3,896
Net foreign exchange loss	**(2,285)**	(1,474)
Value added tax and other tax refund	**692**	1,148
Others	**2,301**	1,390
	16,263	24,708

6 LOSS BEFORE TAXATION

(a) Finance costs

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Interest on the bank loan	**355**	19
Interest on lease liabilities	**256**	234
	611	253

(b) Staff costs

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	**124,784**	157,140
Contributions to defined contribution retirement plan	**11,941**	15,587
Equity-settled share-based payment expenses *(Note 27)*	**12,851**	41,698
	149,576	214,425

(c) Other items

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Depreciation charge		
— property, plant and equipment	**1,499**	956
— right-of-use assets	**5,268**	6,694
Amortization cost of intangible assets	**6,465**	3,500
Impairment losses recognized		
— trade receivables	**5,505**	3,885
Listing expenses	**17,885**	24,654
Auditors' remuneration		
— audit services	**2,561**	182
(Decrease)/Increase in warranty	**(5,684)**	2,012

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Current tax		
Provision for the year	**6**	1,795

Notes:

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

Beijing Yushanzhi Information Technology Company Limited, Wenwen Smart Information Technology Company Limited and Shanghai Mobvoi Information Technology Company Limited qualify as an HNTE and is entitled for a preferential tax rate of 15% from 2023 to 2025. Mobvoi Information Technology Company Limited qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2024 to 2026. Mobvoi Innovation Technology Company Limited qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2022 to 2024. In addition to the preferential PRC Corporate Income Tax rate, these subsidiaries are also entitled to an additional tax deductible allowance calculated at 100% of their qualified research and development costs incurred in corresponding period, other subsidiaries are entitled to an additional tax deductible allowance calculated at 100% of qualified research and development costs incurred from October 1, 2022.

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

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

(iii) The provision for Hong Kong Profits Tax for the year ended December 31, 2024 is calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is under the two-tiered profits tax rate regime, i.e. the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

(b) Reconciliation between tax expense and accounting loss at applicable tax rates

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Loss before taxation	**(721,484)**	(800,807)
Tax at the PRC income tax rate of 25%	**(180,371)**	(200,202)
Tax effects of:		
— additional deduction on research and development expenses	**(24,974)**	(39,220)
— preferential tax rate	**7,327**	(3,321)
— different tax rates of foreign jurisdictions	**150,077**	208,443
— non-deductible expenses	**16,938**	686
— utilization of tax losses and deductible temporary difference previously not recognized	**(2,941)**	(27,547)
— tax losses and deductible temporary difference not recognized	**33,950**	62,956
Income tax	**6**	1,795

(c) Pillar Two income taxes

The Group is in the process of making an assessment of the Group's exposure from the enactment of the Pillar Two model rules published by the Organization for Economic Co-operation and Development and considers that the enactment of the rules is unlikely to have a significant impact on the consolidated financial statements.

8 DIRECTORS' EMOLUMENTS

Details of emoluments of directors are as follows:

	Year ended December 31, 2024				
	Equity-settled share-based payment expenses RMB'000	**Salaries, allowances and benefits in kind RMB'000**	**Discretionary bonuses RMB'000**	**Retirement scheme contributions RMB'000**	**Total RMB'000**
Dr. LI Zhifei	**3,264**	**447**	**—**	**81**	**3,792**
Ms. LI Yuanyuan	**3,264**	**601**	**—**	**16**	**3,881**
Mr. CHEN Yilyu	**—**	**140**	**—**	**—**	**140**
Prof. LU Yuanzhu	**—**	**140**	**—**	**—**	**140**
Mr. YANG Zhe (appointed on April 24, 2024)	**—**	**140**	**—**	**—**	**140**
	6,528	**1,468**	**—**	**97**	**8,093**

	Year ended December 31, 2023				
	Equity-settled share-based payment expenses RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Dr. LI Zhifei	5,792	553	—	198	6,543
Ms. LI Yuanyuan	5,792	541	—	163	6,496
Mr. CHEN Yilyu (appointed on May 17, 2023)	—	—	—	—	—
Prof. LU Yuanzhu (appointed on May 23, 2023)	—	—	—	—	—
Ms. WANG Qiong (resigned on May 12, 2023)	—	—	—	—	—
Mr. ZHENG Qingsheng (resigned on May 22, 2023)	—	—	—	—	—
Mr. BAI Da (resigned on May 16, 2023)	—	—	—	—	—
Ms. K. Kozuki (resigned on April 21, 2023)	—	—	—	—	—
	11,584	1,094	—	361	13,039

During the years ended December 31, 2024 and 2023, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the during the years ended December 31, 2024 and 2023.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are directors whose emoluments are disclosed in Note 8. The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are as follows:

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Salaries and other emoluments	**2,484**	4,428
Resignation compensation	**1,051**	—
Discretionary bonuses	**604**	—
Share-based payments	**3,928**	9,597
Retirement scheme contributions	**127**	25
	8,194	14,050

The number of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended December 31, 2024 Number of individuals	2023 Number of individuals
HK$1,500,001–HK$2,000,000	**2**	—
HK$2,500,001–HK$3,000,000	**—**	1
HK$3,500,001–HK$4,000,000	**—**	1
HK$5,500,001–HK$6,000,000	**1**	—
HK$9,500,001–HK$10,000,000	**—**	1

10 LOSS PER SHARE

(a) Basic and diluted loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB721,490,000 (2023: RMB802,602,000) and the weighted average of 1,228,587,000 ordinary shares (2023: 626,458,000 ordinary shares) deemed to be in issue during the year, calculated as follows:

Notwithstanding that most of the issued ordinary shares are classified as puttable financial instruments and the Company's obligation to redeem those ordinary shares give rise to a financial liability until the ninth amended and restated memorandum and articles of association of the Company becomes effective on the date of Listing (Note 26), the calculation of weighted average number of ordinary shares was determined based on all issued ordinary shares (including those that give rise to a financial liability) as all of these ordinary shares are of the same class having the same rights to receive dividends.

Weighted average number of ordinary shares

	Year ended December 31,	
	2024	2023
	No. of shares	No. of shares
	'000	'000
Issued ordinary shares at January 1,	**626,458**	626,458
Effect of conversion of contingently redeemable preferred shares to ordinary shares	**535,238**	—
Effect of ordinary shares issued by initial public offering and over-allotment option	**64,435**	—
Effect of share options exercised	**2,456**	—
Weighted average number of ordinary shares at December 31,	**1,228,587**	626,458

For the years ended December 31, 2024 and 2023, the contingently redeemable preferred shares (Note 26), the share options issued under the Company's share option scheme (Note 27(a)) and the restricted shares granted under the Restricted Share Unit Scheme (Note 27(b)) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2024 and 2023 are the same as basic loss per share for the respective years.

10 LOSS PER SHARE *(Continued)*

(b) Adjusted basic and diluted loss per share

As disclosed in Note 26, the changes in the carrying amount of the financial liability arising from the Company's obligation to redeem those ordinary shares classified as puttable financial instruments is recognized in profit or loss. Consistent with treating all issued ordinary shares (including those that give rise to a financial liability) as outstanding and included in the calculation of weighted average number of ordinary shares above, the following additional information is provided to adjust for the changes in the carrying amount of the above-mentioned financial liability in arriving at the "adjusted loss attributable to ordinary equity shareholders of the Company":

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Loss attributable to ordinary equity shareholders of the Company	**(721,490)**	(802,602)
Changes in the carrying amount of contingently redeemable ordinary shares	**260,074**	374,715
Adjusted loss attributable to ordinary equity shareholders of the Company	**(461,416)**	(427,887)

	Year ended December 31,	
	2024	2023
Basic and diluted loss per share excluding changes in the carrying amount of contingently redeemable ordinary shares (RMB)	**(0.38)**	(0.68)

The denominators used in the calculation of adjusted basic and diluted loss per share for the year ended December 31, 2024 and 2023 are the same as those detailed in the calculation of basic and diluted loss per share.

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

	Office and other equipment RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost:				
At January 1, 2023	2,341	9,874	787	13,002
Disposal of a subsidiary	—	(234)	—	(234)
Exchange adjustments	10	7	—	17
Additions	—	2,068	35	2,103
Disposals	—	(1,004)	—	(1,004)
At December 31, 2023 and at January 1, 2024	**2,351**	**10,711**	**822**	**13,884**
Exchange adjustments	**(21)**	**(15)**	**—**	**(36)**
Additions	**109**	**158**	**1,502**	**1,769**
Disposals	**(568)**	**(1,321)**	**—**	**(1,889)**
At December 31, 2024	**1,871**	**9,533**	**2,324**	**13,728**
Accumulated depreciation:				
At January 1, 2023	(2,124)	(9,111)	(364)	(11,599)
Disposal of a subsidiary	—	51	—	51
Exchange adjustments	(10)	(7)	—	(17)
Charge for the year	(76)	(605)	(275)	(956)
Written back on disposals	—	980	—	980
At December 31, 2023 and at January 1, 2024	**(2,210)**	**(8,692)**	**(639)**	**(11,541)**
Exchange adjustments	**21**	**14**	**—**	**35**
Charge for the year	**(64)**	**(907)**	**(528)**	**(1,499)**
Written back on disposals	**564**	**1,320**	**—**	**1,884**
At December 31, 2024	**(1,689)**	**(8,265)**	**(1,167)**	**(11,121)**
Net book value:				
At December 31, 2024	**182**	**1,268**	**1,157**	**2,607**
At December 31, 2023	141	2,019	183	2,343

12 RIGHT-OF-USE ASSETS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Cost:		
At January 1,	**18,220**	19,210
Additions	**9,860**	952
Expiration of lease term	**(17,401)**	(1,942)
At December 31,	**10,679**	18,220
Accumulated depreciation:		
At January 1,	**(14,927)**	(10,175)
Charge for the year	**(5,268)**	(6,694)
Expiration of lease term	**17,401**	1,942
At December 31,	**(2,794)**	(14,927)
Net book value:		
At December 31,	**7,885**	3,293

The right-of-use assets represented properties leased for own use. The additions to right-of-use assets primarily related to capitalized lease payments payable under new tenancy agreements. None of the leases include variable lease payments.

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets of buildings	**5,268**	6,694
Interest on lease liabilities	**256**	234
Expenses relating to short-term leases	**1,505**	1,834

Total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 20(d) and 25, respectively.

13 INTANGIBLE ASSETS

	Software and others RMB'000
Cost:	
At January 1, 2023	12,883
Exchange adjustments	4
Additions	4,317
At December 31, 2023 and January 1, 2024	**17,204**
Exchange adjustments	**(9)**
Additions	**6,373**
At December 31, 2024	**23,568**
Accumulated amortization:	
At January 1, 2023	(8,409)
Exchange adjustments	(4)
Charge for the year	(3,500)
At December 31, 2023 and January 1, 2024	**(11,913)**
Exchange adjustments	**9**
Charge for the year	**(6,465)**
At December 31, 2024	**(18,369)**
Net book value:	
At December 31, 2024	**5,199**
At December 31, 2023	5,291

The amortization charge for the year is included in "Cost of sales", "Research and development expenses" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

(EXPRESSED IN RMB)

14 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest		
Company name	**Place of incorporation and business**	**Particulars of issued and paid-up capital**	**Held by the Company**	**Held by the subsidiary**	**Principal activities**
Directly held					
Mobvoi HK Limited	Hong Kong	1 share	100%	–	Provision of smart devices and other accessories
Indirectly held					
Mobvoi US, LLC	USA	100 units	–	100%	Provision of smart devices and other accessories
AITech EU B.V.	Netherlands	10,000 shares	–	100%	Holding company
HK SmartMV Limited	Hong Kong	1,000,000 shares	–	100%	Provision of smart devices and other accessories
Mobvoi Taiwan Corporation 台灣出門問問股份有限公司 *(Note (i))*	Taiwan	5,850,000 shares	–	100%	Software development
Shanghai Mobvoi Information Technology Company Limited 上海墨百意信息科技有限公司 *(Notes (i)* and *(ii))*	Mainland China	USD90,000,000	–	100%	Provision of AI Software Solutions, software development and procurement of raw materials
Shanghai Yushanzhi Information Technology Co., Ltd 上海羽扇智信息科技有限公司 *(Notes(i)* and *(iii))*	Mainland China	RMB105,000	–	100%	Product sales in China
Beijing Yushanzhi Information Technology Company Limited 北京羽扇智信息科技有限公司 *(Notes(i)* and *(iii))*	Mainland China	RMB3,150,000	–	100%	Provision of smart devices and other accessories
Mobvoi Information Technology Company Limited 出門問問信息科技有限公司 *(Notes(i)* and *(ii))*	Mainland China	USD10,000,000	–	100%	Provision of AI Software Solutions, software development

(EXPRESSED IN RMB)

14 INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company name	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by the subsidiary	
WWZN Information Technology Company Limited 問問智能信息科技有限公司 *(Notes(i)* and *(ii))*	Mainland China	USD10,000,000	–	100%	Manufacturing of smart devices and other accessories
Shenzhen WWZN Information Technology Company Limited 深圳問問智能信息科技有限公司 *(Notes(i)* and *(iii))*	Mainland China	RMB5,000,000	–	100%	Provision of smart devices and other accessories
Wuhan WWZN Information Technology Company Limited* 武漢問問智能信息科技有限公司 *(Notes(i)* and *(ii))*	Mainland China	RMB30,000,000	–	100%	Provision of smart devices and other accessories
Nanjing Xiaowen Intelligence Technology Co., Ltd. 南京小問智能科技有限公司 *(Notes(i)* and *(iii))*	Mainland China	RMB2,110,000	–	100%	Provision of AI Software Solutions
Mobvoi (Suzhou) Information Technology Company Limited 出門問問 (蘇州) 信息科技有限公司 *(Notes(i)* and *(iii))*	Mainland China	RMB10,000,000	–	100%	AIGC technologies development
Indirectly held					
Mobvoi (Wuhan) Information Technology Company Limited 出門問問 (武漢) 信息科技有限公司 *(Notes(i)* and *(iii))*	Mainland China	USD5,000,000	–	100%	Software development
Mobvoi Innovation Technology Company Limited 出門問問創新科技有限公司 *(Notes(i)* and *(ii))*	Mainland China	USD30,000,000	–	100%	Provision of AI Software Solution and smart devices and other accessories
Mobvoi Pte. Ltd.	Singapore	200,000 shares	–	100%	Provision of AI Software Solutions

Note (i) The English translation of the names is for reference only and the official names of these entities are in Chinese.

Note (ii) These companies are registered as a wholly foreign-owned enterprise established in the Chinese Mainland.

Note (iii) These companies are limited liability companies established in the Chinese Mainland.

15 INVENTORIES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Finished goods	**91,115**	87,397
Raw materials	**4,121**	9,041
	95,236	96,438
Less: write down of inventories	**(28,362)**	(29,704)
	66,874	66,734

The analysis of the amount of inventories recognized as an expense and included in the consolidated statement of profit or loss and other comprehensive income is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Carrying amount of inventories sold	**94,422**	100,166
Write down of inventories	**34,898**	21,974
	129,320	122,140

16 TRADE RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Amounts due from third parties	**60,184**	69,266
Less: loss allowance *(Note 31(a))*	**(11,892)**	(11,285)
	48,292	57,981

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

16 TRADE RECEIVABLES *(Continued)*

Aging analysis

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

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within 90 days	**47,796**	56,592
90–360 days	**496**	1,389
	48,292	57,981

Trade receivables are generally due within 90 days from the invoice date. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 31(a).

17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Prepayments for:		
— Commissioned processing fee	**1,299**	1,912
— Marketing expenses	**9,840**	4,133
— Costs incurred in connection with the proposed listing of the Company's shares	**—**	1,666
	11,139	7,711
Deductible input VAT	**14,312**	9,321
Refundable VAT for export sales	**14,258**	17,637
Deposits	**3,333**	4,083
Due from a related party	**4,971**	4,971
Others	**862**	815
	37,736	36,827
Less: loss allowance	**(54)**	(54)
	37,682	36,773
	48,821	44,484

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Wealth management products *(Note (i))*	**65,319**	—
Other investment in equity securities *(Note (ii))*	**—**	34,844
	65,319	34,844

Notes:

(i) On July 22, 2024, the Board announced that the Company subscribed for the Wealth Management Product issued by Huatai International Financial Products Limited with its own funds with a subscription amount of US$8,877,000. The Wealth Management Product is linked to the credit of collateralized loan obligation.

(ii) As at December 31, 2024, management assessed that the fair value of the investment in equity securities is close to Nil.

19 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Investment in unlisted equity securities	**12,783**	—
Certificates of deposit	**109,617**	47,066
	122,400	47,066

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Cash at bank	**19,936**	31,001
Time deposits and highly liquid investments with initial terms within three months	**136,599**	113,323
	156,535	144,324

As at December 31, 2024, cash and cash equivalents situated in Chinese Mainland amounted to RMB125,828,000 (December 31, 2023: RMB18,442,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of loss before taxation to cash (used in)/generated from operations:

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Loss before taxation		**(721,484)**	(800,807)
Adjustments for:			
Depreciation	6(c)	**6,767**	7,650
Amortization	6(c)	**6,465**	3,500
Impairment losses recognized on trade receivables	31(a)	**5,505**	3,885
Write down of inventories	15	**34,898**	21,974
Warranty provisions	6(c)	**(5,684)**	2,012
Gain on sale of property, plant and equipment		**(134)**	(67)
Changes in fair value of financial assets		**33,351**	—
Changes in carrying amount of contingently redeemable preferred shares and ordinary shares	26	**480,455**	753,785
Equity-settled share-based payment expenses	6(b)	**12,851**	41,698
Gain on disposal of a subsidiary		**—**	(773)
Gain on disposal of financial assets		**(2,720)**	(1,522)
Investment income from wealth management products		**—**	(404)
Net finance income		**(7,640)**	(1,717)
Foreign exchange loss		**2,285**	1,474
Changes in working capital:			
(Increase)/decrease in inventories		**(35,038)**	6,210
Decrease/(increase) in trade receivables		**4,184**	(22,440)
Decrease/(increase) in prepayments, deposits and other receivables		**3,182**	(9,634)
Increase in restricted deposits		**(533)**	—
Increase in trade payables		**9,107**	13,056
Increase in other payables and accruals		**6,413**	12,675
Cash (used in)/generated from operations		**(167,770)**	30,555

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loan RMB'000 (Note 24)	Lease liabilities RMB'000 (Note 25)	Contingently redeemable preferred shares and ordinary shares RMB'000 (Note 26)	Total RMB'000
At January 1, 2024	–	3,461	4,353,833	4,357,294
Changes from financing cash flows:				
Proceeds from a bank loan	20,000	–	–	20,000
Capital element of lease rentals paid	–	(4,125)	–	(4,125)
Interest element of lease rentals paid	–	(256)	–	(256)
Other borrowing costs paid	(355)	–	–	(355)
Total changes from financing cash flows	19,645	(4,381)	–	15,264
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	9,860	–	9,860
Interest on lease liabilities *(Note 6(a))*	–	256	–	256
Interest expenses *(Note 6(a))*	355	–	–	355
Changes in fair value of financial liabilities	–	–	480,455	480,455
Extinguishment of contingently redeemable ordinary shares of the Company upon the Listing	–	–	(2,158,590)	(2,158,590)
Conversion of contingently redeemable preferred shares into ordinary shares of the Company upon the Listing	–	–	(2,689,306)	(2,689,306)
Exchange adjustments changes	–	–	13,608	13,608
Total other changes	355	10,116	(4,353,833)	(4,343,362)
At December 31, 2024	20,000	9,196	–	29,196

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank loan RMB'000 (Note 24)	Lease liabilities RMB'000 (Note 25)	Contingently redeemable preferred shares and ordinary shares RMB'000 (Note 26)	Total RMB'000
At January 1, 2023	20,000	9,574	3,536,115	3,565,689
Changes from financing cash flows:				
Repayment of bank loan	(20,000)	—	—	(20,000)
Capital element of lease rentals paid	—	(7,065)	—	(7,065)
Interest element of lease rentals paid	—	(234)	—	(234)
Other borrowing costs paid	(19)	—	—	(19)
Total changes from financing cash flows	(20,019)	(7,299)	—	(27,318)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	952	—	952
Interest on lease liabilities *(Note 6(a))*	—	234	—	234
Interest expenses *(Note 6(a))*	19	—	—	19
Changes in fair value of financial liabilities	—	—	753,785	753,785
Exchange adjustments changes	—	—	63,933	63,933
Total other changes	19	1,186	817,718	818,923
At December 31, 2023	—	3,461	4,353,833	4,357,294

(d) Total cash outflow for leases

Amounts included in the statements of cash flows for leases represent lease rental paid and comprise the following:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Within operating cash flows	**1,595**	2,704
Within financing cash flows	**4,381**	7,299
	5,976	10,003

21 TRADE PAYABLES

	As at December 31, 2024 RMB'000	2023 RMB'000
Amounts due to third parties	**33,659**	24,552

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

	As at December 31, 2024 RMB'000	2023 RMB'000
Within one year	**33,659**	24,552

All of the trade payables are expected to be settled within one year or are repayable on demand.

22 OTHER PAYABLES AND ACCRUALS

	As at December 31, 2024 RMB'000	2023 RMB'000
Payables for services	**2,010**	6,602
Payables for advertising	**2,262**	8,851
Payables for research and development related costs	**19,192**	1,402
Others	**1,176**	2,417
Financial liabilities measured at amortized cost	**24,640**	19,272
Payroll and welfare payable	**12,635**	18,005
Other tax payables	**30,444**	26,035
	67,719	63,312

23 CONTRACT LIABILITIES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Disaggregated by major products or service lines		
AI Software Solutions		
— AIGC Solutions	**76,114**	66,729
— AI enterprise solutions	**1,373**	4,985
Smart Devices and Other Accessories	**81**	1,155
	77,568	72,869
Less: non-current portion	**(16,330)**	(19,738)
	61,238	53,131

Movements in contract liabilities

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Balance at January 1,	**72,869**	60,873
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	**(53,131)**	(60,422)
Increase in contract liabilities as a result of receipts in advance	**57,830**	72,418
Balance at December 31,	**77,568**	72,869

All of the contract liabilities are expected to be recognized as income within one year expect for the non-current portion.

24 BANK LOAN

As at December 31, 2024, the bank loan was unsecured, bore a fixed interest rate of 2.9% per annum and was repayable within one year.

25 LEASE LIABILITIES

The lease liabilities were repayable as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**4,540**	3,148
After 1 year but within 2 years	**3,940**	313
After 2 years but within 3 years	**716**	—
	9,196	3,461

26 CONTINGENTLY REDEEMABLE PREFERRED SHARES AND ORDINARY SHARES

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

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

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

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

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

Redemption features

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

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

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

Redemption features *(Continued)*

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

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

Liquidation preference

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

Conversion features

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

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

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

(EXPRESSED IN RMB)

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

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

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

The contractual obligation for the Company to repurchase the ordinary and preferred shares upon the occurrence of the event as mentioned under redemption features in Note 26(a) has been terminated upon the ninth amended and restated memorandum and articles of association of the Company becoming effective on the date on which the Company's shares are listed on the Stock Exchange.

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

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme

The Company has a share option scheme which was adopted in 2015 whereby the directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at nil consideration to subscribe for shares of the Company. The options vest at the later of four years from the date of grant and a qualified IPO and share sale has been consummated. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees:			
— Prior to December 31, 2019	145,950,764	Later of four years from the date of grant and a Qualified IPO or Share Sale has been consummated	10 years
— In 2020	26,630,101	Later of four years from the date of grant and a Qualified IPO or Share Sale has been consummated	10 years
— In 2021	11,166,238	Later of four years from the date of grant and a Qualified IPO or Share Sale has been consummated	10 years
— In 2022	18,054,261	Later of four years from the date of grant and a Qualified IPO or Share Sale has been consummated	10 years
— In 2023	42,093,368	Later of four years from the date of grant and a Qualified IPO or Share Sale has been consummated	10 years
Options granted	243,894,732		

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) Share option scheme *(Continued)*

(ii) The number and weighted average exercise prices of share options are as follows:

	Year ended December 31,			
	2024		2023	
	Weighted average exercise price RMB	**Number of options '000**	Weighted average exercise price RMB	Number of options '000
Outstanding at the beginning of the year	**0.86**	**153,755**	0.86	116,372
Exercised during the year	**0.16**	**(19,461)**	–	–
Forfeited during the year	**0.85**	**(24,604)**	0.84	(4,710)
Granted during the year	**–**	**–**	0.85	42,093
Outstanding at the end of the year	**0.98**	**109,690**	0.86	153,755
Exercisable at the end of the year		**61,077**		–

(b) Restricted Share Unit Scheme

The Company has a post-IPO Restricted Share Unit Scheme (the "**RSU scheme**") which was approved and adopted by resolutions of shareholder dated March 30, 2024. On December 27, 2024, the Company has granted a total of 9,195,825 Award Shares to 16 Selected Participants, comprising solely of employees of the Group (the "**Grantees**") under the RSU Scheme, subject to acceptance by the Grantees. 3,492,048 Award Shares vest at the later of two years from the date of grant and share sale has been consummated. And 5,703,777 Award Shares vest at the later of four years from the date of grant and share sale has been consummated. The fair value of the granted RSUs was determined based on the market price of the Company's shares at the respective grant date. At the end of 2024, no RSUs had been vested.

28 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represent:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At January 1,	**975**	1,343
Provision for the year	**6**	1,795
Income tax paid	**(971)**	(2,163)
At December 31,	**10**	975

28 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(r), the Group has not recognized deferred tax assets in respect of cumulative tax losses RMB1,183,097,000 and RMB954,840,000 as at December 31, 2024 and 2023, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

(c) Deferred tax liabilities not recognized

As at December 31, 2024 and 2023, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB14,748,000 and RMB5,613,000, respectively. No deferred tax liabilities have been recognized in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

29 WARRANTY PROVISIONS

Provision for Smart Devices and Other Accessories warranties

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At January 1,	**18,479**	16,467
Additional provisions made	**24,213**	37,502
Provisions utilized	**(29,897)**	(35,490)
At December 31,	**12,795**	18,479

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

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share based payments reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2023	138	–	(664,037)	77,422	(108,161)	(1,372,190)	(2,066,828)
Changes in equity for 2023:							
Loss for the year	–	–	–	–	–	(821,875)	(821,875)
Other comprehensive income	–	–	–	–	(38,803)	–	(38,803)
Total comprehensive income	–	–	–	–	(38,803)	(821,875)	(860,678)
Equity settled share-based transactions	–	–	–	41,698	–	–	41,698
Balance at December 31, 2023 and January 1, 2024	138	–	(664,037)	119,120	(146,964)	(2,194,065)	(2,885,808)
Changes in equity for 2024:							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(551,256)**	**(551,256)**
Other comprehensive income	**–**	**–**	**–**	**–**	**12,388**	**–**	**12,388**
Total comprehensive income	**–**	**–**	**–**	**–**	**12,388**	**(551,256)**	**(538,868)**
Equity settled share-based transactions	**7**	**75,550**	**–**	**(59,617)**	**–**	**–**	**15,940**
Termination of the Company's contractual obligation to repurchase ordinary shares	**94**	**–**	**2,158,496**	**–**	**–**	**–**	**2,158,590**
Conversion of contingently redeemable preferred shares to ordinary shares	**229**	**551,417**	**2,137,660**	**–**	**–**	**–**	**2,689,306**
Issuance of ordinary shares by initial public offering and over-allotment option	**33**	**309,834**	**–**	**–**	**–**	**–**	**309,867**
Balance at December 31, 2024	**501**	**936,801**	**3,632,119**	**59,503**	**(134,576)**	**(2,745,321)**	**1,749,027**

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Share capital

(i) Authorized share capital

At December 31, 2024, the authorized ordinary share capital is 4,167,630,431 (December 31, 2023: 2,968,160,889) shares of US$0.0000479889 each.

(ii) Issued ordinary shares

	No. of shares ('000)	RMB'000
Ordinary shares:		
At January 1, 2023, December 31, 2023 and January 1, 2024	626,458	138
Termination of the Company's contractual obligation to repurchase ordinary shares	—	94
Conversion of contingently redeemable preferred shares and ordinary shares to ordinary shares	780,467	229
Issuance of ordinary shares by initial public offering and over-allotment option	94,995	33
Share options exercised	19,461	7
At December 31,	1,521,381	501

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Although most of the issued ordinary shares are classified as puttable financial instruments and the Company's obligation to redeem the ordinary shares give rise to a financial liability until the ninth amended and restated memorandum and articles of association of the Company becomes effective on the date of Listing (Note 26), all ordinary shares rank equally with regard to the Company's residual assets.

Upon the Listing and the ninth amended and restated memorandum and articles of association of the Company becoming effective, the contractual obligation for the Company to repurchase the ordinary shares upon the occurrence of the event as mentioned under redemption features in Note 26(a) has been terminated. In addition, all preferred shares were converted into ordinary shares of the Company in aggregate (after adjusting for the effect of the share subdivision). Further details are set out in Note 26(b).

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

At May 19, 2024, the Company issued 10,427,000 ordinary shares by exercising the over-allotment option at a price of HK$3.8 per share through the Listing. Net proceeds from the Listing amounted to RMB35,372,000 equivalent, after deducting all capitalized listing expenses. Out of the net proceeds, RMB4,000 and RMB35,368,000 were credited to the Company's share capital and share premium account, respectively.

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Share capital *(Continued)*

(ii) Issued ordinary shares (Continued)

During the year ended December 31, 2024, 19,461,000 share options were exercised at an average exercise price of RMB0.16 per share, resulting in the issue of 19,461,000 shares for a total cash consideration of RMB3,089,000. An amount of RMB7,000 was transferred from the share-based payments reserve to share capital upon the exercise of the share options.

(c) Nature and purpose of reserves

(i) Share premium

Share premium as at December 31, 2024 represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received, net of transaction costs and on exercise of share options, the amount previously recognized in the share-based payments reserve is transferred to share premium. Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve primarily comprises 1) the issuance of preferred shares, 2) the reclassification from equity to liabilities arising from issuance of ordinary shares with preferred rights to acquire Geekstar Technology Development (Cayman) Co., Ltd. and Zhixue Education Holdings Limited, 3) the difference between the consideration exchanged and the accumulated changes in the Company's financial liabilities arising from the ordinary shares and preferred shares repurchased from a subsidiary of Automotive Corporation Group, and 4) the termination of the contingently redeemable preferred shares and ordinary shares as set out in Note 26.

(iii) Share-based payments reserve

The share-based payment reserve comprises the Company's equity settled share-based payments (see Note 27).

(iv) Exchange reserve

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

(v) Other reserves

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

(d) Dividends

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

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Capital management

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

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

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

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

(a) Credit risk

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

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within a period of 0–90 days from the date of billing.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of December 31, 2024 and 2023, 68% and 70% of the total trade receivables was due from the Group's five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Other receivables

Other receivables include deposits, staff advance, tax reimbursement for export and others. The identified impairment loss of deposits, staff advance tax reimbursement for export were immaterial.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at December 31, 2024		
	Expected loss rate %	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Within 90 days	**7.14%**	**51,472**	**(3,676)**
90–360 days	**90.73%**	**5,349**	**(4,853)**
More than 1 year	**100.00%**	**3,363**	**(3,363)**
		60,184	**(11,892)**

	As at December 31, 2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 90 days	12.02%	64,325	(7,733)
90–360 days	33.64%	2,093	(704)
More than 1 year	100.00%	2,848	(2,848)
		69,266	(11,285)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Other receivables *(Continued)*

Movement in the loss allowance account in respect of trade receivables and deposits and other receivables during the year is as follows:

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Balance at January 1,	**11,339**	7,454
Impairment losses recognized during the year	**5,505**	3,885
Amounts written off during the year	**(4,952)**	—
Balance at December 31,	**11,892**	11,339

(b) Liquidity risk

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

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	As at December 31, 2024				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Lease liabilities *(Note 25)*	4,766	4,017	717	9,500	9,196
Trade payables *(Note 21)*	33,659	–	–	33,659	33,659
Other payables and accruals *(Note 22)*	24,640	–	–	24,640	24,640
Bank loan *(Note 24)*	20,355	–	–	20,355	20,000
	83,420	4,017	717	88,154	87,495

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

	As at December 31, 2023				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Lease liabilities *(Note 25)*	3,186	422	–	3,608	3,461
Trade payables *(Note 21)*	24,552	–	–	24,552	24,552
Other payables and accruals *(Note 22)*	19,272	–	–	19,272	19,272
Contingently redeemable preferred shares and ordinary shares *(Note 26)*	4,353,833	–	–	4,353,833	4,353,833
	4,400,843	422	–	4,401,265	4,401,118

(c) Interest rate risk

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

As of December 31, 2024, the Group does not have any variable rate borrowings, all borrowings are structured at fixed interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, EUR, TWD, GBP, HKD, SGD and AUD. The Group does not have significant exposure to foreign currency risk.

(e) Fair value measurement

(i) Assets and liabilities measured at fair value

Fair value hierarchy

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

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

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted equity securities which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the operating officer and the audit committee. Discussion of the valuation process and results with the operating officer and the audit committee is held twice a year, to coincide with the reporting dates.

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

	Fair value at December 31, 2024	**Fair value measurements as at December 31, 2024 categorized into**	
		Level 2	**Level 3**
	RMB'000	**RMB'000**	**RMB'000**
Investments in unlisted equity securities	**12,783**	**—**	**12,783**
Wealth management products	**65,319**	**—**	**65,319**
Certificates of deposit	**109,617**	**109,617**	**—**

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

During the years ended December 31, 2024 and 2023, there were no transfers between Level 2 and Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of certificates of deposit in Level 2 is determined by discounting the cash flows to be derived from the certificates of deposit using discounted cash flow method. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) ***Assets and liabilities measured at fair value*** (Continued)

Information about Level 3 fair value measurements

Financial assets measured at FVOCI

The carrying amount of unlisted equity securities are measured at fair values in the consolidated statement of financial position as of December 31, 2024. The Group's equity securities are investments in unlisted companies. The Group determines the fair value by reference to the recent transaction pricing for the entities. As at December 31, 2024, it is estimated that with all other variables held constant, a decrease/increase in fair values of unlisted equity securities by 1% would have increased/decreased the Group's other comprehensive income by RMB128,000 (2023: Nil).

Financial assets measured at FVPL

The fair value of wealth management products was based on the discounted cash flow method. The significant unobservable input is the expected annual return rate. As at December 31, 2024, it is estimated that with all other variables held constant, a decrease/increase in expected annual return rate by 1% would have increased/decreased the Group's aggregate profit before taxation by RMB15,000 (2023: Nil).

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At January 1,	**34,844**	34,844
Purchase of financial assets measured at FVOCI	**12,783**	—
Purchase of financial assets measured at FVPL	**63,826**	—
Changes in fair value recognized in profit or loss during the year	**(33,351)**	—
At December 31,	**78,102**	34,844

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values at December 31, 2023 except for the following contingently redeemable preferred shares and ordinary shares, for which the carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

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

As at December 31, 2023, the Group applied the discount cash flow method to determine the underlying equity value of the Group and adopted the equity allocation method to determine the fair value of the contingently redeemable preferred shares and ordinary shares.

32 COMMITMENTS

The Group did not have any material capital commitments as at December 31, 2024 and 2023.

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Short-term employee benefits	**4,160**	5,448
Resignation compensation	**479**	—
Post-employment benefits	**94**	247
Equity compensation benefits	**3,010**	19,298
	7,743	24,993

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Significant transactions with related parties

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Rendering of services to a company controlled by a shareholder	**—**	6,510
Purchasing of services from a company controlled by a director	**5,189**	2,830

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

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Other receivables from a company controlled by a director	**4,971**	4,971

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Trade payables to a company controlled by a director	**2,000**	—

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

34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Non-current assets		
Amounts due from subsidiaries	**1,619,481**	1,451,170
Other receivables	**687**	—
	1,620,168	1,451,170
Current assets		
Prepayments, deposits and other receivables	**—**	1,666
Financial assets measured at fair value through profit or loss	**—**	34,844
Financial assets measured at fair value through other comprehensive income	**10,783**	—
Cash and cash equivalents	**136,650**	92
	147,433	36,602
Current liabilities		
Amounts due to subsidiaries	**15,106**	13,471
Other payables and accruals	**3,468**	6,276
Contingently redeemable preferred shares and ordinary shares	**—**	4,353,833
	18,574	4,373,580
Net current assets/(liabilities)	**128,859**	(4,336,978)
NET ASSETS/(LIABILITIES)	**1,749,027**	(2,885,808)
CAPITAL AND RESERVES		
Share capital	**501**	138
Reserves	**1,748,526**	(2,885,946)
TOTAL EQUITY/(DEFICIT) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	**1,749,027**	(2,885,808)

35 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider at December 31, 2024, the ultimate controlling party to be Dr. Li Zhifei.

(EXPRESSED IN RMB)

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended December 31, 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	January 1, 2025
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	January 1, 2026
Annual improvements to IFRS Accounting Standards — Volume 11	January 1, 2026
IFRS 18, *Presentation and disclosure in financial statements*	January 1, 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	January 1, 2027
Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Available for optional adoption/ effective date deferred indefinitely

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Definitions

"AGI"	artificial general intelligence
"AI"	artificial intelligence
"AI Software Solutions"	comprise AIGC solutions and AI enterprise solutions
"AIGC"	AI-generated content, meaning leveraging artificial intelligence to automate content generation and to generate personalized content according to user-inputted keywords or requirements
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Automotive Sub A"	a limited liability company incorporated under the laws of China and principally engages in investment and research and development in technologies, which is a subsidiary of Automotive Corporation Group. Please refer to the section headed "Business — Our Solutions — AI Software Solutions — AI enterprise solutions — IP rights arrangements with Automotive Sub A" of the prospectus for the details of the IP rights arrangements between Automotive Sub A and the Company
"Board"	board of directors
"Cayman Company Law"	shall mean the Companies Act (As Revised), Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments or revisions thereof for the time being in force and includes every other law incorporated therewith or substituted therefor
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Mobvoi Inc. (出門問問有限公司), an exempted company with limited liability incorporated in the Cayman Islands on August 31, 2012, the Shares of which were listed on the Main Board of the Stock Exchange (stock code: 2438)
"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 Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"DupDub"	an overseas integrated version of certain of the applications in our Group's AIGC solution matrix, namely (i) "Moyin Workshop", (ii) "AI Ask365", (iii) "Qi Miao Wen" and (iv) "Weta365"
"end-to-end"	the process from users beginning to interact with a machine till the machine has completed the generation of outcomes, and specifically includes the procedures of noise reduction, voice recognition, semantic understanding, searching and voice synthesis
"Global Offering"	has the meaning ascribed thereto in the prospectus of the Company dated April 16, 2024

"Group", "our", "we" or "us"	the Company and our subsidiaries from time to time or, where the context so requires, in respect of the period before the Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAS"	International Accounting Standards
"IFRS"	IFRS Accounting Standards issued by the International Accounting Standards Board
"large language model"	a large-scale model that is trained with more than 1 billion parameters and is able to perform multi-domain tasks, understand and generate humanized text
"Latest Practicable Date"	April 17, 2025, being the latest practicable date for the purpose of ascertaining certain information in this annual report prior to its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	April 24, 2024, being the date on which dealings in the Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended. supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"multi-modal"	an ability of a large language model to generate diverse content that incorporates, integrates and encompasses multiple modes and modalities from difference sources, such as texts, audios, images and videos
"Nomination Committee"	the nomination committee of the Board
"paying user"	in any given year/period, a user who makes payment(s) for subscription, renewal and/or other purchases on any of our content creation platforms among our AIGC solutions
"Post-IPO RSU Scheme"	the Post-IPO RSU Scheme adopted by the Company as at March 30, 2024, the principal terms of which are set out in the section headed "Statutory and General Information — D. Share Incentive Schemes — 2. Post-IPO RSU Scheme" in Appendix IV of the prospectus of the Company
"PRC" or "China"	the People's Republic of China, for the purposes of this annual report only, excluding Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by our Company on October 19, 2015, the principal terms of which are set out in the section headed "Statutory and General Information — D. Share Incentive Schemes — 1. Pre-IPO Share Option Scheme" in Appendix IV in the prospectus of the Company
"prospectus"	the prospectus of the Company dated April 16, 2024

Definitions

"registered user"	a user account that registered for any of our content creation platforms among our AIGC solutions
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	from January 1, 2024, to the year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Sequence Monkey"	an upgraded large language model self-developed by our Company based on UCLAI in 2023, which is equipped with multi-modal generative capability (i.e. being able to generate image, video and speech recognition in addition to text) and possesses natural language understanding, knowledge, logic and reasoning capabilities, and is able to conduct much larger scale of model trainings than UCLAI
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of nominal value of US$0.0000479889 each in the capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"SIG I"	SIG Global China Fund I, LLLP, a limited liability partnership incorporated in State of Delaware
"SIG III"	SIG China Investments Master Fund III, LLLP, a limited liability partnership incorporated in State of Delaware
"Smart Devices and Other Accessories"	comprise hardware-software smart devices such as AI smart watches and AI smart treadmills that are integrated with AI modules, IoT, voice AI interaction technologies and software apps, and other accessories
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"treasury share(s)"	has the meaning ascribed thereto under the Listing Rules
"UCLAI"	a universal Chinese language AI, a large language model self-developed by our Company in 2020
"user-in-the-loop"	enhancing model training and optimizing output through utilization of human-machine interaction data
"%"	per cent.